



SUNeVision Holdings Limited

新意網集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2001

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The announcement, for which the directors of SUNeVision Holdings Limited (“SUNeVision” or the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the requirements (Rules Governing the Listing of Securities on the Growth Enterprise Market) of the Stock Exchange. The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in the announcement are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this announcement have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

CHAIRMAN'S STATEMENT

I am pleased to present the results of SUNeVision for the financial year 2000-2001.

Financial Results

With the opening of new data centres and the launch of new services, revenue for the year under review was HK\$198 million, up 194% over 1999-2000 (HK\$67 million). Largely as a result of heavy start-up costs and one-off charges, losses for the year were HK\$171 million as against HK\$47 million in 1999-2000.

The directors do not recommend the payment of a final dividend for the year ended 30 June 2001.

In the fourth quarter of the financial year 2001, we achieved positive gross margin for the first time as well as cutting operating losses by 29% compared with the previous quarter.

Business Review

Despite global and local economic downturn, SUNeVision was able to continue its record of double digit revenue growth in each of the five quarters since listing in March 2000. We also steadily reduced operating expenses throughout the year. During the period under review, we critically reviewed staffing, trimming wherever necessary to ensure a lean and fully productive organisation.

The past year has been a period of challenges for Internet enterprises. The slowdown in information technology spending, caused primarily by a global retreat from the heady days of the Internet revolution, dampened demand for IT products and services.

The effects of this contraction were well demonstrated in June 2001, when iAsiaWorks, one of iAdvantage's major clients, closed its Hong Kong operations. However, by leveraging the widely acknowledged quality of iAdvantage's data centre facilities and services and its leadership in the Internet infrastructure sector, we achieved considerable success in our efforts to lease the space this client had vacated to a number of its former customers as well as to multinational corporations.

iAdvantage continued to demonstrate clear leadership in the Internet infrastructure sector in Asia during the year under review. Despite difficult market conditions, leasing at the data centres was generally satisfactory. In February 2001, the 350,000 sq. ft. MEGA-iAdvantage in Chai Wan began operations. It is the only purpose-built data centre in Hong Kong with superior specifications and has attracted quality customers including large multinational corporations. During the year, iAdvantage continued to strengthen its competitive position by introducing innovative value added services and by entering into strategic alliances with a number of leading international solutions providers. SUNeVision's other business units, Super e-Technology, Super e-Network, Super-Office, SuperHome, SuperStreets, Red-Dots and venture capital made steady progress throughout the year.

Forward strategy

The information technology sector is expected to consolidate further; sound business sense will continue to shape SUNeVision's forward strategy as we build on our steady revenue growth and solid fundamentals.

As part of our ongoing review of business operations, we will continue to focus on operations with growth potential, particularly our Internet infrastructure services. We will continue to tightly manage our operating and capital expenditures, and a series of cost cutting measures will be put in place to further reduce our operating expenses. With our strong financial position with HK\$1.87 billion in cash and interest-bearing securities, and with the capital expenditure-intensive period over, we are in a favourable position to capture new expansion opportunities and investments when appropriate.

The information technology shakedown is by no means over, and we will continue to face many challenges in the near term. I am confident, however, in the long-term future of the sector. Any continuing weakness in the overall economy will inevitably force businesses to compete by operating more efficiently and cost-effectively, and this will drive fresh demands for information technology of proven quality. Therefore the long-term growth prospects for SUNeVision remain positive.

I would like to thank my fellow directors and SUNeVision's management for their unremitting efforts during the year. Their loyal dedication, coupled with strong experienced management, has done much to lay the firm groundwork for our future.

Kwok Ping Luen, Raymond
Chairman & Chief Executive Officer
Hong Kong, 17 September 2001

MANAGING DIRECTOR'S REPORT

SUNeVision faced a challenging year as the economic downturn took its toll on the information technology sector across the world. To cope with the changing operating environment, we reviewed our operations critically and adjusted our business model, focusing primarily on revenue growth and operating efficiency. Throughout the year we took steps to ensure that our strategies were effective and sustainable.

For the financial year 2000-2001, revenue grew to HK\$198 million, up 194% compared with the previous year. This increase in revenue can be attributed mainly to the launch of new services and the opening of MEGA-iAdvantage in February 2001. Losses for the year under review were HK\$171 million as against HK\$47 million in the previous year, largely as a result of heavy start-up costs and one-off charges.

Despite the difficult operating environment, SUNeVision achieved steady growth in its financial performance during the year. In the fourth quarter our gross margin turned positive for the first time, an indicator that we are moving towards breakeven. In the same quarter, revenue was HK\$63 million, an increase of 16% compared with the previous quarter, a growth trend we expect to maintain as we focus on our core competencies. In the fourth quarter, operating losses were reduced by 29% compared with the previous quarter. Throughout the year we exercised prudent financial management and as a result we achieved a 24% reduction in operating expenses from the first quarter to the fourth quarter, while revenue grew by 95% in the same period.

Going forward, we will focus in the next few months on ensuring scalability in our operations and on monetising our user-base. Our ongoing critical review of each business unit's scalability will ensure improvements in SUNeVision's financial performance. Given our strong financial position with HK\$1.87 billion in cash and interest-bearing securities, our sustainable business model and our first class management expertise, SUNeVision is well positioned to achieve market leadership in the Internet infrastructure and enabling services sector in Asia.

The following is a detailed report of our business operations.

Internet Infrastructure Provider

iAdvantage

For iAdvantage, the year was characterised by unprecedented pressures on its clients as a direct result of the slowdown in the information technology sector. However, it maintained top market share as a provider of quality Internet infrastructure and data centres. During the year, iAdvantage launched a number of value-added services,

including Server Load Balancing in collaboration with Nortel Networks, Managed Firewall with Cisco, Internet Content Delivery Solutions with Mirror Image and e-Commerce Accelerator Services with Intel.

Following initial successes in leasing ONE-iAdvantage in Millennium City in Kwun Tong and JUMBO-iAdvantage in Tsuen Wan, the 350,000 sq. ft. MEGA-iAdvantage in Chai Wan with its superior specifications opened for business in February 2001. Overall occupancy remained satisfactory despite the closure of iAsiaWorks in Hong Kong. Leasing at our data centres in China continued to make steady progress with particularly strong performance in Beijing.

iAdvantage now moves forward into an operating climate that will see further consolidation in the information technology sector. With the capital-intensive period over, iAdvantage's tightly managed operating costs will enable it to overcome such challenges. In addition, iAdvantage's high standard of service means that it will emerge stronger than ever from the industry shakedown.

Super e-Technology

Super e-Technology maintained its position as a key industry player in Hong Kong and its broadband service at the end of the year was available to 46,693 households. In security surveillance, Super e-Technology drew on its experience in large scale project design to generate steady business growth. Despite pressure on gross margins, targeted revenue and profitability were achieved by diligent attention to operating costs.

Going forward, Super e-Technology will seek potential growth areas by maximising the utilisation of SMATV networks, partnerships in telecommunications projects and the application of technologies to its security surveillance offerings.

Super e-Network

During the year, Super e-Network designed, supplied, operated and maintained broadband voice/data networks and related consultancy services for a number of quality residential developments. Noteworthy installations were completed at Royal Peninsula and Phase I of Ocean Shores in June 2001. Projects in progress included installations at Oscar by the Sea, Prima Villa and Leighton Hill.

Looking ahead to 2001-2002, Super e-Network is expected to make a positive contribution to the company's bottom line.

Business Enabling Services

Super-Office

In line with market needs at the time of its launch in August 2000, Super-Office began operations as an ASP (application service provider), and has established a solid customer base ranging from medium-sized companies to multi-national corporations in Hong Kong.

Continuing to move with rapidly changing market demand, Super-Office has since achieved considerable success as a provider of client IT projects. Among its larger scale contracts have been projects for manufacturing and distribution enterprises, and it launched a pioneering approach in developing software in mobile work force automation solutions.

Super-Office moves into the coming financial year with a healthy order backlog, and seeks growth in scale and an improvement in margins.

Consumer Enabling Services

SuperHome

Throughout the year, SuperHome increased its range of products and services, including Forums, Unified Messaging Services, SuperPhotos and E-Learning. This offered the estate management offices a powerful means to enhance service to residents in the estates under their management.

In an agreement with the Mass Transit Railway Corporation (MTRC), SuperHome provided an electronic management system and community websites to MTRC-managed residential developments, including Tierra Verde on Tsing Yi, Island Harbour View, Tung Chung Crescent and the Waterfront. Among the many leading brands joining SuperHome as merchant partners were Dell Computer, IBM, Dairy Farm, Giordano and The Garden Company.

Looking ahead, SuperHome is confident that it will increase its penetration of residential estates throughout Hong Kong and that it can develop its expertise into further new application areas, while leveraging its core domain knowledge in real estate management services.

SuperStreets

During the year, SuperStreets launched new services to more than 150,000 registered users. Each of its three streets enjoys close synergies with SuperHome and with the property activities of SUNeVision's parent company, Sun Hung Kai Properties.

Mortgage Experts, launched by PropertyStreet and BankingStreet in July 2000, is already the market leader in terms of the value of mortgages facilitated by the end of the year. Other property-related activities included interior design referral and a professional property valuation service in partnership with leading property consultant DTZ Debenham Tie Leung.

Recognised as one of Hong Kong's most powerful brands, PropertyStreet was selected by the Hong Kong Management Association as one of the winners of the prestigious HKMA/TVB Marketing Excellence 2001 Award. Its "Three Piggies" television commercial was judged among the Top Ten Commercials in Hong Kong and won the Best of the Best Commercials Award at the 7th Annual Most Popular TV Commercial Awards organised in March 2001 by Asia Television and the Hong Kong Advertising Association.

SuperStreets looks forward to launching more valuable new services and tools in the short and medium term in order to leverage its vast property industry experience.

Red-Dots

Red-Dots remained Hong Kong's leading online auctioneer with a record 130,000 registered users, and more than 330 merchants including United Airlines and Dell Computer, as well as 480 categories of products on offer. In October 2000, Red-Dots was recognised as "The Best Online Retail Site" awarded by *MEDIA*.

During the year, Red-Dots also provided technical expertise for e-commerce exchange platforms and developed e-marketing programmes for Coca-Cola and HSBC's iCAN credit card. In addition, Red-Dots developed and supplied a comprehensive web-based property management solution (PEM) to local industry practitioners.

In the coming year, Red-Dots will monetise its auction customer base and focus on growing in scale through strategic partnerships and alliances as well as extending its specialist consultancy services to increase revenue.

Investments

Venture Capital

The venture capital group invested in selected quality companies in synergy with SUNeVision's operating businesses in Greater China. It worked with the management of its portfolio companies to help define strategy and ensure timely project implementation.

Early in the year, SUNeVision co-invested in ChinaCast Technology, a key enabler of China's rapidly expanding nationwide broadband Internet services, and led investment in i-Security Solutions – a company specialising in advanced cryptography products and solutions primarily for Asian markets. A further addition to the portfolio was Silicon Valley-based Anabas – a leading provider of collaborative software platforms.

SUNeVision also took a lead investment position in the second round funding for Legend Silicon, a California-based company with a new and robust chip-embedded wireless transmission technology.

With its strong presence in Hong Kong, China and Silicon Valley, the venture capital team looks forward to adding further value to its portfolio of companies.

Yen Shiao Hua, Sheridan

Managing Director

Hong Kong, 17 September 2001

AUDITED CONSOLIDATED RESULTS 2001

The Directors of SUNeVision are pleased to announce the audited consolidated results of the Company and its subsidiaries (“the Group”) for the year ended 30 June 2001 together with the comparative audited consolidated results for the year ended 30 June 2000 as follows:

	<u>NOTES</u>	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Turnover	2	197,621	67,069
Cost of sales		<u>(213,877)</u>	<u>(62,045)</u>
Gross (loss) profit		(16,256)	5,024
Other revenue		<u>153,389</u>	<u>122,008</u>
		137,133	127,032
Research and development expenses		(9,467)	(23,379)
Selling expenses		(65,489)	(57,613)
Administrative expenses		<u>(179,928)</u>	<u>(77,150)</u>
Loss from operations		(117,751)	(31,110)
Finance costs		(23,063)	(14,346)
Deficit on revaluation of investment properties		(30,306)	-
Share of loss of an associate		(6,564)	-
Share of loss of a jointly controlled entity		<u>(5)</u>	<u>-</u>
Loss before taxation		(177,689)	(45,456)
Taxation	3	<u>(432)</u>	<u>(1,082)</u>
Loss before minority interests		(178,121)	(46,538)
Minority interests		<u>7,041</u>	<u>2</u>
Net loss for the year		<u>(171,080)</u>	<u>(46,536)</u>
Loss per share - Basic	4	<u>8.38 cents</u>	<u>2.59 cents</u>

Notes:

1. Group reorganization and basis of preparation

The Company was incorporated in the Cayman Islands on 25 January 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. In preparation for the listing of the Company's shares on GEM, the group reorganization was effected whereby the Company became the holding company of the Group. The shares of the Company have been listed on GEM since 17 March 2000.

The results of the Group have been prepared on a merger basis as if the Company had always been the holding company of the Group. In the opinion of the Board, the above presents fairly the results of the Group as a whole.

2. Turnover

Turnover represents revenue generated from customers use of Internet services centre, advertising, Internet facilities and related services, enabling services, installation and maintenance of SMATV, structural cabling and security systems, property rent and management services.

3. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for the current year. The charge in current year represents an under provision in prior year.

The charge in 2000 represented Hong Kong Profits Tax calculated at 16% of the estimated assessable profits of that year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Loss per share

The calculation of the loss per share for the year ended 30 June 2001 is based on the loss for the year of HK\$171,080,000 and on the weighted average of 2,040,501,695 shares in issue.

The calculation of the loss per share for the year ended 30 June 2000 is based on the loss for that year of HK\$46,536,000 and on the weighted average of 1,799,467,213 shares that would have been in issue throughout that year on the assumption that the group reorganisation for the purpose of the listing of the Company's shares had been completed as at 1 July 1999.

No diluted loss per share has been presented as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company for both years.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible note since their exercise would result in a decrease in loss per share.

DIVIDEND

The directors do not recommend the payment of a dividend for the year.

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

During the year, the Company repurchased 11,607,000 shares through The Stock Exchange of Hong Kong Limited at an aggregate price of HK\$31,145,000 (before expenses). These shares were cancelled upon repurchase. The premium and relating expenses payable on repurchase of shares were charged against share premium.

<u>Month of repurchase</u>	Number of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid (before expenses) HK\$'000
		<u>Highest</u> HK\$	<u>Lowest</u> HK\$	
October 2000	1,988,500	4.1	3.9	7,971
November 2000	939,500	3.425	3.125	3,078
December 2000	1,480,000	3.25	2.65	4,364
January 2001	498,000	2.8	2.7	1,366
February 2001	866,000	2.8	2.65	2,360
March 2001	3,226,000	2.675	2.05	7,239
April 2001	926,500	2.1	1.9	1,838
May 2001	126,000	1.8	1.77	225
June 2001	1,556,500	1.78	1.7	2,704
	<u>11,607,000</u>			<u>31,145</u>

Save as disclosed above, the Company and its subsidiaries did not redeem, purchase or sell any of the listed securities of the Company during the year.

By Order of the Board

Kwok Ping Luen, Raymond
Chairman & Chief Executive Director
Hong Kong, 17 September 2001

* *For identification only*

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