

SUNeVision Holdings Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8008)

ANNUAL REPORT
2008-2009 ▶▶▶



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report (the “Report”), make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Report.

This Report, for which the directors (the “Directors”) of SUNeVision Holdings Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Report misleading; and (iii) all opinions expressed in this Report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Contents

03	Financial Highlights & Summary
04	Corporate Information
05	Business Portfolio
06	Chairman's Statement
08	Management Discussion and Analysis
10	Directors and Senior Management Profile
20	Directors' Report
45	Corporate Governance Report
53	Independent Auditor's Report
54	Consolidated Income Statement
55	Consolidated Balance Sheet
56	Balance Sheet
57	Consolidated Statement of Changes in Equity
58	Consolidated Cash Flow Statement
59	Notes to the Consolidated Financial Statements
100	Particulars of Properties held by the Group

Financial Highlights & Summary



FINANCIAL HIGHLIGHTS

For the quarter ended	30 Jun 09 HK\$'000	31 Mar 09 HK\$'000	31 Dec 08 HK\$'000	30 Sep 08 HK\$'000
Revenue	133,523	127,060	134,638	127,075
Cost of sales	(74,181)	(63,873)	(71,839)	(69,576)
Gross profit	59,342	63,187	62,799	57,499
Other income	7,916	1,435	3,275	3,632
Operating expenditures*	67,258 (9,290)	64,622 (8,527)	66,074 (9,369)	61,131 (9,240)
Profit from operations	57,968	56,095	56,705	51,891

* Selling, general and administrative expenses

FINANCIAL SUMMARY

Results

	Year ended 30 June				
	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Revenue	522,296	406,397	323,133	276,332	248,068
Profit for the year	184,421	267,118	203,766	357,423	146,231

Assets and Liabilities

	As at 30 June				
	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Total assets	2,954,506	2,605,355	2,346,906	3,470,618	3,270,736
Total liabilities	(581,910)	(335,805)	(220,439)	(156,197)	(163,085)
Total equity	2,372,596	2,269,550	2,126,467	3,314,421	3,107,651

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-luen, Raymond (*Chairman*)
Kwok Ping-sheung, Walter
Kwok Ping-kwong, Thomas
Tsim Wing-kit, Alfred (*Chief Executive Officer*)
Chan Kui-yuen, Thomas
Wong Yick-kam, Michael
So Chung-keung, Alfred
Tung Chi-ho, Eric
Wong Chin-wah

Non-Executive Director

Cheung Wing-yui

Independent Non-Executive Directors

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

COMPANY SECRETARY

Chan Kin-chu, Harry

COMPLIANCE OFFICER

Wong Yick-kam, Michael

AUDIT COMMITTEE

Wong Kai-man (*Chairman*)
Li On-kwok, Victor
King Yeo-chi, Ambrose
Cheung Wing-yui

REMUNERATION COMMITTEE

King Yeo-chi, Ambrose (*Chairman*)
Li On-kwok, Victor
Wong Kai-man
Cheung Wing-yui
Tsim Wing-kit, Alfred

NOMINATION COMMITTEE

Li On-kwok, Victor (*Chairman*)
King Yeo-chi, Ambrose
Wong Kai-man
Cheung Wing-yui
Tsim Wing-kit, Alfred

AUTHORISED REPRESENTATIVES

Tsim Wing-kit, Alfred
Chan Kin-chu, Harry

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road, Chai Wan, Hong Kong

LEGAL ADVISERS

As to Hong Kong Law
Woo, Kwan, Lee & Lo

As to Cayman Islands Law
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops No. 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
Sumitomo Mitsui Banking Corporation

STOCK CODE

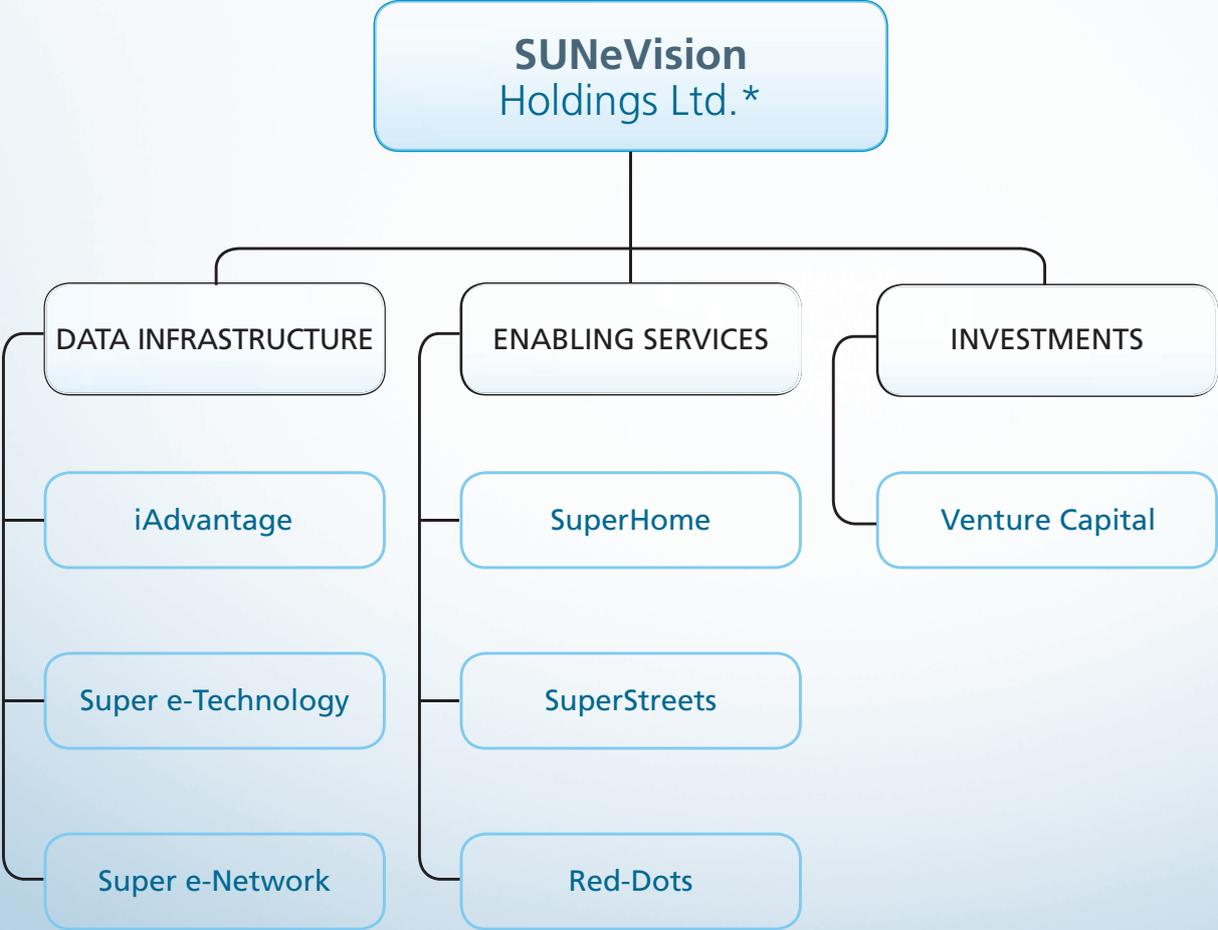
8008

WEBSITE

www.sunevision.com

Business Portfolio

The business portfolio of the Group as at 30 June 2009 is set out as follows:



* To be referred to as the "Company" or "SUNeVision". "Group" in this annual report means SUNeVision and its subsidiaries.

Chairman's Statement

SUNeVision continued profitable during the financial year 2008–2009, recording a profit attributable to equity holders of the Company of HK\$182.9 million.

Excluding the effect of fair value changes on investment properties, underlying profit attributable to the Company's shareholders was HK\$176.8 million, an increase of some 14% from the previous financial year.

FINANCIAL HIGHLIGHTS

Revenue was HK\$522.3 million, a 28.5% year on year increase. This reflects higher revenues from the Group's two key businesses — data centres and last mile connectivity. It also builds successfully on the favourable trends of the previous financial year. Improved revenues and well managed cost of sales contributed to the higher gross profit of HK\$242.8 million for the year. Gross margin for the year was maintained at approximately 46%.

Other income, being income in addition to revenue from operations, was HK\$16.3 million. This is approximately HK\$3.1 million below that for the previous financial year, largely as a result of lower interest income.

Continued stringency in cost control measures has brought operating expenditures down to HK\$36.4 million, which is 11.5% below those for the previous year. Profit from operations was HK\$222.7 million.

Following the Group's normal practice, the investment properties were independently revalued as of 30 June 2009 on an open market basis, leading to a one time revaluation surplus of HK\$4.1 million. This is substantially lower than the HK\$119 million revaluation surplus for the previous financial year and is in line with prevailing market conditions.

During the financial year, the Group reviewed its equity technology investments, recording impairments of approximately HK\$13 million for the year. Consistent with the previous year's practice, the value of listed equity technology investments was marked to market. As of 30 June 2009, the carrying value of the Group's equity technology investments stood at HK\$33.7 million.

After these adjustments, and allowing for taxation and minority interests, profit attributable to equity holders of the Company was HK\$182.9 million. Shareholders' funds as of 30 June 2009 stood at HK\$2,359.8 million, or HK\$1.16 per share. The Group's financial position remained strong with approximately HK\$573.3 million of cash and interest bearing securities on hand.

The directors recommend the payment of a final dividend of HK\$0.06 per share for the year ended 30 June 2009.



BUSINESS REVIEW

iAdvantage continued to show its full commitment to each of its existing projects, worked diligently to bring in fresh business, and enhanced its relationships with both multinational and local firms. It carried on investing in quality infrastructure and strengthened its market position in carrier neutral data centre facilities and services. Its world class facilities and outstanding service levels ensure that its business successfully anticipates the increasingly stringent requirements of customers from the global financial services, telecommunications, information technology, multinational corporate, and public services sectors. Overall data centre occupancy was approximately 77%.

The Group's last mile connectivity business again provided quality services to its corporate and residential customers. During the year, its property related technology business and consumer enabling businesses continued to deliver value added services to customers.

As announced in February 2009, the Group has entered into an agreement for the disposal of two floors of Kodak House II to an independent third party. Completion of the sale and purchase is expected to take place in the next financial year.

PROSPECTS

SUNeVision's portfolio of data infrastructure and service businesses positions it well for sustained profitability and growth. iAdvantage will actively continue to explore new prospects to further increase the occupancy of its data centres, while the Group's last mile connectivity and property related technology businesses will carry on leveraging its parent company's many significant relationships.

SUNeVision continues to maintain high standards of corporate governance. A full array of board committees chaired by independent directors has effectively supported the board in carrying out its responsibilities. The Group believes that by conducting its business in a well governed and socially responsible manner its own long term interests and those of its shareholders will be maximised.

The Group will remain cost cautious and manage its business prudently in order to strengthen itself against sustained global economic pressures.

I would like to close by commending the board, management, and our dedicated staff for their unqualified support and hard work, and thanking our shareholders for their continued confidence.

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 3 September 2009

Management Discussion and Analysis

OVERVIEW

SUNeVision achieved its sixth consecutive year of profit, generating HK\$182.9 million profit attributable to equity holders of the Company in the 2008–2009 financial year. Revenues have increased to HK\$522.3 million while costs have been managed vigilantly at both Group and business unit levels.

BUSINESS REVIEW

Data Infrastructure

iAdvantage

iAdvantage maintained its market position as a major operator of carrier-neutral data centre services in Hong Kong and continued its presence in the Mainland, its client base remained stable. iAdvantage's purpose-built facilities and quality services enabled it to satisfy its customers' demands for outsourcing, business continuity and other mission critical operations. iAdvantage continues its full commitments to its customers' stringent technical requirements. Overall data centre occupancy was approximately 77% as at the year end.

iAdvantage endeavours to explore opportunities and to attract new demand for carrier-neutral data centre facilities and services from the financial services, telecommunications, information technology, and public administration sectors.

Super e-Technology

Amid a difficult, challenging, and uncertain economic environment, Super e-Technology remained highly competitive and has successfully secured fifteen contracts worth approximately HK\$45 million during the financial year. Projects secured include the design and installation of satellite master antenna television (SMATV), structural cabling, and security and surveillance systems.

Super e-Network

Super e-Network successfully deployed four new sites for wireless LAN infrastructure in shopping malls and added a broadband network to a residential site. Super e-Network continued to enhance its services and explored new opportunities to further expand deployment of broadband and WIFI services in different sectors.

Enabling Services

The Group's enabling services provided convenient and diversified online services to residential estates and users, and offered competitive mortgage referral services as well as other property related services to home buyers.

Investments

Venture Capital

The venture capital group maintained its prudent and conservative approach to investing and continues to evaluate investment opportunities carefully. Funds will only be committed where returns can be reasonably expected and are demonstrably attractive. The Group reviewed its equity technology investments during the year and recorded impairments of approximately HK\$13 million. Carrying value of the equity technology investment portfolio stood at HK\$33.7 million as at 30 June 2009.



OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practices prudent financial management and has a strong balance sheet, with ample liquidity and financial resources. As of 30 June 2009, the Group had cash and interest bearing securities of approximately HK\$573.3 million. The Group's gearing ratio as of the same date (calculated on the basis of net debt to shareholders' funds) was zero.

As of 30 June 2009, the Company had contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other guarantees in the aggregate amount of HK\$105 million. 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. As of 30 June 2009, the Group had not pledged any of its assets, and there were no material acquisitions or disposals of subsidiaries or affiliated companies during the year under review.

EMPLOYEES

As of 30 June 2009, the Group had 189 full-time employees. The Group is keen to retain and motivate talent and continues to make adjustments in compensation, where appropriate, to recognise employees' contributions and to respond to changes in the employment market. Payroll costs remained stable during the year, and bonuses were paid to selected employees to recognise outstanding performance. Other remuneration and benefits, including medical coverage and provident fund contributions, remained at appropriate levels. Various training and development opportunities continue to be offered to enhance employees' knowledge and skills.

OUTLOOK

Building on its track record, SUNeVision will endeavour to improve on its profitability and business growth. iAdvantage will seek to fill vacancies remaining in its data centres as well as explore new business and growth opportunities. Super e-Technology and Super e-Network will further extend their quality services to new sites. In addition to our full commitments to our customers' requirements, the Group will continue to manage its businesses and operations vigilantly to prepare itself for the impacts of economic uncertainties ahead.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

KWOK Ping-luen, Raymond (Age: 56)

Chairman

Mr. Kwok was appointed the Chairman and an Executive Director of the Company on 29 January 2000. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong.

Mr. Kwok is Vice Chairman and Managing Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also Chairman of SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and USI Holdings Limited, and an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong. He was a member of the Hong Kong Port Development Council. Mr. Kwok is the younger brother of Mr. Kwok Ping-sheung, Walter and Mr. Kwok Ping-kwong, Thomas, both being Executive Directors of the Company.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. Mr. Kwok is entitled to receive a total director's emolument of approximately HK\$40,001, including a director's fee in the amount of HK\$40,000, for the financial year ended 30 June 2009.

KWOK Ping-sheung, Walter (Age: 58)

Mr. Kwok was appointed an Executive Director of the Company on 29 January 2000. He holds an Honorary Doctor of Science degree and a Master of Science degree in Civil Engineering from the Imperial College of Science and Technology, University of London, and is a member of the Institution of Civil Engineers, U.K. and a member of the Hong Kong Institution of Engineers. He is a Non-Executive Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and Transport International Holdings Limited and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Co., Ltd.

Directors and Senior Management Profile



He is also a Director of The Real Estate Developers Association of Hong Kong and Tsimshatsui East Property Developers' Association Ltd. and Honorary Treasurer of the Federation of Hong Kong Hotel Owners. On the community front, he is the Past Chairman of the Former Directors Committee of the Hong Kong Community Chest. He is also a member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary Member of The Court of The Hong Kong University of Science & Technology.

Mr. Kwok is an Honorary Citizen of Beijing & Guangzhou and a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Kwok is the elder brother of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping luen, Raymond.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. Mr. Kwok is entitled to receive a total director's emolument of approximately HK\$30,001, including a director's fee in the amount of HK\$30,000, for the financial year ended 30 June 2009.

KWOK Ping-kwong, Thomas (Age: 57)

Mr. Kwok was appointed an Executive Director of the Company on 29 January 2000. Mr. Kwok is Vice Chairman and Managing Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited. Mr. Kwok holds a master's degree in Business Administration from The London Business School, University of London, and a bachelor's degree in Civil Engineering from Imperial College, University of London. He is a fellow of The Hong Kong Management Association.

He is Chairman of the Board of Directors of the Faculty of Business and Economics, The University of Hong Kong, and Executive Vice President and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed member of the Exchange Fund Advisory Committee, Construction Industry Council and the Commission on Strategic Development and a non-official member of the Provisional Minimum Wage Commission. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a member of the Economic and Employment Council, the Business Advisory Group, the Land & Building Advisory Committee, the Registered Contractors' Disciplinary Board, the General Chamber of Commerce Industrial Affairs Committee, Business Facilitation Advisory Committee and the Council for Sustainable Development. He was also Chairman of the Property Management Committee of the Building Contractors' Association and a council member of the Hong Kong Construction Association.

Directors and Senior Management Profile

He previously served as a board member of the Community Chest of Hong Kong and as a member of the Social Welfare Policies & Services Committee, and on the Council of The Open University of Hong Kong.

Mr. Kwok is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is the younger brother of Mr. Kwok Ping-sheung, Walter and the elder brother of Mr. Kwok Ping-luen, Raymond.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. Mr. Kwok is entitled to receive a total director's emolument of approximately HK\$30,001, including a director's fee in the amount of HK\$30,000, for the financial year ended 30 June 2009.

TSIM Wing-kit, Alfred (Age: 46)

Chief Executive Officer and Authorised Representative

Mr. Tsim has been an Executive Director of the Company since July 2006. He was appointed as the Acting Chief Executive Officer of the Company in June 2008 and was re-designated as Chief Executive Officer on 1 December 2008. He is also a member of the Remuneration Committee and Nomination Committee of the Company. Prior to joining the Group in February 2000, he worked with international accounting firms, financial institution and major telecommunication operators in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, United Kingdom, CPA Australia and CMA Canada. Mr. Tsim holds a Bachelor of Arts degree from the City University of Hong Kong, a Master of Business Administration degree from The University of Sydney and a Diploma in Management Accounting from The Chinese University of Hong Kong.

Save as disclosed above, Mr. Tsim did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Tsim has not entered into any service agreement with the Company and has no fixed term of director's service but he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Tsim is entitled to receive a fee of HK\$35,000 for being a Director of the Company and other emoluments of approximately HK\$2,443,850.

Directors and Senior Management Profile



CHAN Kui-yuen, Thomas (Age: 63)

Mr. Chan has been an Executive Director of the Company since 29 January 2000. He is an Executive Director of Sun Hung Kai Properties Limited ("SHKP", a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance) and an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP. He joined the Sun Hung Kai Properties Group in 1973 and is now responsible for land acquisitions and project planning matters. Mr. Chan graduated from the United College, The Chinese University of Hong Kong. He was awarded as Honorary University Fellowship of The Open University of Hong Kong in 2007.

Save as disclosed above, Mr. Chan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Chan has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Chan is entitled to receive a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

WONG Yick-kam, Michael (Age: 57)

Compliance Officer

Mr. Wong was appointed an Executive Director of the Company on 29 January 2000. He has been with the Sun Hung Kai Properties Group for 28 years. Having been an Executive Director of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, since 1996, he will relinquish this position with effect from 1 January 2010 and will then become a Non-Executive Director. Mr. Wong is a Non-Executive Director of SmarTone Telecommunications Holdings Limited and USI Holdings Limited. He resigned as the Deputy Chairman and Non-Executive Director of RoadShow Holdings Limited on 20 November 2008. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong is Chairman of the Hong Kong Youth Hostels Association. He is a member of the Hong Kong SAR Government's Steering Committee on Promotion of Volunteer Service, Steering Committee on Child Development Fund and Steering Committee on Promotion of Electric Vehicles. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and Treasurer of the Council of The Open University of Hong Kong.

Save as disclosed above, Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Directors and Senior Management Profile

Mr. Wong has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Wong is entitled to receive a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

SO Chung-keung, Alfred (Age: 60)

Mr. So has been an Executive Director of the Company since 29 January 2000. He joined the Sun Hung Kai Properties Group in 1978 and is currently an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of Sun Hung Kai Properties Limited. He is also a director of Sunco Resources Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. So obtained his Estate Agent's Licence (Individual) in 1999. He received a Master of Science degree in Mathematics from the University of Toronto.

Save as disclosed above, Mr. So did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. So has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. So is entitled to receive a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

TUNG Chi-ho, Eric (Age: 50)

Mr. Tung has been an Executive Director of the Company since 29 January 2000. He has been with the Sun Hung Kai Properties Group for 22 years. He served as Project Director for various large-scale residential, commercial and mixed developments and oversaw the completion of data centres for major tenants such as JP Morgan and ING Barings. He is an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of Sun Hung Kai Properties Limited, and is also the Chairman of iAdvantage Limited ("iAdvantage"). Mr. Tung is a member of the Hong Kong Institute of Architects and is a Registered Architect in Hong Kong and an Authorised Person (List One) with the Building Department. He is a graduate of the Architectural Programme of The University of Hong Kong.

Save as disclosed above, Mr. Tung did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Directors and Senior Management Profile



Mr. Tung has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Tung is entitled to receive a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

WONG Chin-wah (Age: 60)

Mr. Wong has been an Executive Director of the Company since 29 January 2000 and is the Chief Executive Officer of Sunevision Super e-Technology Services Limited ("Super e-Technology"). His experience in infrastructure network technology commenced in early 1993 when he was appointed as Chief Executive Officer of Super e-Technology. In July 1999, then as the Managing Director of Sunevision Red-Dots Limited, he led a team of IT professionals to develop the Sun Hung Kai Properties Group's first e-commerce site in Hong Kong which was launched in October 1999. He is an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of Sun Hung Kai Properties Limited, and had held senior management positions in the DBS Bank and MTR Corporation Limited. Mr. Wong received a Bachelor of Science (Estate Management) degree in 1976 from the National University of Singapore and is a Registered Professional Surveyor and a Registered Professional Housing Manager in Hong Kong. He is also a member of the Singapore Institute of Surveyors and Valuers.

Save as disclosed above, Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Wong has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the shareholders at the annual general meetings while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Wong is entitled to receive a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

Directors and Senior Management Profile

NON-EXECUTIVE DIRECTOR

CHEUNG Wing-yui (Age: 59)

Mr. Cheung has been a Non-Executive Director of the Company since 29 January 2000. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Cheung is also a Non-Executive Director of SmarTone Telecommunications Holdings Limited, SRE Group Limited, Tai Sang Land Development Limited and Tianjin Development Holdings Limited and an Independent Non-Executive Director of Agile Property Holdings Limited and Hop Hing Group Holdings Limited. He retired as Non-Executive Director of Taifook Securities Group Limited on 1 October 2007 and Independent Non-Executive Director of Ching Hing (Holdings) Limited on 25 July 2007 and Ping An Insurance (Group) Company of China, Ltd on 3 June 2009.

He is a member of the Board of Review (Inland Revenue Ordinance), a director of The Community Chest, Deputy Chairman of the Council of The Open University of Hong Kong and Deputy Chairman of The Hong Kong Institute of Directors. He was also the Vice Chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong until January 2006 and was a Director of Po Leung Kuk.

Mr. Cheung received a Bachelor of Commerce Degree in accountancy from the University of New South Wales, Australia and is a member of the Australian Society of CPAs. He has been a practising solicitor in Hong Kong since 1979 and is a Consultant of the law firm Woo, Kwan, Lee & Lo. He was also admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

Save as disclosed above, Mr. Cheung did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Cheung has not entered into any service agreement with the Company. He has a fixed term of appointment as Director for a period from 1 January 2009 to 31 December 2011 and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is fixed by the shareholders at the annual general meetings while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Cheung is entitled to receive a fee of HK\$120,000 for being a Director of the Company.



INDEPENDENT NON-EXECUTIVE DIRECTORS

LI On-kwok, Victor (Age: 54)

Professor Li has been an Independent Non-Executive Director of the Company since 29 January 2000. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Professor Li is an Independent Non-Executive Director of China.com Inc.. He is the Associate Dean of Engineering, and the Chair Professor of Information Engineering of the Electrical and Electronic Engineering Department at The University of Hong Kong ("HKU"). Prior to joining HKU, Professor Li was Professor of Electrical Engineering at the University of Southern California ("USC") and Director of the USC Communication Sciences Institute. Professor Li has chaired various committees of international professional organisations such as the Technical Committee on Computer Communications of the Institute of Electrical and Electronic Engineers (IEEE). Professor Li received his bachelor's, master's, engineer's and doctoral degrees in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology in 1977, 1979, 1980 and 1981 respectively. He was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2002.

Save as disclosed above, Professor Li did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Professor Li has not entered into any service agreement with the Company. He has a fixed term of appointment as Director for a period from 1 January 2009 to 31 December 2011 and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is fixed by the shareholders at the annual general meetings while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Professor Li is entitled to receive a fee of HK\$120,000 for being a Director of the Company.

KING Yeo-chi, Ambrose (Age: 74)

Professor King was appointed as an Independent Non-Executive Director of the Company on 1 January 2007. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He is the Emeritus Professor of Sociology at The Chinese University of Hong Kong.

He has been the head of New Asia College (1977–1985), Chair Professor of Sociology (1983–2004), Pro-Vice-Chancellor (1989–2002) and Vice-Chancellor (2002–2004) at The Chinese University of Hong Kong. In addition, he has been the Visiting Fellow at the Centre of International Studies, MIT (1976) and Visiting Professor at University of Heidelberg (1985) and University of Wisconsin (1986). He was elected as Academician, Academia Sinica, Taipei (1994).

Professor King received his BA from National Taiwan University (1957), MA from National Cheng Chi University (1959), and PhD from the University of Pittsburgh (1970).

Directors and Senior Management Profile

Professor King has held many advisory positions to the Hong Kong Government such as Independent Commission Against Corruption, The Law Reform Commission, Central Policy Unit, University Grants Committee — Research Grants Council. He is a member of the Board of Directors of Chiang Ching-kuo Foundation for International Scholarly Exchange. Professor King was appointed the Non-Official Justice of Peace in 1994. He was awarded the Silver Bauhinia Star of the Hong Kong Special Administrative Region and the Doctor of Literature, *honoris causa* of the Hong Kong University of Science and Technology in 1998 and the Doctor of Laws, *honoris causa* of The Chinese University of Hong Kong in 2005.

Save as disclosed above, Professor King did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Professor King has not entered into any service agreement with the Company. He has a fixed term of appointment as Director for a period from 1 January 2007 to 31 December 2009 and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is fixed by the shareholders at the annual general meetings while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Professor King is entitled to receive a fee of HK\$120,000 for being a Director of the Company.

WONG Kai-man (Age: 59)

Mr. Wong was appointed as Independent Non-Executive Director of the Company on 16 January 2007. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He is an accountant with 32 years of audit, Initial Public Offer and computer audit experience. He was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. Mr. Wong was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement on 30 June 2005 and is currently a director of two charity foundations: Victor & William Fung Foundation Limited and Li & Fung (1906) Foundation Limited. Mr. Wong was appointed as a Non-Executive Director of Securities and Futures Commission on 26 May 2009. He is an Independent Non-Executive Director of Shangri-La Asia Limited, SCMP Group Limited and China Construction Bank Corporation. He serves in a number of government committees and the boards of certain non-governmental organisations.

Mr. Wong obtained his Bachelor of Science in Physics from The University of Hong Kong and Master of Business Administration from The Chinese University of Hong Kong and is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong was appointed as a Justice of the Peace in 2002 and was awarded Bronze Bauhinia Star in 2007 by the Government of the Hong Kong Special Administrative Region and awarded an honorary fellow of Lingnan University of Hong Kong.

Save as disclosed above, Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Directors and Senior Management Profile



Mr. Wong has not entered into any service agreement with the Company. He has a fixed term of appointment as Director for a period from 1 January 2007 to 31 December 2009 and he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. His director's fee is fixed by the shareholders at the annual general meetings while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of annual management bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director. For the financial year ended 30 June 2009, Mr. Wong is entitled to receive a fee of HK\$120,000 for being a Director of the Company.

SENIOR MANAGEMENT

WONG Sing, Samuel (Age: 42)

Chief Operating Officer of iAdvantage Limited

Mr. Wong is responsible for providing overall leadership to the data centre services and operation of the Group. He has over 19 years experience in telecommunication and information technologies industries. Before joining iAdvantage Limited in January 2001, he worked for PCCW Limited in various disciplines holding management and professional positions there. Mr. Wong is a Chartered Engineer, and received his Bachelor of Science in Electronics and Computer Science in the Chinese University of Hong Kong, and Master of Business Administration degree from the Hong Kong University of Science and Technology.

LUI Chi-wai, Samson (Age: 50)

General Manager of Sunevision Super e-Technology Services Limited

Mr. Lui is responsible for overall leadership to the audio electronics; broadcasting reception; burglar alarm & security and IT Infrastructure services of the Group. He has over 23 years experience in project management of contract works, operations, maintenance and technical support of all security surveillance, data networking and satellite TV systems. Before joining Sunevision Super e-Technology Services Limited in March 1992, he worked for reputable organisations in various disciplines holding management and professional positions.

Mr. Lui is a Registered Professional Engineer, Chartered Professional Engineer; Chartered Engineer, Chartered Marketer, Chartered Builder, Chartered Environmentalist; Chartered Safety & Health Practitioner. Among others, he is a Senior Member of The Institute of Electrical and Electronics Engineers; a member of The Hong Kong Institution of Engineers; a member of The Chartered Institution of Building Service Engineers, a member of The Institution of Mechanical Engineers, a member of The Institution of Fire Engineers, a member of The Institution of Engineering and Technology, a member of The British Computer Society and a member of The Institution of Engineers Australia. He holds Master's degrees in Engineering Management, Business Administration, and Fire & Safety Engineering from City University of Hong Kong, Columbia Southern University and The Hong Kong Polytechnic University respectively.

Directors' Report

The Directors present their Report together with the audited financial statements for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries. Particulars of the Company's principal subsidiaries, including their respective activities, are set out in note 33 to the financial statements.

Revenue and contributions to operating results from overseas activities are immaterial. Segment information about the businesses of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2009 is set out in note 5 to the financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2009 are set out in the consolidated income statement on page 54 of this Report.

DIVIDENDS

The board of Directors of the Company (the "Board") recommended a final dividend of HK\$0.06 per share (2008: HK\$0.05 per share) to the shareholders registered in the Company's Register of Members as at the close of business on 30 October 2009, making a total dividend of HK\$0.06 per share for the full year ended 30 June 2009 (2008: HK\$0.05 per share).

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 30 June 2009 is set out on page 3 of this Report.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 57 of this Report and in note 24 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the financial statements.



PROPERTIES

Particulars of properties held by the Group at 30 June 2009 are set out on page 100 of this Report.

INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2009 and the resulting fair value change of HK\$4,107,000 has been credited to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

BANK BORROWINGS

The Group did not have any bank borrowings during the year.

INTEREST CAPITALISED

The Group has not capitalised any interest during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this Report were:

Executive Directors:

Kwok Ping-luen, Raymond
Kwok Ping-sheung, Walter
Kwok Ping-kwong, Thomas
Tsim Wing-kit, Alfred
Chan Kui-yuen, Thomas
Wong Yick-kam, Michael
So Chung-keung, Alfred
Tung Chi-ho, Eric
Wong Chin-wah

Non-Executive Director:

Cheung Wing-yui

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

Directors' Report

In accordance with Article 116 of the Company's Articles of Association, Mr. Kwok Ping-kwong, Thomas, Mr. Chan Kui-yuen, Thomas, Mr. Wong Yick-kam, Michael, Mr. So Chung-keung, Alfred and Mr. Tung Chi-ho, Eric will retire at the forthcoming annual general meeting (the "Annual General Meeting"). Mr. Wong Yick-kam, Michael will not offer himself for re-election at the Annual General Meeting whereas the other four retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

1. Directors' Service Contracts

Executive Directors

Other than Mr. Tsim Wing-kit, Alfred, each of the Executive Directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice.

Non-Executive Directors

The term of office of each of Professor Li On-kwok, Victor and Mr. Cheung Wing-yui is for a period not exceeding three years up to 31 December 2011. The term of office of each of Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man is for a period not exceeding three years up to 31 December 2009.

None of the Directors being proposed for re-election at the Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

2. Directors' Interests in Contracts

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in note 26 "related party transactions and balances" to the financial statements. Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas have a trust interest in SHKP.

In addition, Mr. Cheung Wing-yui is a consultant of Woo, Kwan, Lee & Lo, a solicitors firm which provided professional services to the Group and charged usual professional fees during the year.

Other than as disclosed above, there was no contract of significance to which the Company or its subsidiaries, or its holding companies or any of its fellow subsidiaries was a party, and in which a Director of the Company was material interested, whether directly or indirectly, subsisting during or at the end of the year.

3. Independent Non-Executive Directors

Confirmation of Independence

The Company has received from each of Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the Independent Non-Executive Directors to be independent.



DIRECTORS' INTERESTS

As at 30 June 2009, the interests of Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

1. Long position in shares and underlying shares of the Company

Name of Director	Number of shares held				Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Total			
Kwok Ping-luen, Raymond	—	—	1,742,500 ¹	1,742,500	—	1,742,500	0.08
Kwok Ping-sheung, Walter	—	—	1,070,000 ¹	1,070,000	—	1,070,000	0.05
Kwok Ping-kwong, Thomas	—	—	1,070,000 ¹	1,070,000	—	1,070,000	0.05
Tsim Wing-kit, Alfred	—	—	—	—	50,000 ²	50,000	0
Wong Yick-kam, Michael	100,000	—	—	100,000	—	100,000	0
So Chung-keung, Alfred	—	543	—	543	67,000 ²	67,543	0
Wong Chin-wah	—	—	—	—	70,000 ²	70,000	0
King Yeo-chi, Ambrose	500	—	—	500	—	500	0

Notes:

- Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,070,000 shares of the Company by virtue of being beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
- These represented the interests in the underlying shares of the Company in respect of the share options (being regarded for the time being as unlisted and physically settled equity derivatives) granted to the Directors in the capacity as beneficial owners under the share option schemes of the Company. Details of the share options are set out in the section entitled "Share Option Schemes".

Directors' Report

2. Long position in shares and underlying shares of associated corporations of the Company

(a) SHKP

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	75,000	—	—	1,100,600,695 ¹	1,100,675,695	—	1,100,675,695	42.92
Kwok Ping-sheung, Walter	75,000	—	—	1,099,407,322 ¹	1,099,482,322	—	1,099,482,322	42.88
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	1,097,457,014 ¹	1,099,737,360	—	1,099,737,360	42.89
Chan Kui-yuen, Thomas	—	66,000	126,500 ²	—	192,500	—	192,500	0
Wong Yick-kam, Michael	165,904	—	—	—	165,904	—	165,904	0
So Chung-keung, Alfred	189,985	6,500	—	—	196,485	—	196,485	0

Notes:

- Of these shares in SHKP, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,077,423,147 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
- These shares were held by a company which obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

Name of Director	Number of shares held			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Family interests (interests of spouse or child under 18)	Other interests	Total				
Kwok Ping-luen, Raymond	—	2,237,767 ¹	2,237,767	—	2,237,767	0.42	
Li On-kwok, Victor	5,000	—	5,000	—	5,000	0	

Note:

- Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being beneficiary of a certain discretionary trust for the purposes of the SFO.



- (c) Each of Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas had the following interests in shares of the following associated corporations of the Company:

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation	Actual holding through corporation	Actual % interests in issued shares
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note:

- Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO. These shares were held by corporations under a certain discretionary trust, in which Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested by virtue of being beneficiaries for the purpose of the SFO.

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

The Company had adopted a share option scheme (the "Old Share Option Scheme"), the principal terms of which were summarised in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to the Company's prospectus dated 6 March 2000. By ordinary shareholders' resolutions passed at the annual general meeting held on 3 December 2002, the Company had adopted another share option scheme (the "New Share Option Scheme") and terminated the Old Share Option Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, the Company's holding company, at its general meeting held on the same day.

(A) Old Share Option Scheme

Since the adoption of the Old Share Option Scheme, the Company had granted four lots of share options, of which the options at the exercise prices of HK\$10.38 per share, HK\$3.885 per share, HK\$2.34 per share and HK\$1.43 per share, expired at the close of business on 30 December 2005, 14 November 2006, 19 March 2007 and 7 July 2008 respectively. No further options may be offered under the Old Share Option Scheme.

(B) New Share Option Scheme

The Company had granted two lots of share options under the New Share Option Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share expired at the close of business on 9 November 2008.

During the year ended 30 June 2009, no share options were granted under the New Share Option Scheme.



(C) Share options granted to the Directors

The following shows the outstanding positions of the Directors as at 30 June 2009 with respect to their share options granted under the New Share Option Scheme:

Name of Director	Date of grant	Exercise price HK\$	Exercise period ¹	Number of share options				
				Balance as at 1.7.2008	Granted during the year	Exercised during the year	Cancelled/Lapsed during the year	Balance as at 30.6.2009
Tsim Wing-kit, Alfred	29.11.2003	1.59	29.11.2003 to 28.11.2009	50,000	—	—	—	50,000
So Chung-keung, Alfred	29.11.2003	1.59	29.11.2003 to 28.11.2009	67,000	—	—	—	67,000
Wong Chin-wah	29.11.2003	1.59	29.11.2003 to 28.11.2009	70,000	—	—	—	70,000
So Sing-tak, Andrew ²	29.11.2003	1.59	29.11.2003 to 28.11.2009	133,333	—	—	133,333	0

Notes:

- The share options are exercisable subject to the amount of one-third of the respective grants on each of the first, second and third anniversaries of the date of grant of share options as determined by the Share Option Committee which is set out in 1(B) of this section.
- Mr. So is the former Executive Director who has resigned on 1 July 2008.

(D) Share options granted to the employees of the Company

A summary of the movements during the year ended 30 June 2009 of the share options granted under the New Share Option Scheme to the employees of the Company working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive officer of the Company as disclosed above, is set out below:

Date of grant	Exercise Price HK\$	Exercise period ¹	Number of share options				
			Balance as at 1.7.2008	Granted during the year	Exercised during the year	Cancelled/Lapsed during the year	Balance as at 30.6.2009
29.11.2003	1.59	29.11.2003 to 28.11.2009	216,667	—	—	—	216,667

Note:

- The share options are exercisable subject to the amount of one-third of the respective grants on each of the first, second and third anniversaries of the date of grant of share options as determined by the Share Option Committee which is set out in 1(B) of this section.

Other than the participants as stated above, the Company has not granted since the adoption of the Old Share Option Scheme and the New Share Option Scheme any share options to any other persons as required to be disclosed under GEM Listing Rule 23.07.

2. Share Option Scheme of iAdvantage Limited

In addition to the Old Share Option Scheme and the New Share Option Scheme, the Group operates another share option scheme which was approved for iAdvantage Limited ("iAdvantage"), a wholly-owned subsidiary of the Company, allowing the Board the right to grant to the full-time employees and executive directors of iAdvantage or any of its subsidiaries options to subscribe for shares of iAdvantage in aggregate up to 10% of its issued capital from time to time (the "iAdvantage Share Option Scheme"). The exercise period of any options granted under the iAdvantage Share Option Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.

3. Major terms of share option schemes

The major terms of the Old Share Option Scheme, the New Share Option Scheme and the iAdvantage Share Option Scheme (collectively the "Schemes") are summarised as follows:

- (i) Upon the passing of an ordinary resolution by the shareholders of the Company approving the adoption of the New Share Option Scheme and the termination of the Old Share Option Scheme at the general meeting on 3 December 2002 and the approval of the shareholders of SHKP on 5 December 2002, no further options may be offered under the Old Share Option Scheme.
- (ii) The purposes of the Schemes are to provide incentives to their respective participants.
- (iii) The participants of the New Share Option Scheme include (i) executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the Group; (ii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of the Company; (iv) any associates of a director, chief executive or substantial shareholder of the Company; and (v) any employees of substantial shareholder of the Company, as absolutely determined by the Board.

The participants of the Old Share Option Scheme include full-time employees of the Company or its subsidiaries including executive directors of the Company or its subsidiaries.

The participants of the iAdvantage Share Option Scheme include full-time employees of iAdvantage or its subsidiaries including executive directors of iAdvantage or its subsidiaries.

- (iv) The total number of shares which may be issued upon exercise of all options to be granted under the Old Share Option Scheme and the New Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue of the Company as at the date of approval of the New Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders of the Company. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old Share Option Scheme and the New Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). As at 3 September 2009, the number of shares available for issue in respect thereof was 203,148,383, representing approximately 10% of the issued share capital of the Company.

The maximum number of shares in respect of which options may be granted under the iAdvantage Share Option Scheme must not exceed 10% of the total number of shares in issue of iAdvantage from time to time. The issued share capital of iAdvantage as at 3 September 2009 is HK\$4. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.



- (v) Pursuant to the New Share Option Scheme, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue of the Company. As at 3 September 2009, the total number of shares in issue of the Company was 2,031,483,833.

Pursuant to the Old Share Option Scheme and the iAdvantage Share Option Scheme, no participant shall be granted an option which, if exercised in full, would result in such participant's maximum entitlement exceeding 25% of the aggregate number of the shares of the Company for the time being issued and issuable under the respective schemes.

- (vi) An option granted under the New Share Option Scheme may be exercised at any time during the option period after the option has been granted by the Board. An option period is a period to be determined by the Board at its absolute discretion and notified by the Board to each grantee as being the period during which an option may be exercised, such period shall not be longer than ten years from the grant date of the option.

The exercise period of any option granted under the Old Share Option Scheme must not be less than three years to be notified by the Board of the Company to each grantee which period of time shall commence on the date of grant of the option and expire on such date as determined by the Board or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained in the scheme.

The exercise period of any option granted under the iAdvantage Share Option Scheme must not be less than three years to be notified by the board of the directors of iAdvantage to each grantee which period of time shall commence on the date of grant of the option and expire on such date as determined by the board of the directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained in the scheme.

- (vii) Pursuant to the New Share Option Scheme, there are neither any performance targets that need to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

Pursuant to each of the Old Share Option Scheme and the iAdvantage Share Option Scheme, an option may be exercised in accordance with the terms of the respective schemes at any time during a period to be notified by the respective boards to each grantee.

- (viii) Pursuant to each of the Schemes, the acceptance of an offer of the grant of the respective options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1 from the grantee.

- (ix) The exercise price of an option to subscribe for shares granted pursuant to each of the New Share Option Scheme and the Old Share Option Scheme shall be the highest of:

- the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;

Directors' Report

- the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
- the nominal value of the shares of the Company.

The exercise price of an option to subscribe for shares granted pursuant to the iAdvantage Share Option Scheme shall be determined by the Board and notified to the grantee and shall not be less than the nominal value of the shares of iAdvantage provided that in the case of a grantee which is a director of any holding company of iAdvantage which is also listed on the GEM or the Main Board of the Stock Exchange or his or her associate, the subscription price shall be determined on a fair and reasonable basis and shall not be less than the latest audited net tangible assets per share of iAdvantage.

- (x) The New Share Option Scheme shall be valid and effective till 3 December 2012. The iAdvantage Share Option Scheme shall be valid and effective till 28 February 2010.

4. Arrangement to purchase shares or debentures

Other than the Schemes as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

GROUP'S EMOLUMENT POLICY

1. General description of the emolument policy and long term incentive schemes of the Group

(a) Emolument Policy

The philosophy of the emolument policy of the Company is summarised as follows:

- The Company conducts benchmarking study periodically with the market to ensure the competitiveness of the overall package
- The Company adopts a performance driven policy so that each individual is motivated to perform to the best he can
- Individual competence, contribution and responsibility are taken into account when considering the remuneration level for each staff
- Different remuneration elements are adopted for different functions, such as commission schemes for sales and special allowances for staff working on shift, to meet the special characteristics of each function
- The Company also offers provident fund, medical insurance and leave benefits to provide basic coverage to staff for sickness, retirement, rest and relaxation reasons



- Share option grants are made from time to time to better link the corporate performance as reflected in the share price performance and the contributions made by the senior staff in the intermediate to longer time frame
- The economic factors and the affordability of the Company are taken into account in coming up with the overall remuneration budget for the Company

(b) Incentive Scheme

To enhance the performance culture, the Company also has adopted a discretionary bonus scheme. A couple of factors, such as the overall financial performance, the affordability of the Company and individual performance, have been taken into account before determining the payout for each individual. The payout of the bonus still remains at the sole discretion of the Company.

2. Basis of determining emolument to Directors

The remuneration philosophy of the Company also applies to the Directors. Apart from benchmarking against the market, the Company also looks into individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Provision in medical, provident fund and leave are made to ensure that the Executive Directors could have basic coverage in sickness and retirement as well as for rest and relaxation. Share options are also granted to gain a better line of sight between the overall performance of the Company in terms of share price and the contributions made by the Directors.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the interest of the persons, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Name	Total number of shares	% of shares in issue
Sunco Resources Limited ¹ ("Sunco")	1,713,613,500	84.35
SHKP ²	1,713,613,500	84.35
HSBC Trustee (C.I.) Limited ³ ("HSBCTCI")	1,714,683,500	84.41

Notes:

1. Sunco is the beneficial owner of the 1,713,613,500 shares.
2. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 1,713,613,500 shares of the Company held by Sunco by virtue of the SFO.
3. HSBCTCI is deemed to be interested in the 1,713,613,500 shares of the Company held by SHKP for the purpose of the SFO via its deemed interests in 1,077,423,147 shares in SHKP, which were the same shares referred to in Note 1 to sub-section 2(a) of the section entitled "Directors' Interests".

Directors' Report

Save as disclosed above, as at 30 June 2009, there was no person (other than a Director or chief executive of the Company) known to the Directors who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTERESTS OF OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at 30 June 2009, there were no persons other than a Director or chief executive of the Company who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

INTERESTS IN COMPETING BUSINESS

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognised leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and relevant business. These institutions and business entities may be in competition with the Group.

Save as disclosed in this section, none of the Directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules has any interest in any business which competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2009 are disclosed in note 26 to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 June 2009, the Group conducted the following transactions which constituted and/or would constitute continuing connected transactions under the GEM Listing Rules.

I. Continuing Connected Transactions 2008–2011

On 16 May 2008, the Company renewed the agreements and entered into new agreements governing the Transactions Requiring Approval and the Transactions Exempt from Approval (both as defined and in more particularly described in the announcement of the Company dated 16 May 2008 (the "2008 Announcement")), with SHKP or Sun Hung Kai Properties Insurance Limited ("SHKI") (as the case may be) each for a term of three years commencing from 1 July 2008 and ending on 30 June 2011. It is also expected that the Lease Arrangements (as defined and in more particularly described in the 2008 Announcement) may continue for the period from 1 July 2008 to the respective expiry dates of the next renewal term.



Details of the Transactions Requiring Approval, the Lease Arrangements and the Transactions Exempt from Approval (together "the Continuing Connected Transactions 2008–2011") are as follows.

1. Transactions Requiring Approval

At the extraordinary general meeting of the Company held on 26 June 2008, the Ordinary Resolution approving the Transactions Requiring Approval (as defined and in more particularly described in the Circular of the Company to its shareholders dated 6 June 2008) was duly passed by the independent shareholders, in respect of the following renewed and new continuing connected transactions subject to the caps for the respective periods as stated below.

(a) ***Installation, operation and provision of cable networking on a project basis by the Group for buildings owned and/or managed by the Sun Hung Kai Properties Group ("SHKP Group")***

Sunevision Super e-Network Limited ("Super e-Network") and Sunevision Super e-Technology Services Limited ("Super e-Technology") have been providing and they will continue to provide, and other members of the Group may in the future provide, services to members of the SHKP Group in connection with the design, installation, operation and provision of SMATV/CABD, access control and other security systems and laying of network cabling system (such as voice and data network, building services access, and power supply), optical fiber network, broadband network and other IT infrastructure network in buildings owned and/or managed by the SHKP Group on a project basis (the "Networking Arrangement"). The Group has charged and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

The annual cap for service fees in respect of the Networking Arrangement to be received by the Group during each of the three financial years ending 30 June 2011 is HK\$61,000,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Networking Arrangement received by the Group from the SHKP Group was approximately HK\$36,204,293.

(b) ***Maintenance and repair of network infrastructure and security systems on a project basis by the Group for buildings owned and/or managed by the SHKP Group***

Super e-Network and Super e-Technology have been engaged and they will continue to be engaged, and other members of the Group may in the future be engaged, by certain members of the SHKP Group to carry out maintenance and repair works for SMATV/CABD, access control and other security systems and cabling systems (such as voice and data network, building services access, and power supply), optical fiber network, broadband network, computer systems and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the "Maintenance Arrangement"). The Group has charged and will continue to charge fees for services provided under the Maintenance Arrangement.

The annual cap for the service fees in respect of the Maintenance Arrangement to be received by the Group during each of the financial years ending 30 June 2011 is HK\$74,000,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Maintenance Arrangement received by the Group from the SHKP Group was approximately HK\$49,578,683.

(c) *Sub-contracting of works in connection with the Networking Arrangement*

In connection with the Networking Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Networking Arrangement that the Group needs to sub-contract to others (the "Networking Sub-contracting Arrangement") and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Networking Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of services. For example, where the main contractor agreement specifies that only a particular parking system should be used for the relevant building and such parking system is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide that specific parking system for the relevant building. For the remaining parts of work pursuant to the Networking Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through a tendering process. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The annual cap for service fees in respect of the Networking Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ending 30 June 2011 is HK\$9,400,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Networking Sub-contracting Arrangement paid by the Group to the SHKP Group was approximately HK\$1,356,348.



(d) *Sub-contracting of works in connection with Maintenance Arrangement*

In connection with the Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the maintenance and repair works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Maintenance Arrangement that the Group needs to sub-contract to others (the "Maintenance Sub-contracting Arrangement") and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Maintenance Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of services. For example, similar to that of the Networking Sub-contracting Arrangement, where the main contractor agreement specifies that only a particular parking system (including its maintenance services) should be used for the relevant building and such parking system (including its maintenance services) is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide the maintenance and repair services for such parking system for the relevant building. For the remaining parts of work pursuant to the Maintenance Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through quotations. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The annual cap for service fees in respect of the Maintenance Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ending 30 June 2011 is HK\$4,600,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Maintenance Sub-contracting Arrangement paid by the Group to the SHKP Group was approximately HK\$2,509,209.

Directors' Report

2. The Lease Arrangements

CST iAdvantage has been leasing and will continue to lease from members of the SHKP Group certain premises in the People's Republic of China ("PRC") (the "Lease Arrangements"). Set out below is information regarding the Beijing Lease and the Shanghai Lease.

A. Beijing Lease

Date of agreements and term: 9 June 2006 — renewal agreement, for the term from 1 May 2006 to 30 April 2009 (being the last term), with four renewal options for a term of three years each

24 April 2009 — renewal agreement, for the term from 1 May 2009 to 30 April 2012 (being the current term), with three renewal options for a term of three years each

The next renewal term is from 1 May 2012 to 30 April 2015

Premises: Portion of Unit 809 and Units 811 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the PRC

Landlord: Beijing Sun Dong An Company Limited, a wholly-owned subsidiary of SHKP

Tenant: CST iAdvantage

Rental: In relation to the year ending 30 June 2009, the rental was US\$12,645 per month for the period from 1 July 2008 to 30 April 2009 (i.e. the date on which the last term ended) and RMB91,044 per month for the period from 1 May 2009 to 30 June 2009;

in relation to the period from 1 July 2009 to 30 April 2012 (i.e. the date of which the current term will end), the rental will be RMB91,044 per month;

(if the three further options to renew are exercised) the rental for each three-year renewal term (i.e. from 1 May 2012 to 30 April 2015, from 1 May 2015 to 30 April 2018 and from 1 May 2018 to 30 April 2021) will be at open market rent; and

all rental being exclusive of air-conditioning, management fees and other outgoings



Air-conditioning and property management charges:

The charges after 30 April 2009 are to be determined by the parties in accordance with the agreements and the aggregate amount of charges at present is RMB26,976 per month

User:

This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties

B. Shanghai Lease

Date of agreements and term:

23 March 2006 — renewal agreement, for the term from 1 April 2006 to 31 March 2009 (being the last term), with three renewal options for a term of three years each, subject to laws and regulations

1 April 2009 — renewal agreement, for the term from 1 April 2009 to 31 March 2012, with conditional right to further adjust the size of the Premises during the last year of the renewed lease commencing from 1 April 2011, and two renewal option for a term of three years each

The next renewal term is from 1 April 2012 to 31 March 2015

Premises:

Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai, the PRC

Landlord:

Shanghai Central Plaza Property Co. Limited, a subsidiary of SHKP in which SHKP has a 80% interest

Tenant:

CST iAdvantage

Rental:

In relation to the year ending 30 June 2009, the rental was US\$27,739 per month from 1 July 2008 to 31 March 2009 (i.e. the date on which the last term ended) and RMB227,099.89 per month from 1 April 2009 to 30 June 2009;

In relation to the period from 1 July 2009 to 31 March 2012 (i.e. the date on which the current will end), the rental will be RMB227,099.89 per month;

(if the two further options to renew are exercised) the rental for each three-year renewal term will be at open market rent; and

all rental being exclusive of air-conditioning, management fees and other outgoings

Directors' Report

Air-conditioning and property management charges:	The charges after 31 March 2009 are to be determined by the parties in accordance with the agreements and the aggregate amount of charges at present is RMB13,999.50 per month
User:	This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties

It is expected that the aggregate rental and air-conditioning and property management charges payable by the Group pursuant to the Lease Arrangements for the period from the respective commencement dates of the next renewal term to 30 June 2009, the two financial years ending 30 June 2011 and the period from 1 July 2011 to the respective expiry dates of the next renewal term will not exceed the following amounts:

	Approximate amount of rental and air-conditioning and property management charges payable			
	From the respective commencement dates of the next renewal term to 30 June 2009 <i>HK\$</i>	For the financial year ending 30 June 2010 <i>HK\$</i>	For the financial year ending 30 June 2011 <i>HK\$</i>	From 1 July 2011 to the respective expiry dates of the next renewal term <i>HK\$</i>
Beijing Lease	475,000	2,989,000	3,138,000	2,746,000
Shanghai Lease	1,871,000	7,860,000	8,253,000	6,499,000
Total	2,346,000	10,849,000	11,391,000	9,245,000

The amounts payable in respect of the renewal terms of the Beijing Lease and the Shanghai Lease set out in the above table have been arrived at based on the present level of rental and air-conditioning and property management charges of the Beijing Lease and the Shanghai Lease, the anticipated increase in the amount of rental and the air-conditioning and property management charges upon renewal of the lease term based on the current and anticipated rental market in Beijing and Shanghai respectively and after taking into account the effect of the anticipated appreciation in RMB.

During the year ended 30 June 2009, in relation to the period from 1 July 2008 to the respective expiry dates of the last term of the Beijing Lease and Shanghai Lease (i.e. 30 April 2009 and 31 March 2009), the aggregate rental and air-conditioning and property management charges paid to the SHKP Group pursuant to the Beijing Lease and Shanghai Lease were approximately HK\$1,301,238 and HK\$2,192,475 respectively.

During the year ended 30 June 2009, in relation to the period from the respective commencement dates of the current term of the Beijing Lease and Shanghai Lease (i.e. 1 May 2009 and 1 April 2009), the aggregate rental and air-conditioning and property management charges paid to the SHKP Group pursuant to the Beijing Lease and Shanghai Lease were approximately HK\$269,938 and HK\$820,218 respectively.



3. Transactions Exempt from Approval

(a) *e-Commerce transactions, advertising, and internet-related services provided by the Group to the SHKP Group*

Members of the SHKP Group have been using, and will continue to use, the Group's internet services whereby they place advertisements on or conduct promotion activities via various internet websites operated by members of the Group, such as superhome.net, superstreets.net, red-dots.com and reinsurancemall.com (the "Advertising Transactions"). Members of the Group also provide, and will continue to provide, internet-related services to members of the SHKP Group which services include the setting-up of e-management systems and resident communities, reservation and booking services, systems maintenance and management services, website development and maintenance services and online marketing campaigns (the "e-Commerce Transactions" and the Advertising Transactions are collectively referred to as the "Advertising and e-Commerce Transactions"). The Group has charged, and will continue to charge, the relevant members of SHKP Group service fees for the provision of such services.

The annual cap for the aggregate services in respect of the Advertising and e-Commerce Transactions receivable by the Group during each of the three financial years ending 30 June 2011 is HK\$5,100,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Advertising and e-Commerce Transactions received by the Group from the SHKP Group was approximately HK\$1,676,522.

(b) *Space and rack rental*

Members of the SHKP Group have been renting and will continue to rent space and racks located in the Group's data centres (the "Space and Rack Rental Arrangement"). The Group has charged and will continue to charge the relevant members of the SHKP Group rental at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area of space and/or number of racks rented and the rental term.

The annual cap for the rental in respect of the Space and Rack Rental Arrangement to be received by the Group during each of the three financial years ending 30 June 2011 is HK\$2,900,000.

During the year ended 30 June 2009, the rental in respect of the Space and Rack Rental Arrangement received by the Group from the SHKP Group was approximately HK\$2,432,333.

(c) *Provision of property management services by the SHKP Group to the Group*

Kai Shing Management Services Limited, a wholly-owned subsidiary of SHKP, is the manager of both Kodak House II at North Point, Hong Kong and Millennium City at Kwun Tong, Kowloon. The building manager is appointed by the owners of the relevant buildings, and performs duties for the benefit of all owners of the relevant buildings in accordance with the terms of the relevant deeds of mutual covenant. As the Group owns certain units of these two buildings, the relevant members of the Group pay property management fees to the relevant building manager, which is on the same basis as the other owners of the relevant buildings in accordance with the relevant deeds of mutual covenant (the "Building Management Services").

Directors' Report

Members of the SHKP Group have also provided and will continue to provide cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to data centres owned by iAdvantage, such properties include ONE-iAdvantage in Millennium City at Kwun Tong, Kowloon, JUMBO-iAdvantage at Tsuen Wan, New Territories and MEGA-iAdvantage at Chai Wan, Hong Kong. iAdvantage pays monthly service fee to the SHKP Group for the services provided at the same rates as those charged by the SHKP Group to other owners/tenants requesting for the same types of services (the "Extra Management Services" and arrangements under the Building Management Services are collectively referred to as the "Property Management Arrangement").

The annual cap for service fees in respect of the Property Management Arrangement payable by the Group to SHKP Group during each of the three financial years ending 30 June 2011 is HK\$9,930,000.

During the year ended 30 June 2009, the aggregate service fees in respect of the Property Management Arrangement paid by the Group to the SHKP Group was approximately HK\$9,688,568.

(d) Estate agency services provided by members of the SHKP Group to the Group

The Group has been leasing certain properties owned by the Group, including units of Kodak House II at North Point, Hong Kong and of Millennium City at Kwun Tong, Kowloon, to independent tenants. In connection therewith, the Group has engaged and will continue to engage Sun Hung Kai Real Estate Agency Limited ("SHKREA"), Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited, all being wholly-owned subsidiaries of SHKP, in providing estate agency, lease administration, billing and rent collection services to relevant members of the SHKP Group (the "Estate Agency Arrangement"). The Group pays commission to SHKREA, Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited for leases procured and concluded on behalf of the relevant members of the Group and the provision of the lease administration, billing and rent collection services in respect of the leases. Such commission is payable by the Group on a monthly basis and is determined based on a percentage of the monthly rental in relation to the relevant leases concerned.

The annual cap for service fees in respect of the Estate Agency Arrangement payable by the Group to SHKP Group during each of the three financial years ending 30 June 2011 is HK\$2,700,000.

During the year ended 30 June 2009, the service fees in respect of the Estate Agency Arrangement paid by the Group to the SHKP Group was approximately HK\$1,147,503.

(e) Provision of insurance services by SHKI to the Group

Various members of the Group currently maintain insurance cover with or through SHKI for members of the Group and certain independent third party sub-contractors engaged by them (the "Insurance Arrangement"). Due to the stringent requirements in the engineering/construction industry and the increasing insurance premium, it may be difficult for some sub-contractors to arrange by themselves adequate insurance cover to meet the requirements in respect of the sub-contracting works and in those circumstances, the Group may assist them by procuring the extension of the necessary insurance cover to them. The Directors confirm that such arrangement for insurance cover for sub-contractors is not uncommon in the engineering/construction industry.



The annual cap for insurance premiums in respect of the Insurance Arrangement payable by the Group to SHKI during each of the three financial years ending 30 June 2011 is HK\$2,810,000.

During the year ended 30 June 2009, the insurance premiums in respect of the Insurance Arrangement paid by the Group to SHKI was approximately HK\$1,266,994.

(f) Provision of technical services by the SHKP Group to the Group

Incidental to the provision of broadband services by the Group to certain housing estate customers, the Group also provides repair and maintenance thereof to such customers. In this regard, the Group used and will continue to use certain staff employed by members of the SHKP Group to provide such repair and maintenance services to these customers of the Group, including, but not limited to, dealing with enquiries and carrying out onsite stationing in connection with broadband interconnection (the "Technical Services Arrangement"). Service fees were paid and will continue to be paid by the Group to the SHKP Group for the provision of such services.

The annual cap for service fees in respect of the Technical Services Arrangement payable by the Group to SHKP Group during each of the three financial years ending 30 June 2011 is HK\$1,800,000.

During the year ended 30 June 2009, the service fees in respect of the Technical Services Arrangement paid by the Group to the SHKP Group was approximately HK\$1,519,088.

II. Continuing Connected Transaction — Metroplaza Tenancy

On 5 February 2009, Super e-Technology entered into a tenancy agreement as tenant with SHKREA as agent for the landlord, namely Tonthai Investment Enterprises Limited ("Tonthai"), a wholly-owned subsidiary of SHKP, in respect of the premises known as Unit Nos. 4601 and 4620-4625 on Level 46 of Tower I of Metroplaza erected on Kwai Chung Town Lot No. 395 for a term of three years commencing on 9 March 2009 (the "Metroplaza Tenancy", as more particularly described in the announcement of the Company dated 5 February 2009 (the "2009 Announcement")).

The monthly rental of the Metroplaza Tenancy is HK\$107,472 (exclusive of air-conditioning and management charges and rates), which are payable by Super e-Technology, and its monthly air-conditioning and management charges is HK\$15,673, subject to revision during the term of the Metroplaza Tenancy. The aggregate annual rental, air-conditioning and management charges payable by Super e-Technology to Tonthai pursuant to the Metroplaza Tenancy for the period from 9 March 2009 to 30 June 2009, each of the financial years ending 30 June 2010 and 30 June 2011 and the period from 1 July 2011 to 8 March 2012 will be subject to the cap amounts of HK\$500,000, HK\$1,500,000, HK\$1,550,000 and HK\$1,200,000 respectively. These cap amounts are determined in accordance with the amounts of rental, air-conditioning and management charges provided under the Metroplaza Tenancy as well as, in respect of the air-conditioning and management charges, the projected adjustment which may be made to such fee, during the term of the Metroplaza Tenancy.

During the year ended 30 June 2009, the aggregate rental, air-conditioning and management charges paid by Super e-Technology to Tonthai pursuant to the Metroplaza Tenancy was approximately HK\$1,329,822.

Directors' Report

The Continuing Connected Transactions 2008–2011 and the Metroplaza Tenancy have been reviewed by the Independent Non-Executive Directors of the Company. The Independent Non-Executive Directors have confirmed that the Continuing Connected Transactions 2008–2011 and the Metroplaza Tenancy have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has confirmed that the Continuing Connected Transactions 2008–2011 and the Metroplaza Tenancy (a) were approved by the Board; (b) were in accordance with the pricing policies of the Company, if any; (c) were entered into in accordance with the relevant agreement governing the transactions; and (d) did not exceed the cap disclosed in the 2008 Announcement and the 2009 Announcement.

The Company confirms that the Continuing Connected Transactions 2008–2011 and the Metroplaza Tenancy as disclosed above fall under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that the Company has complied with the relevant disclosure requirements.

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

During the year ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT CONTRACTS

During the year ended 30 June 2009, the Group had certain transactions with SHKP Group other than members of the Group. Details of these transactions are set out in note 26 "related party transactions and balances" to the financial statements. Other than as disclosed above, there was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for about 24% of its operating costs and the largest suppliers, being SHKP Group, accounted for about 16% of the total operating costs.

During the year, the five largest customers of the Group accounted for about 40% of the turnover of the Group and the largest customer, being SHKP Group, accounted for about 17% of the total turnover.

As at 30 June 2009, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas had maintained equity interests in SHKP Group as stated in detail in the Directors' Interests section.



Save as disclosed above, none of the Directors, their respective associates and shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in any of the five largest customers of the Group for the financial year ended 30 June 2009.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

PENSION SCHEME

With effect from 1 December 2000, the Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of their monthly relevant income, up to HK\$1,000 per month.

On top of the mandatory contributions, employees may elect to make voluntary contribution at 5% on their salaries less the amount of mandatory contribution. For employees making such an election, the Group will match an equal amount of contribution. Contributions of the Group to the MPF Scheme are charged to income statement as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$1,840,857 (2008: HK\$1,590,269).

All Executive Directors of the Company participate in a retirement benefit scheme which is operated by the SHKP Group for all qualified employees. The assets of this scheme are held separately from those of the SHKP Group in independently managed and administered funds. Contributions to this scheme are made by both the employer and employees at rates ranging from 5% to 10% on the employees' salaries.

There is no forfeited contributions for the year 2009 to offset contributions during 2009. There is no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out from pages 45 to 52 of this Report.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

On behalf of the Board

KWOK Ping-luen, Raymond

Chairman

Hong Kong, 3 September 2009



INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Group's goals. The Group believes that by conducting its business in a socially responsible and honest manner, the long-term interests of the Group can be best achieved and the shareholders' interests can be maximised.

CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved and further instill confidence of shareholders and the public in the Group. Throughout the financial year ended 30 June 2009, the Group has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The Board has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

THE BOARD OF DIRECTORS

Composition

The Board is responsible for supervising the management of the Group (the "Management"). All Directors give sufficient time and attention to the affairs of the Group.

As at 30 June 2009, the Board comprised thirteen Directors, including the Chairman, eight Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. Biographical details of the Directors are set out in the Directors and Senior Management profile on pages 10 to 19.

The presence of four Non-Executive Directors, of whom three are independent, is considered by the Board to be a reasonable balance between Executive Directors and Non-Executive Directors, and the Board is of the opinion that such balance has and shall continue to provide adequate checks and balances for safeguarding the interests of shareholders and the Group. The Non-Executive Directors provide to the Group a wide range of expertise and experience and play an important role in the work of the Board, as well as ensure that the interests of all shareholders are taken into account. They contribute to the development of the Group's strategy and policies through their informed comments and criticism. They are also responsible for participating in the Board meetings, dealing with potential conflicts of interest, serving on Audit, Remuneration and Nomination Committees, and scrutinising the Group's performance and reporting. Through their participation, they give to the Board (and the Committees they serve on) the benefit of their skills, expertise and background experience, and the management process can be critically reviewed and controlled.

In full compliance with GEM Listing Rules 5.05(1) and (2), the Company has appointed three Independent Non-Executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Group has received from each Independent Non-Executive Director an annual confirmation of his independence, and the Group considers such Directors to be independent in accordance with each and every guideline set out in GEM Listing Rule 5.09.

All Independent Non-Executive Directors of the Company are identified as such in all corporate communications containing the names of the Directors.

Corporate Governance Report

Mr. Kwok Ping-luen, Raymond (the Chairman of the Group), Mr. Kwok Ping-sheung, Walter (Executive Director of the Group) and Mr. Kwok Ping-kwong, Thomas (Executive Director of the Group) are brothers. Save as disclosed above, there is no family or other material relationship among members of the Board.

Materials setting out duties and responsibilities under the GEM Listing Rules, the SFO and other regulatory requirements are provided to each newly appointed Director. Updates on legal and regulatory changes are delivered to Directors from time to time for their information. The Directors have been advised of the major amendments to the GEM Listing Rules with effect from 1 January 2009.

Board Meetings

The full Board regularly meets in person and met four times during the financial year ended 30 June 2009. At least 14 days formal notice of regular meetings of the Board were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion.

During regular meetings of the Board, the Directors discuss and formulate overall strategies for the Group, monitor financial performances and discuss the annual, interim and quarterly results, set annual budgets and discuss and decide on other significant matters. Execution of daily operational matters is delegated to the Management.

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting, and ensures that all applicable rules and regulations regarding the meetings are followed. The finalised agenda and accompanying Board papers are then sent to all Directors at least 3 days prior to the meeting. He also records the minutes of each Board meeting in sufficient detail and keeps them open for inspection at any reasonable time on request by any Director. Draft Board minutes are circulated to all Directors for comment as soon as practicable after the meeting.

During the financial year ended 30 June 2009, four regular Board meetings were held and the following is an attendance record of the meetings by each Director:

Directors	Number of meeting(s) Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond	4/4
Kwok Ping-sheung, Walter	0/4
Kwok Ping-kwong, Thomas	0/4
Tsim Wing-kit, Alfred	4/4
Chan Kui-yuen, Thomas	4/4
Wong Yick-kam, Michael	4/4
So Chung-keung, Alfred	4/4
Tung Chi-ho, Eric	2/4
Wong Chin-wah	3/4
Non-Executive Director	
Cheung Wing-yui	4/4
Independent Non-Executive Directors	
Li On-kwok, Victor	4/4
King Yeo-chi, Ambrose	3/4
Wong Kai-man	4/4



All Directors have access to relevant and timely information at all times as the Chairman will ensure that the Management will supply the Board and its Committees (the "Board Committees" as mentioned herein below) with all relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible to the Board for providing Directors with Board papers and related materials, and ensuring that all proper Board procedures are followed and that all applicable laws and regulations are complied with. If considered to be necessary and appropriate by the Directors, they may retain independent professional advice at the Group's expense.

In case where a conflict of interest may arise involving a substantial shareholder or a Director, such matter will be discussed through a physical meeting and will not be dealt with by written resolutions. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

Chairman of the Group

The Chairman of the Group is Mr. Kwok Ping-luen, Raymond and the Chief Executive Officer of the Group is Mr. Tsim Wing-kit, Alfred respectively. The roles of the Chairman and the Chief Executive Officer are separate and not performed by the same individual to avoid power being concentrated in any one individual. The Chairman of the Group is primarily responsible for management of the Board, whereas the role of Chief Executive Officer is primarily responsible for overseeing the various businesses of the Group.

The Chairman is responsible for leading the Board and ensuring the Board functions effectively and smoothly. In doing so, the Chairman will ensure that good corporate governance practices and procedures are established and followed, and that all Directors are properly briefed and received all relevant information prior to each meeting.

The Chairman will also encourage all Directors, including the Independent Non-Executive Directors, to actively participate in all Board and the Board Committees' meetings.

Training and Support for Directors

All Directors, including Non-Executive Director and Independent Non-Executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. As such, the Group provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group also continuously updates all Directors on latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

Compliance with the required standard for dealings in Securities Transactions by Directors of Listed Issuers

The Group has adopted the required standard of dealings set out in the GEM Listing Rules 5.48 to 5.67 (as amended with effect from 1 January 2009 or 1 April 2009, as the case might be) as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the year ended 30 June 2009, he has fully complied with the required standard of dealings and there is no event of non-compliance.

Corporate Governance Report

DELEGATION BY THE BOARD

The Board is responsible for decision in relation to the overall strategic development of the Group's business. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to the Management. The Board gives clear directions as to the powers of the Management, and periodically reviews all delegations to the Management to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

The Board has established the Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (all chaired by non-executive Directors), with specific terms of reference clearly defining the powers and responsibilities of the respective Committees. All Committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. All Committees have adopted the applicable practices and procedures used in Board meetings for the respective Committees' meetings.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledged their responsibility for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis, and other price-sensitive announcements and other financial disclosures. The Management provides all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures.

In full compliance with GEM Listing Rules 5.28, the Audit Committee, established in 2000, is currently chaired by Mr. Wong Kai-man, an Independent Non-Executive Director, and the other members are Professor Li On-kwok Victor, Professor King Yeo-chi, Ambrose and Mr. Cheung Wing-yui, with the majority being Independent Non-Executive Directors of the Company.

The Audit Committee's primary duties include reviewing the Group's financial reports, internal control and risk management systems in order to ensure presenting a true and balanced assessment of the Group's financial position and corporate governance; making recommendation to the Board; and reviewing financial and accounting policies and practices adopted by the Group. Other duties of the Audit Committee are set out in its specific terms of reference (as modified and adopted by the Board in accordance with the amended code provision with effect from 1 January 2009), which are posted on the Group's website. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

The Company Secretary keeps minutes of all Audit Committee meetings. In line with practices consistent with Board meetings and meetings of the Remuneration Committee and the Nomination Committee, draft and final versions of Audit Committee meeting minutes are circulated to all members of the Audit Committee as soon as practicable after each meeting.



During the financial year ended 30 June 2009, the Audit Committee held four meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meeting(s) Attended/Total
Wong Kai-man (<i>Chairman</i>)	4/4
Li On-kwok, Victor	4/4
King Yeo-chi, Ambrose	4/4
Cheung Wing-yui	4/4

During the year ended 30 June 2009, the Audit Committee reviewed the final, first quarterly, interim and third quarterly results of the Group as well as discussed and approved financial and other reports for the year. The Committee also reviewed and discussed the Group's internal audit activities and audit plans for the upcoming year.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The level of fees provided by the external auditor to the Company for the year ended 30 June 2009 is set out on page 75 of this Report.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. The Chairman of the Committee is Professor King Yeo-chi, Ambrose, an Independent Non-Executive Director of the Company, and other members include Professor Li On-kwok, Victor, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. Tsim Wing-kit, Alfred, with the majority being Independent Non-Executive Directors of the Company.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Executive Directors and members of senior management of the Company, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. The Committee consults with the Chairman and/or the Chief Executive Officer on its proposals and recommendations, and also has access to professional advice if deemed necessary. The Committee is also provided with other resources enabling it to discharge its duties. The specific terms of reference of the Remuneration Committee are posted on the Group's website.

Corporate Governance Report

During the financial year ended 30 June 2009, the Remuneration Committee held one meeting. The individual attendance record of each member is as follows:

Committee Members	Number of meeting(s) Attended/Total
King Yeo-chi, Ambrose (<i>Chairman</i>)	1/1
Li On-kwok, Victor	1/1
Wong Kai-man	1/1
Cheung Wing-yui	1/1
TSIM Wing-kit, Alfred (appointed on 1 July 2008)	1/1

During the year ended 30 June 2009, the Remuneration Committee reviewed matters relating to remuneration packages and directors' emoluments for Directors and senior management, as well as discussed the level of remuneration of the Group. The Group's emolument policy is set out in the Directors' Report on page 30 to 31.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

The Nomination Committee was established in 2005. The Chairman of the Committee is Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, and other members include Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. Tsim Wing-kit, Alfred, with the majority being Independent Non-Executive Directors of the Company.

The Nomination Committee is responsible for formulating nomination policy, and making recommendations to the Board on nomination and appointment of Directors and Board succession. The Committee develops selection procedures of candidates for nomination, reviews the size, structure and composition of the Board, as well as assesses the independence of Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to discharge its duties. The specific terms of reference of the Nomination Committee are posted on the Group's website.

Nomination procedures include identification and nomination of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee evaluates potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

During the financial year ended 30 June 2009, the Nomination Committee held two meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meeting(s) Attended/Total
Li On kwok, Victor (<i>Chairman</i>)	2/2
King Yeo-chi, Ambrose	2/2
Wong Kai-man	2/2
Cheung Wing-yui	2/2
Tsim Wing-kit, Alfred (appointed on 1 July 2008)	2/2



During the year ended 30 June 2009, the Nomination Committee discussed and reviewed the structure, size and composition of the Board, as well as other related matters, among other things, making recommendations to the Board with respect to the retirement and re-election of Directors at general meeting.

Term of Appointment and Re-election

All Non-Executive Directors are appointed for a specific term of not more than three years. All Directors, including the Executive Directors and Non-Executive Directors, would retire from office by rotation and are subject to re-election at annual general meeting at least once every three years.

According to the Company's Articles of Association, Directors appointed to fill casual vacancy shall hold office only until the next following general meeting after their appointment, and shall be subject to re-election by shareholders.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems for the Group to safeguard the Group's assets and shareholders' interests, as well as for reviewing such systems' effectiveness. Such systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

The systems include a well-established organisational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

For the year ended 30 June 2009, the Board has, through the Audit Committee with the assistance of the Management and the internal and external auditors, conducted a review of the effectiveness of the Group's internal control system, including without limitation financial control, operational control, compliance control and risk management functions. The Board is of the view that the internal control systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system. In addition, the Board also, through the Audit Committee, considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programs and budgets during the Board meeting held in May 2009 and noted that the Group had engaged the appropriate level and extent of resources in discharging the Group's accounting and financial reporting function.

The internal auditor follows a risk-and-control-based approach. An audit plan would be formulated in a risk-weighted manner so that priorities and appropriate audit frequency could be given to areas with higher risks. The internal auditor also performs regular financial and operational reviews on the Group and submits summaries of major audit findings and control weaknesses, if any, to the Audit Committee for review. The internal auditor also monitors the follow-up actions agreed upon in response to its recommendations.

SHAREHOLDERS RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. This commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

Corporate Governance Report

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The general meetings of the Company are good communication channel for the Board to meet and exchange views with the Company's shareholders. All the Directors make a special effort to attend the general meetings so that they may answer any questions from the Company's shareholders. Members of the Audit Committee, the Remuneration Committee and the Nomination Committee also attend the general meetings to answer questions that shareholders may have.

The Chairman of the Board and Chairmen of the Audit, Remuneration and Nomination Committees attended the 2008 annual general meeting held on 20 November 2008 (the "2008 AGM") and were available to answer questions. The 2008 AGM circular was sent to all shareholders at least 21 days prior to the 2008 AGM, setting out details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. Separate resolutions for each issue were proposed at the 2008 AGM. The procedures for demanding and conducting a poll were clearly explained at the commencement of the 2008 AGM. All resolutions put to shareholders at the 2008 AGM were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

The Company also communicates to its shareholders through its annual, interim and quarterly reports. All such reports can also be accessed via the Company's website. The Directors, Company Secretary or other appropriate members of senior management also respond to inquiries from shareholders and investors promptly.

INVESTOR RELATIONS

The Group continues to promote and strengthen its relationship with investors and potential investors. The Group meets regularly with analysts and participates in investor conferences and making corporate presentations during the conferences.

As a channel to further enhance communications, the Company shall disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner.

Deloitte.

德勤

TO THE MEMBERS OF SUNEVISION HOLDINGS LTD.
新意網集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of SUNEvision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 99, which comprise the consolidated and Company balance sheets as at 30 June 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009 and of the profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 3 September 2009

Consolidated Income Statement

For the year ended 30 June 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	4	522,296	406,397
Cost of sales		(279,469)	(217,705)
Gross profit		242,827	188,692
Other income	6	16,258	19,398
Selling expenses		(6,820)	(6,952)
Administrative expenses		(29,606)	(34,219)
Equity technology investment income		222,659	166,919
Impairment loss recognised on equity technology investments	8	(12,982)	14,069
Increase in fair value of investment properties		4,107	—
Profit before taxation		213,784	299,988
Deferred tax expense	7	(29,363)	(32,870)
Profit for the year	8	184,421	267,118
Attributable to:			
Equity holders of the Company		182,911	261,568
Minority interests		1,510	5,550
		184,421	267,118
Dividends:			
— Final dividend proposed	10	121,889	101,574
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)			
— Basic	11(a)	9.00 cents	12.88 cents
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)			
— Basic	11(b)	8.70 cents	7.63 cents

Consolidated Balance Sheet

At 30 June 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investment properties	13	713,000	932,000
Property, plant and equipment	14	1,207,956	1,118,449
Investments	15	162,848	106,576
		2,083,804	2,157,025
Current assets			
Investments	15	—	38,803
Inventories	16	3,326	6,738
Trade and other receivables	17	59,545	65,367
Amounts due from customers for contract work	18	8,820	9,116
Bank balances and deposits	19	549,011	328,306
		620,702	448,330
Asset classified as held for sale	13	250,000	—
		870,702	448,330
Current liabilities			
Trade and other payables	20	285,760	142,850
Deferred revenue		24,136	19,740
Amounts due to customers for contract work	18	169	—
		310,065	162,590
Liabilities associated with an asset classified as held for sale	13	50,061	—
		360,126	162,590
Net current assets		510,576	285,740
Total assets less current liabilities		2,594,380	2,442,765
Non-current liabilities			
Deferred tax liabilities	21	99,288	89,986
Deferred revenue		122,496	77,808
Amounts due to minority shareholders of subsidiaries	22	—	5,421
		221,784	173,215
		2,372,596	2,269,550
Capital and reserves			
Share capital	23	203,148	203,148
Reserves		2,156,698	2,053,231
Equity attributable to equity holders of the Company		2,359,846	2,256,379
Minority interests		12,750	13,171
Total equity		2,372,596	2,269,550

The financial statements on pages 54 to 99 were approved and authorised for issue by the Board of Directors on 3 September 2009 and are signed on its behalf by:

Directors:

Kwok Ping-luen, Raymond
Tsim Wing-kit, Alfred

Balance Sheet

At 30 June 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investments in subsidiaries	12	312,857	208,572
Amounts due from subsidiaries	12	2,085,714	2,085,714
		2,398,571	2,294,286
Current assets			
Amounts due from subsidiaries	12	136,030	116,714
Bank balance		42	43
		136,072	116,757
Current liability			
Accruals		543	1,906
Net current assets		135,529	114,851
		2,534,100	2,409,137
Capital and reserves			
Share capital	23	203,148	203,148
Reserves	24	2,330,952	2,205,989
Total equity		2,534,100	2,409,137

Directors:

Kwok Ping-luen, Raymond
Tsim Wing-kit, Alfred

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Attributable to equity holders of the Company							Total	Minority interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000			
At 1 July 2007	203,148	2,536,033	930	98	32,625	487	(653,645)	2,119,676	6,791	2,126,467
Change in fair value of investments	—	—	—	—	(33,460)	—	—	(33,460)	—	(33,460)
Exchange differences arising from translation of operations outside Hong Kong	—	—	971	—	—	—	—	971	830	1,801
Net income and expense recognised directly in equity	—	—	971	—	(33,460)	—	—	(32,489)	830	(31,659)
Release upon disposal of investments	—	—	—	—	(959)	—	—	(959)	—	(959)
Profit for the year	—	—	—	—	—	—	261,568	261,568	5,550	267,118
Total recognised income and expense for the year	—	—	971	—	(34,419)	—	261,568	228,120	6,380	234,500
Cancellation of share options	—	—	—	—	—	(75)	75	—	—	—
Final dividend paid	—	—	—	—	—	—	(91,417)	(91,417)	—	(91,417)
At 30 June 2008	203,148	2,536,033	1,901	98	(1,794)	412	(483,419)	2,256,379	13,171	2,269,550
Change in fair value of investments	—	—	—	—	15,222	—	—	15,222	—	15,222
Exchange differences arising from translation of operations outside Hong Kong	—	—	(25)	—	—	—	—	(25)	(32)	(57)
Net income and expense recognised directly in equity	—	—	(25)	—	15,222	—	—	15,197	(32)	15,165
Release upon disposal of investments	—	—	—	—	(13,708)	—	1,800	(11,908)	—	(11,908)
Impairment on investments	—	—	—	—	18,837	—	—	18,837	—	18,837
Release upon dissolution of a subsidiary	—	—	4	—	—	—	—	4	2,451	2,455
Profit for the year	—	—	—	—	—	—	182,911	182,911	1,510	184,421
Total recognised income and expense for the year	—	—	(21)	—	20,351	—	184,711	205,041	3,929	208,970
Cancellation of share options	—	—	—	—	—	(102)	102	—	—	—
Final dividend paid	—	—	—	—	—	—	(101,574)	(101,574)	—	(101,574)
Dividend paid to minority interests	—	—	—	—	—	—	—	—	(4,350)	(4,350)
At 30 June 2009	203,148	2,536,033	1,880	98	18,557	310	(400,180)	2,359,846	12,750	2,372,596

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	2009 HK\$'000	2008 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	213,784	299,988
Adjustments for:		
Depreciation of property, plant and equipment	79,943	60,705
Equity technology investment income	—	(14,069)
Exchange loss	764	—
Gain on disposal/redemption of investments	(5,990)	(940)
(Gain) loss on disposal of property, plant and equipment	(36)	120
Impairment loss recognised on equity technology investments	12,982	—
Interest income	(9,372)	(16,383)
Increase in fair value of investment properties	(4,107)	(119,000)
Operating cash flows before movements in working capital	287,968	210,421
Decrease (increase) in inventories	3,412	(3,053)
Decrease (increase) in trade and other receivables	4,506	(6,406)
Decrease in amounts due from customers for contract work	296	1,322
Increase in trade and other payables	38,861	22,089
Increase in deferred revenue	49,087	60,189
Increase (decrease) in amounts due to customers for contract work	169	(197)
CASH GENERATED FROM OPERATIONS AND NET CASH FROM OPERATING ACTIVITIES	384,299	284,365
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(169,497)	(157,954)
Addition of investment properties	(26,893)	—
Proceeds from disposal/redemption of investments	101,694	6,414
Deposits received in respect of asset classified as held for sales	30,000	—
Interest received	10,670	15,597
Proceeds from disposal of property, plant and equipment	56	31
Equity technology investment income received	—	14,069
NET CASH USED IN INVESTING ACTIVITIES	(53,970)	(121,843)
FINANCING ACTIVITIES		
Dividends paid	(101,574)	(91,417)
Dividend paid to minority shareholders of subsidiaries	(4,350)	—
Repayment to minority shareholders of subsidiaries	(2,970)	—
NET CASH USED IN FINANCING ACTIVITIES	(108,894)	(91,417)
NET INCREASE IN CASH AND CASH EQUIVALENTS	221,435	71,105
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	328,306	256,751
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(730)	450
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and deposits	549,011	328,306

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Sun Hung Kai Properties Limited ("SHKP"), a company incorporated in Hong Kong with its shares listed on the main board of the Stock Exchange and its immediate holding company is Sunco Resources Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. SHKP together with its subsidiaries, other than members of the Group, are hereinafter referred to as the "SHKP Group".

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 33.

The consolidated financial statements are presented in Hong Kong Dollar ("HK\$"), which is the same as the functional currency of the Company.

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

In the current year, a number of amendments and interpretations to the standards ("new HKFRSs") were issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as follows:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The new HKFRSs had no material effect on how the Group and the Company's results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group and the Company have not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ⁵
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2009

⁴ Effective for annual periods beginning on or after 1 July 2009

⁵ Effective for annual periods beginning on or after 1 January 2010

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 July 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by 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.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's share in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in Subsidiaries

Investments in subsidiaries are included in the Company's balances sheet at cost less any identified impairment losses.

Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of discounts and sales related taxes. Revenue is recognised in the income statement as follows:

(i) Use of Internet services centre and IT facilities

Revenue from customers' use of Internet services centre and IT facilities under operating leases is recognised ratably over the terms of the agreement while other service income is recognised when such services are rendered.

(ii) Installation and maintenance fee of satellite master antenna television system ("SMATV"), communal aerial broadcast distribution ("CABD"), structural cabling and security systems

Installation revenue is recognised using the percentage of completion method, measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Income from maintenance contracts is recognised on a straight line basis over the duration of the contract.

(iii) Rental income

Rental income under operating leases is recognised on a straight line basis over the terms of the relevant lease.

(iv) Building management service income

Building management service income is recognised when the services are rendered.

(v) Interest income

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses at the balance sheet date.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gain or losses arising from changes in fair value of investment property are included in the consolidated income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the differences between the net proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as Lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight line basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income statement in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. HK\$) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in income statement in the period in which the foreign operation is disposed of.

Retirement Benefit Costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity of the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's and the Company's financial assets are classified into two categories, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade day basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries and bank balances and deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivable. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the income statement.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement. When trade and other receivables and amounts due from subsidiaries are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in the income statement in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables and amounts due to minority shareholders of subsidiaries) are subsequently measured at amortised cost, using the effective interest method.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the income statement.

Deferred Revenue

Lump sum amounts for the set-up of facilities in respect of operating leases of Internet services centre and IT facilities are treated as deferred revenue which is taken to the income statement over the lease terms.

Equity Settled Share-based Payment Transactions

Share options granted to directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period with a corresponding increase in equity (share-based payment transactions reserve). At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in income statement with a corresponding adjustment to share-based payment transactions reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment transactions reserve will be transferred to share premium. When the share options are forfeited after the vesting date, the amount previously recognised in share-based payment transactions reserve will be transferred to accumulated losses.

Impairment Losses on Tangible Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

4. REVENUE

Revenue was generated from the following activities:

	2009 HK\$'000	2008 HK\$'000
Income from Internet services centre and IT facilities (including service income of HK\$87,331,000 (2008: HK\$58,083,000))	384,071	280,600
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems (including installation fee income of HK\$38,595,000 (2008: HK\$31,185,000))	93,282	81,938
Property rentals and building management services	44,943	43,859
	522,296	406,397

5. 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 investment properties which generate rental and other related income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business Segments (Continued)

Segment information about these businesses is presented below:

For the year ended 30 June 2009

	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
REVENUE					
External	384,071	93,282	44,943	—	522,296
Inter-segment	7,553	1,634	2,135	(11,322)	—
Total	391,624	94,916	47,078	(11,322)	522,296
RESULTS					
Segment results	167,426	18,999	37,386	—	223,811
Unallocated corporate expenses					(12,407)
Interest income					9,372
Gain on disposal/redemption of investment					5,990
Impairment loss recognised on equity technology investments					(12,982)
Profit before taxation					213,784
Deferred tax expense					(29,363)
Profit for the year					184,421

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business Segments (Continued)

At 30 June 2009

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	1,258,237	40,417	973,086	—	2,271,740
Unallocated corporate assets					682,766
Consolidated total assets					2,954,506
LIABILITIES					
Segment liabilities	280,895	24,081	47,225	—	352,201
Unallocated corporate liabilities					110,360
Deferred tax liabilities					119,349
Consolidated total liabilities					581,910
Other information:					
Capital additions	168,796	665	26,893	36	196,390
Depreciation of property, plant and equipment	78,891	1,018	—	34	79,943
Increase in fair value of investment properties	—	—	4,107	—	4,107
Impairment loss on equity technology investment	—	—	—	12,982	12,982

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business Segments (Continued)

For the year ended 30 June 2008

	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
REVENUE					
External	280,600	81,938	43,859	—	406,397
Inter-segment	9,247	1,086	2,135	(12,468)	—
Total	289,847	83,024	45,994	(12,468)	406,397
RESULTS					
Segment results	109,924	18,935	154,926	—	283,785
Unallocated corporate expenses					(15,189)
Interest income					16,383
Gain on disposal of investments					940
Equity technology investment income					14,069
Profit before taxation					299,988
Deferred tax expense					(32,870)
Profit for the year					267,118

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business Segments (Continued)

At 30 June 2008

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	1,176,984	44,719	936,362	—	2,158,065
Unallocated corporate assets					447,290
Consolidated total assets					2,605,355
LIABILITIES					
Segment liabilities	204,105	15,725	15,238	—	235,068
Unallocated corporate liabilities					10,751
Deferred tax liabilities					89,986
Consolidated total liabilities					335,805
Other information:					
Capital additions	157,435	499	—	20	157,954
Depreciation of property, plant and equipment	59,550	1,128	—	27	60,705
Increase in fair value of investment properties	—	—	119,000	—	119,000

Geographical Segments

The Group's revenue and results are substantially derived from Hong Kong and the Group's operating assets are substantially located in Hong Kong. Accordingly, no analysis by geographical segment is presented.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

6. OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Interest income	9,372	16,383
Gain on disposal/redemption of investments	5,990	940
Miscellaneous	860	2,075
Gain on disposal of property, plant and equipment	36	—
	16,258	19,398

7. DEFERRED TAX EXPENSE

	2009 HK\$'000	2008 HK\$'000
Deferred taxation		
Current year	29,363	36,134
Effect of changes in tax rates	—	(3,264)
	29,363	32,870

No taxation is payable on the profit for both years arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced the corporate profit tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease was reflected in measuring the current and deferred tax for the year ended 30 June 2008.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

7. DEFERRED TAX EXPENSE (Continued)

The deferred tax expense can be reconciled to the profit per the income statement as follows:

	2009 HK\$'000	2008 HK\$'000
Profit before taxation	213,784	299,988
Tax at Hong Kong Profits Tax rate of 16.5%	35,274	49,498
Tax effect of expenses not deductible for tax purpose	2,460	1,895
Tax effect of income not taxable for tax purpose	(5,739)	(9,597)
Tax effect of utilisation of deferred tax assets previously not recognised	(2,632)	(5,662)
Decrease in opening deferred tax resulting from a decrease in applicable tax rate	—	(3,264)
Deferred tax expense for the year	29,363	32,870

Details of deferred tax liabilities are set out in note 21.

8. PROFIT FOR THE YEAR

	2009 HK\$'000	2008 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments (<i>note 9</i>)	46,870	48,734
Retirement benefit scheme contributions	1,841	1,590
Total staff costs	48,711	50,324
Impairment on equity technology investment	18,837	—
Less: Adjusted for gain on disposal of relevant equity technology investment	(5,855)	—
Impairment loss recognised on equity technology investment	12,982	—
Auditor's remuneration	925	987
Depreciation of property, plant and equipment	79,943	60,705
Minimum lease payments paid under operating leases in respect of land and buildings	5,497	5,337
Loss on disposal of property, plant and equipment	—	120
Rental income from investment properties, net of outgoings of HK\$4,817,000 (2008: HK\$2,250,000)	(34,249)	(35,132)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' Emoluments

The emoluments, pension and compensation arrangements paid/payable to the directors of the Company of their services for the year ended 30 June 2009 and 2008 were as follows:

Name of director	Fees HK\$'000	Basic salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total emoluments for the year ended 30 June 2009 HK\$'000	Total emoluments for the year ended 30 June 2008 HK\$'000
					3,269	5,517
<i>Executive Directors</i>						
Kwok Ping-luen, Raymond	40	—	—	—	40	40
Kwok Ping-sheung, Walter	30	—	—	—	30	30
Kwok Ping-kwong, Thomas	30	—	—	—	30	30
Chan Kui-yuen, Thomas	30	12	—	—	42	42
Wong Yick-kam, Michael	30	12	—	—	42	42
So Chung-keung, Alfred	30	12	—	—	42	42
Tung Chi-ho, Eric	30	12	—	—	42	42
Wong Chin-wah	30	12	—	—	42	42
Tsim Wing-kit, Alfred	35	2,093	250	101	2,479	1,967
So Sing-tak, Andrew (resigned on 1 July 2008)	—	—	—	—	—	2,760
<i>Non-Executive Director</i>						
Cheung Wing-yui	120	—	—	—	120	120
<i>Independent Non-Executive Directors</i>						
Li On-kwok, Victor	120	—	—	—	120	120
King Yeo-chi, Ambrose	120	—	—	—	120	120
Wong Kai-man	120	—	—	—	120	120
Total 2009	765	2,153	250	101	3,269	5,517
Total 2008	795	3,546	1,086	90	5,517	

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, one is (2008: two are) director/s of the Company whose emoluments are included above. The emoluments of the remaining four (2008: three) individuals were as follows:

	2009 HK\$'000	2008 HK\$'000
Salaries and allowances	3,780	2,665
Discretionary bonus	326	689
Retirement benefit scheme contributions	187	128
	4,293	3,482

Their emoluments were within the following bands:

	2009 Number of employees	2008 Number of employees
Up to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	—	1
	4	3

10. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Dividend paid and recognised as distribution during the year		
— Final dividend in respect of the previous financial year of HK\$0.05 (2008: HK\$0.045) per share	101,574	91,417
Dividend proposed		
— Final dividend in respect of the current financial year of HK\$0.06 (2008: HK\$0.05) per share	121,889	101,574

At a meeting held on 3 September 2009, the Directors recommend the declaration of a final dividend of HK\$0.06 per share for the year ended 30 June 2009. This proposed dividend is not included as a dividend payable in the consolidated balance sheet as at 30 June 2009.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

11. EARNINGS PER SHARE

(a) Reported Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	2009 HK\$'000	2008 HK\$'000
Earnings for the purpose of basic earnings per share	182,911	261,568

	2009 Number of shares	2008 Number of shares
Number of ordinary shares for the purpose of basic earnings per share	2,031,483,833	2,031,483,833

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

(b) Underlying Earnings Per Share

For the purpose of assessing the underlying performance of the Group, underlying earnings per share is calculated based on the underlying profit attributable to the Company's shareholders of HK\$176,799,000 (2008: HK\$154,958,000), excluding the effect of fair value changes on investment properties. A reconciliation of profit is as follows:

	2009 HK\$'000	2008 HK\$'000
Profit attributable to the Company's shareholders as shown in the consolidated profit and loss account	182,911	261,568
Increase in fair value of investment properties	(4,107)	(119,000)
Deferred tax on change in fair value of investment properties	(2,005)	14,385
Decrease in opening deferred tax liabilities related to change in fair value of investment properties resulting from decrease in applicable tax rate	—	(1,995)
Underlying profit attributable to the Company's shareholders	176,799	154,958

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

12. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	—	—
Deemed capital contribution	312,857	208,572
	312,857	208,572
Amounts due from subsidiaries		
— Non-current assets	2,085,714	2,085,714
— Current assets	136,030	116,714
	2,221,744	2,202,428

At 30 June 2009, the amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors of the Company, HK\$2,085,714,000 (2008: HK\$2,085,714,000) of such balances will not be repaid within the next twelve months from the balance sheet date and they are therefore shown as non-current.

Certain amounts due from subsidiaries which are not repayable within the next twelve months from the balance sheet date are adjusted to its fair value using effective interest method at the prevailing market rates.

Particulars of the Company's principal subsidiaries at 30 June 2009 are set out in note 33.

13. INVESTMENT PROPERTIES/ASSET CLASSIFIED AS HELD FOR SALE

	THE GROUP HK\$'000
At 1 July 2007	813,000
Fair value changes recognised in income statement	119,000
At 30 June 2008	932,000
Additions	26,893
Fair value changes recognised in income statement	4,107
Transfer to asset classified as held for sale	(250,000)
At 30 June 2009	713,000

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

13. INVESTMENT PROPERTIES/ASSET CLASSIFIED AS HELD FOR SALE (Continued)

The fair value of the Group's investment properties at 30 June 2009 has been determined with reference to a valuation on market value basis carried out by DTZ Debenham Tie Leung Limited, independent qualified professional surveyors not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of capitalising the rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the properties.

All of the Group's property interests that are held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying amount of investment properties is as follows:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Properties in Hong Kong held under:		
— long leases	301,000	472,000
— medium-term leases	412,000	460,000
	713,000	932,000

On 13 February 2009, the Group entered into a provisional sale agreement with the purchaser to dispose of certain long leases investment properties with a consideration of HK\$300,000,000. Accordingly, the investment properties were reclassified to an asset classified as held for sale. HK\$250,000,000 was taken as the fair value as at balance sheet date, which gave rise to a gain on fair value changes credited directly to the consolidated income statement during the year.

The Group received a sale deposit of HK\$30,000,000 in respect of the asset classified as held for sale during the year ended 30 June 2009. Together with the associated deferred tax liability of HK\$20,061,000 as set out in note 21, the aggregated balance of HK\$50,061,000 was classified as liabilities associated with an asset classified as held for sale in the consolidated balance sheet as at 30 June 2009.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Internet services centre facilities HK\$'000	SMATV equipment HK\$'000	Computers, networks and related equipment HK\$'000	Office equipment, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP							
COST							
At 1 July 2007	675,461	734,537	19,388	30,219	16,096	1,980	1,477,681
Additions	—	157,133	—	282	326	213	157,954
Disposals	—	(1,261)	(394)	(497)	(406)	(156)	(2,714)
Exchange realignment	—	3,086	—	13	8	—	3,107
At 30 June 2008	675,461	893,495	18,994	30,017	16,024	2,037	1,636,028
Additions	—	168,555	—	259	457	226	169,497
Disposals	—	—	(1,529)	(396)	(712)	(957)	(3,594)
Exchange realignment	—	(84)	—	—	—	—	(84)
At 30 June 2009	675,461	1,061,966	17,465	29,880	15,769	1,306	1,801,847
DEPRECIATION AND IMPAIRMENT LOSS							
At 1 July 2007	215,640	177,604	18,306	28,869	15,490	1,793	457,702
Provided for the year	14,027	45,161	328	692	353	144	60,705
Eliminated on disposals	—	(1,261)	(394)	(348)	(404)	(156)	(2,563)
Exchange realignment	—	1,720	—	12	3	—	1,735
At 30 June 2008	229,667	223,224	18,240	29,225	15,442	1,781	517,579
Provided for the year	14,027	64,557	313	461	389	196	79,943
Eliminated on disposals	—	—	(1,529)	(396)	(692)	(957)	(3,574)
Exchange realignment	—	(57)	—	—	—	—	(57)
At 30 June 2009	243,694	287,724	17,024	29,290	15,139	1,020	593,891
CARRYING AMOUNTS							
At 30 June 2009	431,767	774,242	441	590	630	286	1,207,956
At 30 June 2008	445,794	670,271	754	792	582	256	1,118,449



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	Over the prevailing lease term
Internet services centre facilities	2%–20%
SMATV equipment	10%
Computers, networks and related equipment	20%–33 $\frac{1}{3}$ %
Office equipment, furniture and fixtures	20%–33 $\frac{1}{3}$ %
Motor vehicles	30%–33 $\frac{1}{3}$ %

The carrying amount of properties shown above comprises:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Properties in Hong Kong held under		
— long leases	303,776	314,435
— medium-term leases	127,991	131,359
	431,767	445,794

As the cost of the leasehold properties cannot be allocated reliably between the lease payments for the land portion and the cost of the building, leasehold land is included in property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

15. INVESTMENTS

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Available-for-sale investments:		
Listed debt securities, at fair value		
— outside Hong Kong	129,121	98,195
Listed equity technology investments, at fair value		
— in Hong Kong	13,871	9,620
— outside Hong Kong	11,846	29,554
Unlisted equity technology investments, at cost less impairment	8,010	8,010
	162,848	145,379
Carrying amount analysed for reporting purposes as:		
Non-current	162,848	106,576
Current (debt securities maturing within one year)	—	38,803
	162,848	145,379

As at the balance sheet date, all investments are stated at fair value, except for the unlisted equity technology investments. Fair values of the listed investments have been determined by reference to bid prices quoted in active markets. The unlisted equity technology investments are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The debt securities carry interest at 3% to 9% (2008: 5% to 7%) per annum and mature between 2012 and 2014 (2008: 2009 and 2013). As at the balance sheet date, debt and equity securities listed outside Hong Kong are denominated in US\$.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

16. INVENTORIES

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Raw materials	2,770	2,759
Work in progress	556	3,979
	3,326	6,738

17. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Trade receivables	39,823	47,075
Less: allowance for doubtful debts	(572)	(572)
	39,251	46,503
Prepayments and deposits	20,294	18,864
	59,545	65,367

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
0-60 days	37,020	41,083
61-90 days	1,596	3,051
> 90 days	635	2,369
	39,251	46,503

The Group's counterparties are mainly entities in SHKP Group, well-known international financial institutions, local governmental institutions and sizeable companies with good credit quality. Based on past experience, the default rates of these counterparties are low.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK\$16,458,000 (2008: HK\$21,843,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

17. TRADE AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
< 60 days	14,227	16,423
61–90 days	1,596	3,051
> 90 days	635	2,369
Total	16,458	21,843

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$572,000 (2008: HK\$572,000) which have delayed payments.

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Contract costs incurred plus recognised profits less recognised losses	38,960	32,731
Less: progress billings	(30,309)	(23,615)
	8,651	9,116
Analysed for reporting purposes as:		
Amounts due from contract customers	8,820	9,116
Amounts due to contract customers	(169)	—
	8,651	9,116

At 30 June 2009, retentions held by customers for contract works amounted to HK\$3,039,000 (2008: HK\$2,076,000).

19. BANK BALANCES AND DEPOSITS

THE GROUP

Bank balances and deposits comprise cash and short-term deposits held by the Group. The Group's deposits carry interest at approximately 0.2% to 0.4% (2008: 1% to 3%) per annum and mature within 1 month.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

20. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Trade payables aged within 60 days	27,434	3,080
Trade payables aged over 60 days	2,172	14
Other payables	29,606	3,094
Payable for investments purchased	876	9,131
Deposits received and accruals	104,874	—
	150,404	130,625
	285,760	142,850

The average credit period for trade payables is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

21. DEFERRED TAX LIABILITIES

THE GROUP

The deferred tax (liabilities) assets recognised and movements thereon during the current and prior reporting years are as follows:

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 July 2007	(37,712)	(70,913)	51,409	100	(57,116)
Effect of change in tax rate	2,155	4,052	(2,937)	(6)	3,264
Charge to income statement for the year	(13,365)	(15,501)	(7,262)	(6)	(36,134)
At 30 June 2008	(48,922)	(82,362)	41,210	88	(89,986)
Credit (charge) to income statement for the year	716	(9,653)	(20,456)	30	(29,363)
Transfer to liabilities associated with asset classified as held for sale (note 13)	20,061	—	—	—	20,061
At 30 June 2009	(28,145)	(92,015)	20,754	118	(99,288)

At the balance sheet date, the Group has unrecognised tax losses and other deductible temporary differences of HK\$766,117,000 (2008: HK\$779,018,000). HK\$8,291,000 (2008: HK\$14,214,000) of the unrecognised tax losses will expire at various dates up to 31 December 2010. Other tax losses can be carried forward indefinitely. Recognition of these unrecognised tax losses depends on future taxable profits available and losses eventually agreed with the relevant tax authorities.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

22. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

THE GROUP

The amounts due to minority shareholders of subsidiaries were unsecured and interest-free. The amounts have been fully repaid during the year.

23. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 30 June 2008 and 30 June 2009	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2007, 30 June 2008 and 30 June 2009	2,031,483,833	203,148

The Company and its subsidiaries did not redeem, purchase or sell any of the listed securities of the Company during the year.

24. RESERVES

	Share premium HK\$'000	Share-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE COMPANY				
At 1 July 2007	2,536,033	487	(445,556)	2,090,964
Profit for the year and total recognised income for the year	—	—	206,442	206,442
Cancellation of share options	—	(75)	75	—
Final dividend paid	—	—	(91,417)	(91,417)
At 30 June 2008	2,536,033	412	(330,456)	2,205,989
Profit for the year and total recognised income for the year	—	—	226,537	226,537
Cancellation of share options	—	(102)	102	—
Final dividend paid	—	—	(101,574)	(101,574)
At 30 June 2009	2,536,033	310	(205,391)	2,330,952

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

24. RESERVES (Continued)

The Company's reserves available for distribution represent the share premium and share-based payment transactions reserve less accumulated losses of HK\$2,330,952,000 (2008: HK\$2,205,989,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum or articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution.

25. SHARE-BASED PAYMENT TRANSACTIONS

The Company had adopted a share option scheme (the "Old Share Option Scheme"), the principal terms of which were summarised in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to the Company's prospectus dated 6 March 2000. By ordinary shareholders' resolutions passed at the annual general meeting held on 3 December 2002, the Company had adopted another share option scheme (the "New Share Option Scheme") and terminated the Old Share Option Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, the Company's holding company, at its general meeting held on the same day.

Since the adoption of the Old Share Option Scheme, the Company had granted four lots of share options, of which the options at the exercise prices of HK\$10.38 per share, HK\$3.885 per share, HK\$2.34 per share and HK\$1.43 per share, expired at the close of business on 30 December 2005, 14 November 2006, 19 March 2007 and 7 July 2008 respectively. No further options may be offered under the Old Share Option Scheme.

The company had granted two lots of share options under the New Share Option Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share expired at the close of business on 9 November 2008.

During the year ended 30 June 2009, no share options were granted under the New Share Option Scheme.

All the share options outstanding as at 30 June 2008 and 2009 are exercisable.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

As at 30 June 2009, the number of shares in respect of which options had been granted and remained outstanding under the Old Share Option Scheme and the New Share Option Scheme were:

	Remained outstanding		Representing % of the shares in issue	
	2009	2008	2009	2008
Old Share Option Scheme	—	—	—	—
New Share Option Scheme	403,667	537,000	0.0199	0.0264
Total	403,667	537,000	0.0199	0.0264

A summary of the total movements during the year of the share options held by Directors and employees granted under the New Share Option Scheme is as follows:

For the year ended 30 June 2008

Date of grant	Exercise price HK\$	Number of share options				
		Balance as at 1.7.2007	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	Balance as at 30.6.2008
Directors: 29.11.2003	1.59	320,333	—	—	—	320,333
Employees: 29.11.2003	1.59	316,667	—	—	(100,000)	216,667

For the year ended 30 June 2009

Date of grant	Exercised price HK\$	Number of share options				
		Balance as at 1.7.2008	Granted during the year	Exercise during the year	Cancelled/lapsed during the year	Balance as at 30.6.2009
Directors: 29.11.2003	1.59	320,333	—	—	(133,333)	187,000
Employees: 29.11.2003	1.59	216,667	—	—	—	216,667

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Schemes of Subsidiaries

In addition to the Old Share Option Scheme and the New Share Option Scheme, the Group operates another share option scheme which was approved for iAdvantage Limited ("iAdvantage"), a wholly-owned subsidiary of the Company, allowing the board of Directors of the Company the right to grant to the full-time employees and executive directors of iAdvantage or any of its subsidiaries options to subscribe for shares of iAdvantage in aggregate up to 10% of its issued capital from time to time (the "iAdvantage Share Option Scheme"). The exercise period of any options granted under the iAdvantage Share Option Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.

26. RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions with related parties during the year, and significant balances with them at the balance sheet date, are as follows:

(A) Transactions with the SHKP Group:

	2009 HK\$'000	2008 HK\$'000
Advertising and e-commerce income	1,677	2,370
Cable and network rental charges	795	795
Estate agency fees paid	1,148	1,141
Income from installation, operation and provision of cable networking	36,204	30,054
Income from maintenance and repair of network infrastructure and security systems	49,579	46,124
Insurance service charges paid	1,267	1,095
Maintenance and repair charges of network infrastructure and security system	2,509	1,789
Management fee charges	2,000	2,000
Network infrastructure and security system installation charges	1,356	418
Non-core value added service income	538	399
Outsourcing fee paid	960	960
Property management service fees paid	9,689	8,900
Rent paid	6,359	6,139
Retrofitting service charges	271	166
Space and rack rental income	2,432	1,366
Technical service charge paid	1,519	1,038

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

26. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(B) Balances with the SHKP Group

Trading balances with the SHKP Group (including buildings/estates managed by it) are included under the following headings:

	2009 HK\$'000	2008 HK\$'000
Trade and other receivables	21,507	23,864
Amounts due from customers for contract work	8,422	9,010
Trade and other payables	10,389	9,732

The trading balances are unsecured, interest-free and have an average credit period of 30 days.

(C) Transaction with a director

During the year, the Group paid professional fees of HK\$445,000 (2008: HK\$316,000) to Messrs. Woo, Kwan, Lee & Lo, a firm of solicitors which provided day to day professional services to the Group. Mr. Cheung Wing-yui, a director of the Company, is a consultant of Messrs. Woo, Kwan, Lee & Lo.

(D) Compensation of key management personnel

The directors' emoluments set out in note 9 represent the compensation paid/payable to the key management personnel.

The remuneration of directors and key executives is reviewed by the remuneration committee having regard to the performance of individuals and market trends.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group mainly consists of equity attributable to equity holders of the Company, comprising share capital and reserves.

The Company's management reviews the capital structure regularly. As part of this review, management considers the cost of capital and risks associated with each class of capital. Based on management's recommendations, the Group will balance its overall capital structure.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

28. FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

	2009 HK\$'000	2008 HK\$'000
THE GROUP		
Financial assets		
Loans and receivables (including cash and cash equivalents)	588,262	374,809
Investments	162,848	145,379
Financial liabilities		
Amortised cost	135,356	17,646
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,221,786	2,202,471

(B) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade receivables, bank balances and deposits, available-for-sale investments, amounts due from subsidiaries, trade and other payables and amounts due to minority shareholders of subsidiaries. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency bank balances and deposits, trade and other receivables, trade and other payables, listed debt securities and listed equity technology investments, which expose the Group to foreign currency risk. Management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

28. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the balance date are as follows:

	2009 HK\$'000	2008 HK\$'000
THE GROUP		
Assets		
United States Dollars ("US\$")		
— Investments	140,967	127,749
— Trade receivables	1,746	3,131
— Bank balances and deposits	311,504	200,281
	454,217	331,161
Liabilities		
US\$		
— Trade and other payables	106,596	1,374
— Amounts due to minority shareholders of subsidiaries	—	2,843
	106,596	4,217

THE COMPANY

The Company has no material foreign currency denominated monetary assets and monetary liabilities at the balance sheet date.

As most of the Group's foreign currency denominated monetary assets and monetary liabilities are denominated in US\$ and HK\$ is pegged to the US\$ under the Linked Exchange Rate System, the Group's foreign currency risk exposure is not considered to be significant.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt securities (see note 15 for details of these debt securities).

The Group is exposed to cash flow interest rate risk in relation to interest bearing bank balances and deposits (see note 19 for details of bank balances and deposits). No sensitivity analysis was prepared since management of the Group considers the amount involved is not significant.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

28. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to price risk through its investments in listed equity technology investments and listed debt securities. The Group's equity investments are mainly concentrated in companies operating in information technology sector.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the balance sheet date.

If the prices of the respective investments had been 5% higher/lower, investment revaluation reserves would increase/decrease by HK\$7,742,000 (2008: increase/decrease by HK\$6,868,000) for the Group as a result of the changes in fair value of investments.

Credit risk

The Group

As at 30 June 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, management of the Group has formulated policies for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and the credit ratings of available-for-sale debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on Group's bank balances and deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries.

The Company

As at 30 June 2009, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the Company's balance sheet.

Management of the Company considers that the credit risk is not significant.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

28. FINANCIAL INSTRUMENTS (Continued)

(B) Financial risk management objectives and policies (Continued)

Liquidity risk

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

THE GROUP

	Weighted average interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 30.6.2009 HK\$'000
2009							
Non-derivative financial liabilities							
Trade and other payables	—	135,237	97	22	—	135,356	135,356

	Weighted average interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 30.6.2008 HK\$'000
2008							
Non-derivative financial liabilities							
Trade and other payables	—	10,319	1,898	8	—	12,225	12,225
Amounts due to minority shareholders of subsidiaries	—	—	—	—	5,421	5,421	5,421
		10,319	1,898	8	5,421	17,646	17,646

The Company has no financial liabilities as at 30 June 2008 and 2009.

(C) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group was committed to make rental payments in respect of land and buildings under operating leases which fall due as follows:

	2009 HK\$'000	2008 HK\$'000
Within one year	6,050	4,080
In the second to fifth year inclusive	6,905	348
	12,955	4,428

Leases are negotiated for an average term of three years and rentals are fixed throughout the lease period.

The Group as lessor

Rental income, including those from internet services centre and properties holding, earned during the year was HK\$308,837,000 (2008: HK\$241,220,000). All of the properties held have committed tenants for one to eleven years (2008: one to twelve years).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009 HK\$'000	2008 HK\$'000
Within one year	221,488	196,275
In the second to fifth year inclusive	406,212	431,660
Over five years	160,702	112,010
	788,402	739,945

30. CAPITAL COMMITMENTS

	THE GROUP	
	2009 HK\$'000	2008 HK\$'000
Contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	5,937	85,729

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

31. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all its employees in Hong Kong. The MPF Scheme is registered with the Hong Kong Mandatory Provident Fund Scheme Authority in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are both required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to the consolidated income statement as incurred.

In addition, the Group also participates in a defined contribution retirement benefit scheme which is operated by the SHKP Group for all qualifying employees. The assets of this scheme are held separately from those of the SHKP Group in independently managed and administered funds. Contributions to this scheme are made by both the Group and employees at rates ranging from 5% to 10% on the employees' salaries.

During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$1,841,000 (2008: HK\$1,590,000), net of forfeited contributions of HK\$nil (2008: HK\$159,000).

There were no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

32. CONTINGENT LIABILITIES

The Company

The Company has contingent liabilities in respect of guarantees for general banking facilities utilised by group subsidiaries and other performance guarantees in the aggregate of HK\$105 million (2008: HK\$105 million).

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2009 and 2008 are as follows:

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
iAdvantage Limited*	Ordinary shares — HK\$2 Non-voting deferred shares — HK\$2	100%	Operation of Internet services centres and provision of system management services
SUNeVision Super e-Technology Services Limited*	Ordinary shares — HK\$2 Non-voting deferred shares — HK\$2	100%	Design, installation, operation, laying, cabling of SMATV/CABD and security surveillance system, and building access, voice, data, power supply systems and network, and other infrastructure networks, and provision of related repair and maintenance services

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
SUNeVision SuperHome (H.K.) Limited*	HK\$2	100%	Provision of on-line Internet and off-line on-site contents and services for estate management and home users
SUNeVision PropertyStreet (H.K.) Limited*	HK\$2	100%	Provision of add-value services and products related to properties
SUNeVision InsuranceStreet (H.K.) Limited*	HK\$2	100%	Provision of insurance information and products on Internet
SUNeVision BankingStreet (H.K.) Limited*	HK\$2	100%	Provision of customised banking related services for property buyers
SUNeVision Red-Dots Limited*	Ordinary shares — HK\$2 Non-voting deferred shares — HK\$2	100%	Provision of web-based auction and e-commerce services
Riderstrack Development Limited	US\$1	100%	Property holding
Splendid Sharp Limited*	Ordinary shares — HK\$2 Non-voting deferred shares — HK\$2	100%	Property holding
SUNeVision Super e-Network Limited*	Ordinary shares — HK\$2 Non-voting deferred shares — HK\$2	100%	Provision of IT and optical fibre network and related maintenance services
CST iAdvantage Co. Ltd.#	RMB30,100,000	75%	Operation of Internet service centres and provision of system management services
Cherington Assets Limited	US\$1	100%	Holding of trademark
Express Spirit Investment Limited	US\$1	100%	Provision of treasury services
Huge Profit Investments Ltd.	US\$7	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
SUNeVision Investments Limited	US\$5	100%	Investment holding
SUNeVision Limited*	HK\$2	100%	Liaison of business in the PRC
SUNeVision (Management Services) Limited*	HK\$2	100%	Provision of management services
SUNeVision Reinsurancemall Limited*	HK\$2	100%	Operation of an internet reinsurance platform
SUNeVision Secretarial Services Limited*	HK\$2	100%	Provision of company secretary services
Top Merchant Investments Limited	US\$1	100%	Property holding
Weelek Company Limited*	Ordinary shares — HK\$762,000,200 Non-voting deferred shares — HK\$200	100%	Property holding

Notes:

- (i) Other than Huge Profit Investments Ltd., all subsidiaries are held by the Company indirectly.
- (ii) All subsidiaries are incorporated in British Virgin Islands, except those identified with "*" and "#" which are incorporated/ established in Hong Kong and the PRC respectively. The subsidiary established in the PRC is a sino-foreign joint venture with an operating period of 30 years commencing on 12 June 2000.
- (iii) Unless otherwise stated, the issued and fully paid share capital of the subsidiaries are ordinary shares.
- (iv) The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any of the respective companies' general meetings or to participate in any distribution on their winding up.
- (v) All subsidiaries are private limited companies with their principal place of operation in Hong Kong, except the subsidiary identified with "#" which is operating in the PRC.

The above table lists the subsidiaries which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

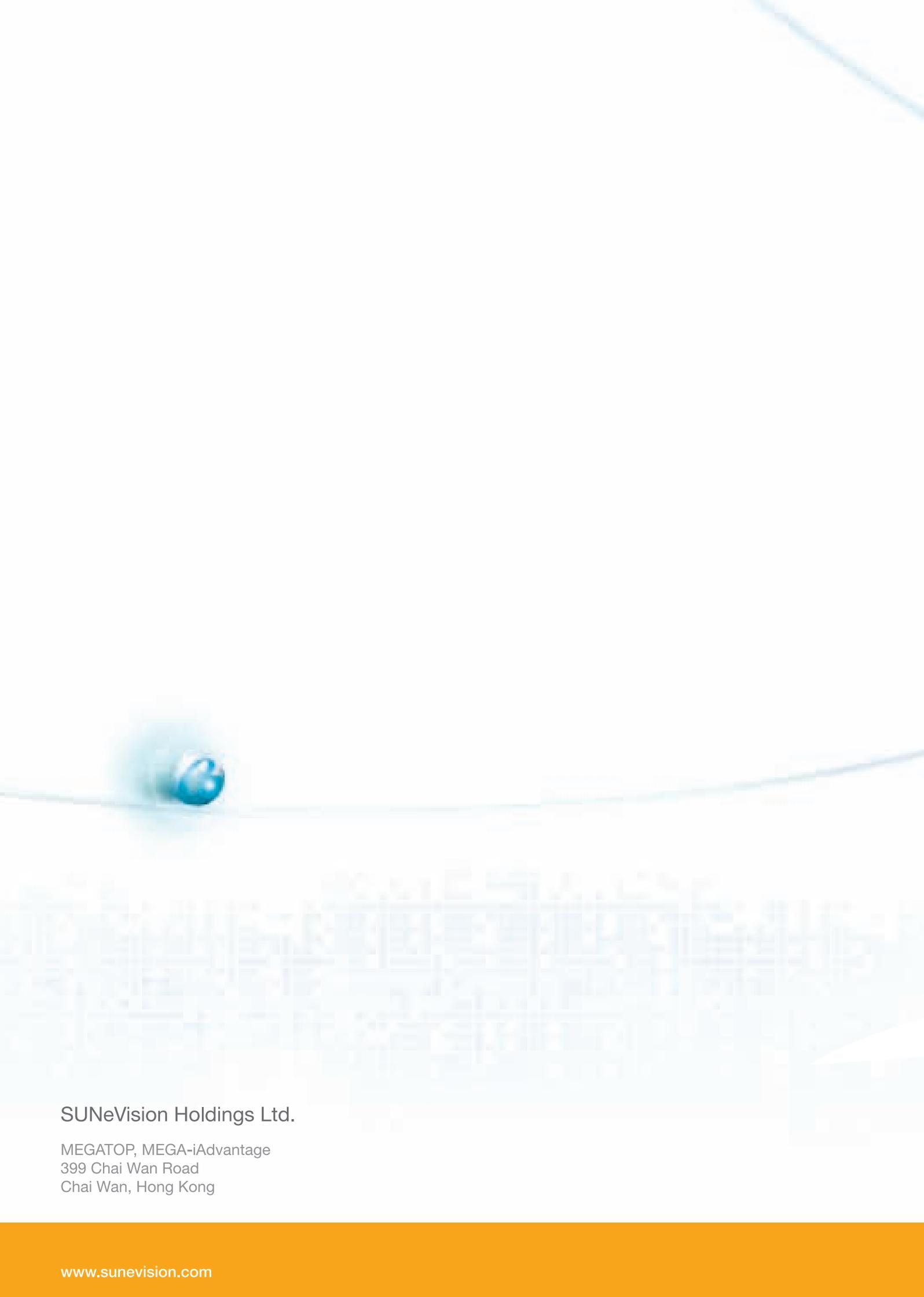
None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Particulars of Properties held by the Group

At 30 June 2009

Particulars	Use	Lease term	Lot no.
Land and buildings			
MEGA-iAdvantage 399 Chai Wan Road and 1 Sun Yip Street Chai Wan Hong Kong	Industrial/office building(s)	Long term (Note)	Inland Lot No. 30
Units 1 to 19 on Level 36 Tower II, Millennium City 388 Kwun Tong Road Kwun Tong Kowloon	Other specified uses	Medium term	Inland Lot No. 733
JUMBO-iAdvantage 145–159 Yeung Uk Road Tsuen Wan New Territories	Industrial	Medium term	Lot No. 476 in Demarcation District No. 443
Investment properties/Asset classified as held for sale			
Units 1 to 19 on Levels 31 to 33, 35 and 37, Tower II, Millennium City, 388 Kwun Tong Road Kwun Tong Kowloon	Other specified uses	Medium term	Inland Lot No. 733
48 workshop units in Kodak House II, 39 Healthy Street East North Point Hong Kong	Commercial	Long term	Inland Lot No. 705 and the Extension thereto

Note: The property is held from the Government for a term of 75 years from 1 January 1963 renewable for a further term of 75 years.



SUNeVision Holdings Ltd.

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road
Chai Wan, Hong Kong

www.sunevision.com