



SUNeVision Holdings Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

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HIGHLIGHTS

- SUNeVision continued to be profitable in the first half of the financial year, despite on-going difficulty in the data centre industry globally.
- Net profit of HK\$44.2 million for the six months ended 31 December 2003, 35% higher than in the first half of the last financial year.
- Operating expenditures continued to decline for the 14th consecutive quarter, down HK\$7.7 million to HK\$28.4 million compared to HK\$36.1 million in the first half of the last financial year.
- Financial position remained strong, with approximately HK\$1.2 billion in cash and interest-bearing securities on hand.

	Jul to Dec 2003 HK\$'M	Jul to Dec 2002 HK\$'M
Turnover	113.9	122.6
Gross profit	31.3	35.0
- as a % of turnover	27%	28%
Operating expenditures *	(28.4)	(36.1)
Other revenue	41.4	47.1
Finance costs	-	(11.1)
Profit from operations after finance costs	44.3	34.9

* *Selling, general and administrative expenses*

CHAIRMAN'S STATEMENT

Against a background of persistent over-capacity in the Internet data centre industry and slow recovery in local housing starts, SUNeVision remained profitable in the first half of the financial year 2003/04, recording a net profit of HK\$44.2 million for the six months ended 31 December 2003.

Turnover in the first half of the financial year 2003/04 was HK\$113.9 million, HK\$8.7 million lower than the first half of the last financial year. Factors behind the change included a decline in revenue from the Group's last-mile connectivity businesses resulting from slow project starts, and a decline in revenue from the property-related website businesses. Compared to the first half of the last financial year, gross margin declined marginally by 1% to 27%.

Operating expenditures continued to decline, to HK\$28.4 million compared to HK\$36.1 million in the first half of the last financial year. Other revenue was HK\$41.4 million, which included a one-off compensation for early termination by a customer of the Group's data centre business. Other revenue in the period under review represented a substantial reduction from the first half of the last financial year, during which the Group benefited from a one-time gain on bond disposal as well as higher interest income which was no longer available after its shareholder loan was repaid in February 2003. Net profit for the first half of the financial year was HK\$44.2 million.

The Group's financial position remained strong, with approximately HK\$1.2 billion of cash and interest-bearing securities on hand.

During the second quarter of the financial year, iAdvantage encountered a one-time reduction in data centre rental area from an international telecom service provider and, as already noted, an early termination by a customer. Against these setbacks iAdvantage continued to win quality customers, signing up new multinational as well as China-based corporations. Overall occupancy was approximately 56%. During the period, SuperStreets, SuperHome, Red-Dots, Super e-Network, and Super e-Technology continued to secure their market positions and reduce costs.

SUNeVision's achievements also gained public recognition during the period. For the second year running, the Group featured in the Deloitte Touche Tohmatsu (DTT) Asia Pacific Technology Fast 500, a ranking of the fastest growing technology companies in Asia. Of the nine Hong Kong companies ranked in the previous year, SUNeVision was one of only two to be included again.

Looking forward, in the second half of the financial year, iAdvantage will work hard to restore occupancy levels in its data centres in Hong Kong and China. In addition, the Group will continue to seek opportunities to grow from its core IT businesses. As noted in the first quarter of the financial year, SUNeVision will strive to achieve full-year profitability so that the payment of dividend to shareholders may be considered.

I would like to close by thanking the board, management, and every member of staff for their ongoing dedication and hard work in support of SUNeVision.

KWOK PING LUEN, RAYMOND

Chairman and Chief Executive Officer

Hong Kong, 11 February 2004

MANAGING DIRECTOR'S REPORT

OVERVIEW

The first half of the financial year 2003/04 was again a profitable period for SUNeVision. The Group made a net profit of HK\$44.2 million for the six months ended 31 December 2003, 35% higher than in the corresponding period last year.

Turnover dropped moderately in comparison to the first half of the last financial year, down 7%, from HK\$122.6 million to HK\$113.9 million. Gross profit dropped by 10% from HK\$35 million to HK\$31.3 million, while gross margin fell a slight 1% to 27%. On the other hand, operating expenditure continued to drop for the 14th consecutive quarter, down 21% or HK\$7.7 million to HK\$28.4 million compared to HK\$36.1 million in the first half of the last financial year.

Other revenue amounted to HK\$41.4 million, which included a one-off compensation for early termination by a former iAdvantage customer. Other revenue in the period under review dropped by 12% compared to the first half of the last financial year, which included contributions from a one-time gain on bond disposal, and higher interest income generated by larger cash reserves before the Group repaid its shareholder loan of HK\$730 million in February 2003.

The Group's financial position remained strong, with approximately HK\$1.2 billion in cash and interest-bearing securities on hand. SUNeVision aims to take full advantage of its core competencies and strong financial position, together with the support of its parent company, to strive for better business performance and continued profitability in the second half of the year.

DATA INFRASTRUCTURE

iAdvantage

As a result of continued over-capacity in the data centre business and difficulty in the global telecom industry, one of iAdvantage's customers withdrew business from the Asia-Pacific region and terminated its lease at the MEGA-iAdvantage data centre early. In addition, iAdvantage encountered a one-time reduction in data centre rental area from an international telecom service provider.

Nevertheless, iAdvantage continued to sign up quality new customers to its world-class data centres during the period under review, including several shipping and logistics companies and financial institutions.

Looking ahead, iAdvantage will continue to provide state-of-the-art data infrastructure and data-centric services to its customers, offering premium services while striving to improve productivity. In addition, iAdvantage will stay in close cooperation with major outsourcing partners to capture new business opportunities from increased IT outsourcing in Hong Kong and the Mainland.

Super e-Technology

Super e-Technology secured contracts worth HK\$15 million during the period under review. Its 'Super e Shooter' system, developed to measure the flow of people in shopping malls, was successfully installed and received favourable reviews. Super e-Technology now provides Satellite Master Antenna Television (SMATV) services to 85,000 households, of which 60,000 are broadband enabled.

Super e-Network

Super e-Network continued to offer new value-added services to broadband users. The company added Ocean Shores Phase 3 in Tseung Kwan O to the list of estates served, and is in the process of wiring up Phase 1 of YOHO Town in Yuen Long.

ENABLING SERVICES

SuperHome

SuperHome continued to provide an attractive range of products and services to residents in member estates. Both its regular sales and festive promotions have gained popularity and earned residents' trust. During the period under review SuperHome's Christmas and New Year's sales sold close to 10,000 items within four weeks.

SuperStreets

SuperStreets continued to provide innovative and high-quality services to homebuyers. Its mortgage and decoration services have become trusted sources to consumers of these services. As the Hong Kong property market improves, SuperStreets is expected to perform satisfactorily in the second half of the year.

Red-Dots

Red-Dots is a major on-line auction site in Hong Kong and the company's financial performance continued to improve. The company's base of loyal members is considered one of the most valuable customer bases in the market. Red-Dots introduced several new services during the period under review, including a special e-auction service for premium-priced merchandise.

INVESTMENTS

Venture Capital

The venture capital group kept up its search for investment opportunities during the period under review, looking for credible, well-established technology companies with products or services synergistic with SUNeVision's core businesses. The Group maintains a prudent and conservative approach to investments, committing new funds only where returns can be reasonably expected and are demonstrably attractive. No further provisions were made on the current portfolio during the reporting period.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group adheres to a prudent financial management policy and has a strong balance sheet, with healthy liquidity and financial resources. As of 31 December 2003, the Group had cash and interest-bearing securities of approximately HK\$1.2 billion.

Gearing ratio at 31 December 2003, calculated on the basis of net debt (after deducting cash and bank balances) to shareholders' funds, was zero.

Certain group subsidiaries have obtained general banking facilities of HK\$33 million, of which approximately HK\$5.8 million were utilized as of 31 December 2003. Other than the foregoing utilized banking facilities, the Group has no material contingent liabilities.

The Group's core operations are based in Hong Kong and its assets are primarily denominated in Hong Kong or US dollars. There is no significant exposure to foreign exchange rate fluctuations. As of 31 December 2003, the Group had not pledged any of its assets.

During the period, there were no material acquisitions or disposals of subsidiaries or affiliated companies.

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

EMPLOYEES

The Group had 212 full-time employees as of 31 December 2003, and payroll costs remained steady for the first half of the financial year. The Group keeps a close watch on the levels of remuneration and benefits, rewarding staff according to merit. It also offers employees training and development opportunities to upgrade their abilities.

The Group offers share option schemes to reward employees who make significant contributions and to retain key staff. Particulars of such schemes are detailed in the relevant sections that follow.

YEN SHIAO HUA, SHERIDAN

Managing Director

Hong Kong, 11 February 2004

CONSOLIDATED INCOME STATEMENT

FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2003

		(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	<u>NOTES</u>	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover		57,085	61,387	113,946	122,640
Cost of sales		(43,721)	(43,295)	(82,624)	(87,667)
		-----	-----	-----	-----
Gross profit		13,364	18,092	31,322	34,973
Other revenue		30,155	22,274	41,368	47,077
		-----	-----	-----	-----
		43,519	40,366	72,690	82,050
Selling expenses		2,038	2,423	4,111	4,683
Administrative expenses		11,623	14,947	24,308	31,381
		-----	-----	-----	-----
Profit from operations	3	29,858	22,996	44,271	45,986
Finance costs		6	5,530	12	11,061
		-----	-----	-----	-----
Profit from operations after finance costs		29,852	17,466	44,259	34,925
Share of loss of an associate		-	1,132	-	2,141
		-----	-----	-----	-----
Profit before taxation		29,852	16,334	44,259	32,784
Taxation	4	-	(26)	(15)	(47)
		-----	-----	-----	-----
Profit before minority interests		29,852	16,308	44,244	32,737
Minority interests		-	(2)	-	(4)
		-----	-----	-----	-----
Profit for the period		29,852	16,306	44,244	32,733
		=====	=====	=====	=====
Earnings per share	5				
– Basic		1.47 cents	0.80 cents	2.18 cents	1.61 cents
– Diluted		1.47 cents	N/A	2.18 cents	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2002	202,786	3,869,931	288	23,518	(855,594)	3,240,929
Repurchase of own shares	(167)	(1,564)	-	-	-	(1,731)
Net profit for the period	-	-	-	-	32,733	32,733
At 31 December 2002	202,619	3,868,367	288	23,518	(822,861)	3,271,931
At 1 July 2003	202,619	3,868,367	288	6,233	(1,196,366)	2,881,141
Net profit for the period	-	-	-	-	44,244	44,244
At 31 December 2003	202,619	3,868,367	288	6,233	(1,152,122)	2,925,385

Notes to the Interim Financial Statements

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30 June 2003. In the current period, the Group has adopted SSAP 12 (Revised) “Income Taxes” which is effective for accounting periods commencing on or after 1 January 2003.

The condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

2. Business and Geographical Segments

Business segments

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

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

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

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

Segment information about these businesses is presented below:

For the six months ended 31 December 2003

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER					
External	68,044	29,896	16,006	-	113,946
Inter-segment	497	441	1,431	(2,369)	-
	-----	-----	-----	-----	-----
Total	68,541	30,337	17,437	(2,369)	113,946
	=====	=====	=====	=====	=====
RESULT					
Segment results	15,129	4,677	11,054	-	30,860
	=====	=====	=====	=====	
Unallocated corporate expenses					(11,005)
Interest income					24,363
Gain on redemption/disposal of debt securities					53

Profit from operations					44,271
Finance costs					(12)

Profit from operations after finance costs					44,259
Share of loss of an associate					-

Profit before taxation					44,259
Taxation					(15)

Profit before minority interests					44,244
					=====

For the six months ended 31 December 2002

	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
TURNOVER					
External	70,178	43,939	8,523	-	122,640
Inter-segment	387	1,292	1,286	(2,965)	-
	-----	-----	-----	-----	-----
Total	70,565	45,231	9,809	(2,965)	122,640
	=====	=====	=====	=====	=====
RESULT					
Segment results	1,335	7,074	9,425	-	17,834
	=====	=====	=====	=====	=====
Unallocated corporate expenses					(12,478)
Interest income					31,959
Gain on redemption/disposal of debt securities					8,671

Profit from operations					45,986
Finance costs					(11,061)

Profit from operations after finance costs					34,925
Share of loss of an associate					(2,141)

Profit before taxation					32,784
Taxation					(47)

Profit before minority interests					32,737
					=====

Inter-segment revenue are charged at prevailing market rates.

Geographical segments

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

3. Profit from Operations

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation	24,790	28,985
Loss on disposal of property, plant and equipment	30	24
and after crediting:		
Interest income	24,363	31,959
Compensation from a tenant	16,256	-
Gain on redemption/ disposal of debt securities	53	8,671
	-----	-----

4. Taxation

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000
Tax in other regions in the People's Republic of China	15	47
	===	===

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for both periods.

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

The Group has not recorded deferred tax assets as they may not be recovered in the foreseeable future. There is no material deferred taxation effect on the results of the Group for the current or prior accounting periods.

5. Earnings Per Share

The calculation of the earnings per share for the three months and six months ended 31 December 2003 is based on the Group's unaudited profit attributable to shareholders of approximately HK\$29,852,000 and HK\$44,244,000 (three months and six months ended 31 December 2002: approximately HK\$16,306,000 and HK\$32,733,000) and on the weighted average number of 2,026,197,500 and 2,026,197,500 (three months and six months ended 31 December 2002: 2,026,199,620 and 2,026,557,383) shares respectively in issue during the respective periods.

The computation of diluted earnings per share for the three months and six months ended 31 December 2003 is based on the Group's unaudited profit attributable to shareholders of approximately HK\$29,852,000 and HK\$44,244,000 and on the weighted average number of 2,026,904,029 and 2,027,053,469 shares respectively, after adjusting for the effects of all dilutive potential ordinary shares during the periods.

No diluted earnings per share is presented for the three months and six months ended 31 December 2002 as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company and the conversion of the Company's outstanding convertible note would have an anti-dilutive effect.

DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended 31 December 2003 (2002: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2003, the interests and short positions of Directors and Chief Executive in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its Associated Corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") were as follows:

1. Long positions in shares and underlying shares of the Company:

Name of Director	Beneficial owner	Discretionary trust founder & trust beneficiary	Child under 18 or spouse	Equity derivatives (share option)	Total	% of shares in issue
Kwok Ping Luen, Raymond	-	1,742,500*	-	853,333	2,595,833	0.12
Kwok Ping Sheung, Walter	-	1,070,000*	-	456,667	1,526,667	0.07
Kwok Ping Kwong, Thomas	-	1,070,000*	-	456,667	1,526,667	0.07
Chan Kui Yuen, Thomas	-	-	-	520,000	520,000	0.02
Wong Yick Kam, Michael	100,000	-	-	420,000	520,000	0.02
Leung Kui King, Donald	-	-	-	420,000	420,000	0.02
So Chung Keung, Alfred	416	-	543	620,000	620,959	0.03
Tung Chi Ho, Eric	-	-	-	420,000	420,000	0.02
Tung Yiu Kwan, Stephen	-	-	-	620,000	620,000	0.03
Wong Chin Wah	-	-	-	620,000	620,000	0.03
Yen Shiao Hua, Sheridan	50,000	-	-	2,400,000	2,450,000	0.12
So Sing Tak, Andrew	-	-	-	800,000	800,000	0.03

Note:

* Of these shares in the Company, Messrs. Kwok Ping Sheung, Walter, Kwok Ping Kwong, Thomas and Kwok Ping Luen, Raymond were deemed to be interested in 1,070,000 shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.

2. Long positions in shares and underlying shares of Sun Hung Kai Properties Limited:

Name of Director	Beneficial owner	Discretionary Trust founder & trust beneficiary	Child under 18 or spouse	Corporate	Equity derivatives (share option)	Total	% of shares in issue
Kwok Ping Luen, Raymond	-	1,079,515,895*	-	-	75,000	1,079,590,895	44.96
Kwok Ping Sheung, Walter	-	1,078,322,522*	-	-	75,000	1,078,397,522	44.91
Kwok Ping Kwong, Thomas	1,901,281	1,076,372,214*	304,065	-	75,000	1,078,652,560	44.92
Chan Kui Yuen, Thomas	-	-	66,000	126,500	225,000	417,500	0.01
Wong Yick Kam, Michael	70,904	-	-	-	225,000	295,904	0.01
Leung Kui King, Donald	10,000	-	-	-	36,000	46,000	0
So Chung Keung, Alfred	189,985	-	6,500	-	180,000	376,485	0.01
Tung Chi Ho, Eric	-	-	-	-	180,000	180,000	0
Wong Chin Wah	-	-	-	-	36,000	36,000	0
Tung Yiu Kwan, Stephen	-	-	-	-	24,000	24,000	0

Notes :

* Of these shares in SHKP, Messrs. Kwok Ping Sheung, Walter, Kwok Ping Kwong, Thomas and Kwok Ping Luen, Raymond were deemed to be interested in 1,056,338,347 shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.

3. Long positions in shares and underlying shares of other Associated Corporations:

(a) SmarTone Telecommunications Holdings Limited:

Name of Director	Interests as discretionary trust founder & trust beneficiary	Child under 18 or spouse	% of shares in issue
Kwok Ping Luen, Raymond	1,783,267	-	0.30
Li On Kwok, Victor	-	5,000	0

(b) The Kowloon Motor Bus Holdings Limited:

Name of Director	Beneficial owner	% of shares in issue
Kwok Ping Sheung, Walter	61,522	0.01
Kwok Ping Luen, Raymond	393,350	0.09

(c) Each of Messrs. Kwok Ping Sheung, Walter, Kwok Ping Kwong, Thomas and Kwok Ping Luen, Raymond had the following interests in shares of the following Associated Corporations:

Name of Associated Corporation	Beneficial owner	Attributable holding through corporation	Attributable % of shares in issue through corporation	Actual holding through corporation	Actual % interests in issued shares
Superindo Company Limited	10	-	-	-	10
Super Fly Company Limited	10	-	-	-	10
Splendid Kai Limited	-	2,500*	25	1,500	15
Hung Carom Company Limited	-	25*	25	15	15
Tinyau Company Limited	-	1*	50	1	50
Open Step Limited	-	8*	80	4	40

Note:

- * Messrs. Kwok Ping Sheung, Walter, Kwok Ping Kwong, Thomas and Kwok Ping Luen, Raymond 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. Those shares were held by corporations in which they were entitled to control the exercise of one third or more of the voting rights in the general meetings of those corporations.

4. Sun Hung Kai Properties Limited Share Options

SHKP once adopted a share option scheme on 20 November 1997 ("the Old Scheme"). Since its adoption, SHKP had granted two lots of share options on 15 February 2000 and 16 July 2001. All options granted and accepted can still be exercised up to one-third during the second year from the date of grant, up to two-thirds during the third year from the date of grant, and in whole or in part during the fourth and fifth years from the date of grant, thereafter the relevant option will expire.

SHKP by ordinary resolutions passed at its extraordinary general meeting held on 5 December 2002 has adopted a new share option scheme ("the New Scheme") and terminated the Old Scheme in order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules. No further options may be offered under the Old Scheme. However, the outstanding options granted under the Old Scheme mentioning in the following paragraphs shall continue to be subject to the provisions of the Old Scheme and the revised provisions of Chapter 17 of the Listing Rules. No option shares have been granted under the New Scheme to any person since its adoption.

The following shows the outstanding positions of the Directors and the Chief Executive as at 31 December 2003 with respect to their share options granted under the Old Scheme:

<u>Name of Director</u>	<u>Date of grant</u>	<u>Exercise price HK\$</u>	<u>Balance as at 1.7.2003</u>	<u>Number of share options</u>			<u>Balance as at 31.12.2003</u>
				<u>Granted during the period</u>	<u>Exercised during the period</u>	<u>Cancelled / Lapsed during the period</u>	
Kwok Ping Luen, Raymond <i>(Chairman and Chief Executive Officer)</i>	16.7.2001	70.00	75,000	-	-	-	75,000
Kwok Ping Sheung, Walter	16.7.2001	70.00	75,000	-	-	-	75,000
Kwok Ping Kwong, Thomas	16.7.2001	70.00	75,000	-	-	-	75,000
Chan Kui Yuen, Thomas	15.2.2000	70.00	150,000	-	-	-	150,000
	16.7.2001	70.00	75,000	-	-	-	<u>75,000</u>
							225,000
Wong Yick Kam, Michael	15.2.2000	70.00	150,000	-	-	-	150,000
	16.7.2001	70.00	75,000	-	-	-	<u>75,000</u>
							225,000
Leung Kui King, Donald	16.7.2001	70.00	36,000	-	-	-	36,000
So Chung Keung, Alfred	15.2.2000	70.00	120,000	-	-	-	120,000
	16.7.2001	70.00	60,000	-	-	-	<u>60,000</u>
							180,000
Tung Chi Ho, Eric	15.2.2000	70.00	120,000	-	-	-	120,000
	16.7.2001	70.00	60,000	-	-	-	<u>60,000</u>
							180,000
Wong Chin Wah	16.7.2001	70.00	36,000	-	-	-	36,000
Tung Yiu Kwan, Stephen	16.7.2001	70.00	24,000	-	-	-	24,000

Save as disclosed above, as at 31 December 2003, none of the Directors and the Chief Executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its Associated Corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

SHARE OPTION SCHEMES

1. Pre-IPO Share Options

The Company had adopted a share option scheme "Pre-IPO Share Options", the principal terms of which were summarized in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to the Company's prospectus dated 6 March 2000. Since its adoption, the Company had granted four lots of share options.

The options at the exercise price of HK\$10.38 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (i) one-third of the options within three years commencing on 31 December 2000;
- (ii) a further one-third of the options within three years commencing on 31 December 2001;
- (iii) the remaining one-third of the options within three years commencing on 31 December 2002; and
- (iv) the options will expire at the close of business on 30 December 2005.

The options at the price of HK\$3.885 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (i) one-third of the options within three years commencing on 15 November 2001;
- (ii) a further one-third of the options within three years commencing on 15 November 2002;
- (iii) the remaining one-third of the options within three years commencing on 15 November 2003; and
- (iv) the options will expire at the close of business on 14 November 2006.

The options at the exercise price of HK\$2.34 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (i) one-third of the options within three years commencing on 20 March 2002;
- (ii) a further one-third of the options within three years commencing on 20 March 2003;
- (iii) the remaining one-third of the options within three years commencing on 20 March 2004; and
- (iv) the options will expire at the close of business on 19 March 2007.

The options at the exercise price of HK\$1.43 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (i) one-third of the options within three years commencing on 8 July 2003;
- (ii) a further one-third of the options within three years commencing on 8 July 2004;
- (iii) the remaining one-third of the options within three years commencing on 8 July 2005; and
- (iv) the options will expire at the close of business on 7 July 2008.

2. SUNeVision Share Options

The Company by shareholders' resolutions passed at its Annual General Meeting held on 3 December 2002, has adopted a share option scheme "SUNeVision Share Options" and terminated the Pre-IPO Share Options. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company's holding company, SHKP, at its general meeting held on the same day. No further options may be offered under the Pre-IPO Share Options. However, the outstanding options granted under the Pre-IPO Share Options, as mentioned in the preceding paragraphs, shall continue to be subject to the provisions of the Pre-IPO Share Options and the provisions of Chapter 23 of the GEM Listing Rules. Since the adoption of the SUNeVision Share Options, the Company had granted one lot of share options at the exercise price of HK\$1.59 per share which 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;
- (c) the remaining amount within three years commencing on 29 November 2006; and
- (d) the options will expire at the close of business on 28 November 2009.

The following shows the outstanding positions of the Directors and Chief Executive as at 31 December 2003 with respect to their Pre-IPO Share Options and SUNeVision Share Options:-

Number of share options

<u>Name of Director</u>	<u>Date of grant</u>	<u>Exercise price HK\$</u>	<u>Balance as at 1.7.2003</u>	<u>Granted during the period</u>	<u>Exercised during the period</u>	<u>Cancelled/Lapsed during the period</u>	<u>Balance as at 31.12.2003</u>	
Kwok Ping Luen, Raymond <i>(Chairman and Chief Executive Officer)</i>	28.3.2000	10.38	755,000	-	-	251,667	503,333	
	7.4.2001	2.34	350,000	-	-	-	<u>350,000</u>	853,333
Kwok Ping Sheung, Walter	28.3.2000	10.38	415,000	-	-	138,333	276,667	
	7.4.2001	2.34	180,000	-	-	-	<u>180,000</u>	456,667
Kwok Ping Kwong, Thomas	28.3.2000	10.38	415,000	-	-	138,333	276,667	
	7.4.2001	2.34	180,000	-	-	-	<u>180,000</u>	456,667
Yen Shiao Hua, Sheridan	30.11.2000	3.885	450,000	-	-	-	450,000	
	7.4.2001	2.34	350,000	-	-	-	350,000	
	8.7.2002	1.43	800,000	-	-	-	800,000	
	29.11.2003	1.59	-	800,000	-	-	<u>800,000</u>	2,400,000
Chan Kui Yuen, Thomas	28.3.2000	10.38	510,000	-	-	170,000	340,000	
	7.4.2001	2.34	180,000	-	-	-	<u>180,000</u>	520,000
Wong Yick Kam, Michael	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	<u>180,000</u>	420,000
Leung Kui King, Donald	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	180,000	420,000
So Chung Keung, Alfred	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	180,000	
	29.11.2003	1.59	-	200,000	-	-	<u>200,000</u>	620,000
Tung Chi Ho, Eric	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	<u>180,000</u>	420,000
Wong Chin Wah	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	180,000	
	29.11.2003	1.59	-	200,000	-	-	<u>200,000</u>	620,000
Tung Yiu Kwan, Stephen	28.3.2000	10.38	360,000	-	-	120,000	240,000	
	7.4.2001	2.34	180,000	-	-	-	180,000	
	29.11.2003	1.59	-	200,000	-	-	<u>200,000</u>	620,000
So Sing Tak, Andrew	8.7.2002	1.43	400,000	-	-	-	400,000	
	29.11.2003	1.59	-	400,000	-	-	<u>400,000</u>	800,000

3. Pre-IPO Share Options and SUNeVision Share Options granted to the employees of SUNeVision

A summary of the movements during the period ended 31 December 2003 of the share options granted under the Pre-IPO Share Options and SUNeVision Share Options 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 as disclosed above, is as follows:-

<u>Date of grant</u>	<u>Exercise price</u> <u>HK\$</u>	<u>Balance as at 1.7.2003</u>	<u>Number of share options</u>			<u>Balance as at 31.12.2003</u>	
			<u>Granted during the period</u>	<u>Exercised during the period</u>	<u>Cancelled/Lapsed during the period</u>		
28.3.2000	10.38	1,510,000	-	-	510,000	1,000,000	
30.11.2000	3.885	1,487,500	-	-	-	1,487,500	
7.4.2001	2.340	895,000	-	-	10,000	885,000	
8.7.2002	1.430	1,050,000	-	-	-	1,050,000	
29.11.2003	1.590	-	1,550,000	-	-	1,550,000	5,972,500

Other than the participants as stated above, SUNeVision has not granted since the adoption of the Pre-IPO Share Options Options and SUNeVision Share Options any share options to any other persons as required to be disclosed under GEM Listing Rules 23.07.

4. Valuation of SUNeVision Share Options

Pursuant to GEM Listing Rules 23.08, the valuation of the SUNeVision Share Options granted during the period ended 31 December 2003 is as follows:-

<u>Name of Participants</u>	<u>Number of Options granted on 29.11.2003</u>	<u>Option Value as at 29.11.2003 (HK\$)</u>	<u>Option Value as at 31.12.2003 (HK\$)</u>
Yen Shiao Hua, Sheridan <i>(Managing Director)</i>	800,000	613,520	553,520
So Sing Tak, Andrew <i>(Director)</i>	400,000	306,760	276,760
Wong Chin Wah <i>(Director)</i>	200,000	153,380	138,380
So Chung Keung, Alfred <i>(Director)</i>	200,000	153,380	138,380
Tung Yiu Kwan, Stephen <i>(Director)</i>	200,000	153,380	138,380
Aggregate total of Employees	<u>1,550,000</u>	<u>1,188,695</u>	<u>1,072,445</u>
Total	3,350,000	2,569,115	2,317,865

The closing price of the share in the Company immediately before the date on which such SUNeVision Share Options were granted was HK\$1.59 (as of 28 November 2003).

According to the Black-Scholes model*, the total value of the SUNeVision Share Options granted on 29 November 2003 was estimated at HK\$2,569,115 with the following variables and assumptions:-

1. Risk Free Rate : 3.262%, being the approximate yield of 5-year Exchange Fund Note traded on 29 November 2003.
2. Expected Volatility : 47.83%, being the annualized volatility of the closing price of the shares in the Company from 29 November 2002 to 28 November 2003.
3. Expected Dividend
 - (i) Yield : 0%, being 2003 prospective dividend yield of the shares in the Company.
 - (ii) Growth Rate : 0% per annum, being 3-year historical dividend growth rate of the Company.

4. Expected Life of such SUNeVision Share Options is 6 years with the following assumptions:
- (i) There is no material difference between the expected volatility over the whole life of such SUNeVision Share Options and the historical volatility of the shares of the Company over the period from 29 November 2002 to 28 November 2003.
 - (ii) There is no material difference between the dividend growth rate over the whole life of such SUNeVision Share Options and the historical dividend growth rate of the Company over the previous 3 years.

According to the Black-Scholes model*, the total value of the SUNeVision Share Options granted on 29 November 2003 was estimated at HK\$2,317,865 as at 31 December 2003 with the following variables and assumptions:-

- 1. Risk Free Rate : 3.044%, being the approximate yield of 5-year Exchange Fund Note traded on 31 December 2003.
- 2. Expected Volatility : 45.56%, being the annualized volatility of the closing price of the shares in the Company from 1 January 2003 to 31 December 2003.
- 3. Expected Dividend
 - (i) Yield : 0%, being 2003 prospective dividend yield of the shares in the Company.
 - (ii) Growth Rate : 0% per annum, being 3-year historical dividend growth rate of the Company.
- 4. Expected Life of such SUNeVision Share Options is 5.9 years with the following assumptions:
 - (i) There is no material difference between the expected volatility over the whole life of such SUNeVision Share Options and the historical volatility of the shares in the Company over the period from 1 January 2003 to 31 December 2003.
 - (ii) There is no material difference between the dividend growth rate over the whole life of such SUNeVision Share Options and the historical dividend growth rate of the Company over the previous 3 years.

All the options forfeited before expiry of the SUNeVision Share Options will be treated as lapsed options which will not be added back to the number of shares available to be issued under the SUNeVision Share Options.

* Note : The Black-Scholes model (the "Model") is developed to estimate the fair value of publicly traded options that have no vesting restriction and are fully transferable. The Model is only one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

5. Share Option Schemes of Subsidiaries

In addition to the Pre-IPO Share Options and the SUNeVision Share Options, the Group operates another share option scheme which was approved for iAdvantage Limited, a subsidiary of the Company, allowing its board of Directors the right to grant to its full-time employees and Executive Directors options to subscribe for its shares in aggregate up to 10% of its issued capital from time to time. The exercise period of any option granted under the share option scheme of iAdvantage Limited shall commence on the date of grant of the option and expire on such date as determined by the board of iAdvantage Limited or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No option shares for iAdvantage Limited have been granted to any person since its adoption as required to be disclosed under the GEM Listing Rules.

6. Arrangement to purchase shares or debentures

Other than the share option 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2003, the long positions of every person, other than a Director or the Chief Executive of the Company, being 10% or more in the interest in shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name	Total number of shares	% of shares in issue
Sunco Resources Limited ("Sunco") (Note 1)	1,713,613,500	84.57
SHKP (Note 2)	1,713,613,500	84.57
HSBC International Trustee Limited (Note 3)	1,717,623,249	84.77

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. HSBC International Trustee Limited is deemed to have interest in the 1,713,613,500 shares of the Company held by SHKP. Of the shares in SHKP in which HSBC International Trustee Limited was interested, 1,056,338,347 shares were the shares referred to in Note to sub-section 2 of the section on "Directors' and Chief Executive's Interests".

Save as disclosed above, as at 31 December 2003, none of the substantial shareholders were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company that were required to be entered into the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 December 2003, other than the interests in shares and underlying shares of the Company and its Associated Corporations held by the Directors, Chief Executive and substantial shareholders stated above, there were no other persons whose interests were recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT SHAREHOLDERS

So far as the Directors are aware, other than Sunco and SHKP as disclosed above, there was no other person during the period who was directly or indirectly interested in 5% or more of the shares then in issue and who was able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Independent Non-Executive Directors of the Company, Professor Kao Kuen, Charles and Professor Li On Kwok, Victor, are well recognized leaders in the field of information technology development and have been appointed to various positions including consultants and Directors to institutions and business entities which are engaged in research, development and 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 have any interest in any business which may compete with the business of the Group.

AUDIT COMMITTEE

The Audit Committee has three members comprising two Independent Non-Executive Directors, Professor Kao Kuen, Charles (Chairman) and Professor Li On Kwok, Victor and one Non-Executive Director, Mr. Cheung Wing Yui, with terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee has reviewed the draft of this Report and has provided advice and comments thereon.

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

During the six months ended 31 December 2003, the Company did not repurchase on the Stock Exchange any ordinary shares in the share capital of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2003.

BOARD PRACTICES AND PROCEDURES

The Company has complied with GEM Listing Rules 5.28 to 5.39 (where applicable) concerning board practices and procedures throughout the accounting period covered by this Report.

By Order of the Board

KWOK PING LUEN, RAYMOND

Chairman & Chief Executive Officer

Hong Kong, 11 February, 2004

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the website of SUNeVision Holdings Ltd. at www.sunevision.com.