



# SUNeVision Holdings Ltd. 新意網集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
*(於開曼群島註冊成立之有限公司)*  
(Stock Code 股份代號: 8008)



## 2010-2011 Half-year Report 半年度業績報告

Results for the six months ended 31 December 2010  
截至2010年12月31日止六個月業績



The technology arm of Sun Hung Kai Properties

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

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*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 the information contained in this Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Report misleading.*

## HIGHLIGHTS

- SUNeVision achieved a profit attributable to the owners of the Company of HK\$128.8 million for the six months ended 31 December 2010
- Revenue has improved by HK\$31.6 million compared with the same period of the previous financial year to HK\$301.7 million
- Other income amounted to HK\$14.1 million which was HK\$3.7 million lower than in the same period of the previous financial year, primarily due to non-recurrence of the one-off gains of non-core equity technology investments
- A total of HK\$60.8 million for the gain on disposal of two floors in Kodak House II and its related tax effect recorded in the 2009/10 financial year did not recur
- Profit from operations increased to HK\$151.6 million, an improvement of HK\$19.9 million over the same period of the 2009/10 financial year
- The Group's financial position remains strong, with approximately HK\$1,160 million in cash and interest-bearing securities on hand

	<b>Jul to Dec 2010 HK\$'M</b>	Jul to Dec 2009 HK\$'M
Revenue	<b>301.7</b>	270.1
Gross profit – as a % of revenue	<b>156.5 52%</b>	130.1 48%
Other income	<b>14.1</b>	17.9
Operating expenditures *	<b>(19.0)</b>	(16.3)
Profit from operations	<b>151.6</b>	131.7
Gain on disposal of investment properties	–	40.7
Profit before taxation	<b>151.6</b>	172.4
Taxation for the period	<b>(22.8)</b>	(18.4)
Deferred tax credit released upon disposal of investment properties	–	20.1
Profit attributable to the owners of the Company	<b>128.8</b>	174.1

\* Selling, general and administrative expenses

## CHAIRMAN'S STATEMENT

SUNeVision achieved a profit attributable to the owners of the Company of HK\$128.8 million for the six months ended 31 December 2010.

As announced on 25 November 2010, the Group has successfully completed the bonus issue of shares with a convertible note option, resulting in a new public float in excess of 26% and fulfilling the new minimum public float requirement of 25%.

Largely driven by the contributions from the Group's data centre business, revenue for the period improved to HK\$301.7 million, reflecting an increase of HK\$31.6 million when compared with the same period of the previous financial year. Gross margin was maintained at the same level of 52% as in the first quarter, translating into gross profit of HK\$156.5 million for the reporting period.

Other income, being income in addition to revenue from operations, amounted to HK\$14.1 million which was HK\$3.7 million lower than in the same period of the previous financial year, primarily due to non-recurrence of the one-off gains on disposals of non-core equity technology investments recorded in the first quarter of financial year 2009/10.

The Group's operating expenditures for the reporting period increased moderately to HK\$19.0 million, including expenses incurred for the corporate exercise completed in November 2010 referred to above.

Reflecting stable revenues and effective cost management, profit from operations increased to HK\$151.6 million, an improvement of HK\$19.9 million over the same period of the 2009/10 financial year.

After allowing for taxation, profit attributable to the owners of the Company was HK\$128.8 million; this compares to HK\$174.1 million in the same period of the previous financial year when the Group recorded a total of HK\$60.8 million for the gain on disposal of two floors in Kodak House II and its related tax effect.

The Group's financial position remains strong, with approximately HK\$1,160 million in cash and interest-bearing securities on hand.

iAdvantage gained new businesses and successfully renewed its existing relationships with multinational and local customers. Overall data centre occupancy rate stood at 80% at the period end. Other Group businesses continued to deliver quality services to their customers.

In the second half of the financial year, in addition to raising the occupancy of its existing data centres, iAdvantage will continue its pursuit of growth and will actively evaluate investment opportunities in data centres. iAdvantage will further invest in data centre facilities and services to meet customers' needs and market demand. The last-mile connectivity businesses will carry on leveraging the parent company's significant relationships.

I would like to close by thanking the Board, management, and every member of the dedicated staff for their hard work, and our shareholders for their continued confidence and support.

**Kwok Ping-luen, Raymond**  
*Chairman*

Hong Kong, 11 February 2011

## CHIEF EXECUTIVE OFFICER'S REPORT

### Overview

SUNeVision reported its unaudited results for the six months ended 31 December 2010 with a profit attributable to the owners of the Company of HK\$128.8 million, representing a decrease of HK\$45.3 million over the corresponding period of the previous financial year.

The Group continued to improve in operating profitability. However, non-recurrence of the HK\$60.8 million one-time gain and related tax credits on disposal of two floors of Kodak House II in the same period of the previous financial year has the effects of more than offsetting these improvements in operations in financial terms.

### Business Review

#### *iAdvantage*

iAdvantage's carrier neutral position continues to be well received by its customers, it has excelled in providing quality and professional services to meet its customers' needs.

As a major data centre operator in Hong Kong and in addition to fully committing to the stringent technical and service requirements of its customers, iAdvantage has continued to invest in data centre infrastructure and facilities, and has progressed well in preparing the new site in Shatin to serve new demands. The overall occupancy rate of our data centres was 80% as at the period end.

Having solid experience and proven track records in serving customers in the financial services, telecommunications, information technology and public administration sectors, iAdvantage is well positioned to attract and capture new demands from high quality customers for data centre facilities and services.

#### *Super e-Technology*

During the reporting period, Super e-Technology secured contracts with a combined worth of HK\$10.7 million for the design and installation of security surveillance, structured cabling, and SMATV systems at major residential and commercial developments. It also achieved further rollout of its Super e-Shooter systems in shopping malls.

Super e-Technology will continue to be actively engaged in competitive tendering for upcoming residential and commercial projects.

#### *Super e-Network*

Super e-Network continued to provide quality broadband and WIFI services to its customers. It has been coordinating with broadband service providers and network traffic management providers with a view to improving its services and offering cost-effective solutions to its customers.

Super e-Network will further explore new opportunities and bid for new projects to expand the broadband deployment and WIFI services to different sectors.

## **Investment**

The Group has maintained a prudent and conservative approach to investments. Funds will only be committed where returns can be reasonably expected and are justifiably attractive.

## **Other Financial Discussion and Analysis**

The Group practices prudent financial management and has a strong balance sheet, with ample liquidity and financial resources. The Group had cash and interest-bearing securities of approximately HK\$1,160 million. The Group had no gearing (calculated on the basis of net debt to shareholders' funds) as at the period end.

As of 31 December 2010, 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\$63 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 31 December 2010, the Group had not pledged any of its assets, and there were no material acquisitions or disposals of subsidiaries or affiliated companies during the period under review.

There have been no material changes in the composition of the Group's equity technology investment portfolio since 30 June 2010.

## **Employees**

As of 31 December 2010, the Group had 193 full-time employees. The Group is keen to motivate and retain talent and continues to offer career progression opportunities and hold periodical reviews on compensation to recognise employees' contributions and to respond to changes in the employment market. Payroll costs remained stable during the period, 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 were offered to enhance employees' capabilities. The Group also offers a share-option scheme to recognise employees who make significant contributions.

I would like to close by thanking the members of the Board for their guidance, every member of the dedicated staff for their commitment and hard work, and our shareholders for their confidence and support.

**Tsim Wing-kit, Alfred**  
*Chief Executive Officer*

Hong Kong, 11 February 2011

## DIRECTORS PROFILE

### EXECUTIVE DIRECTORS

**KWOK Ping-luen, Raymond** (Age: 57)

*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 Wing Tai Properties 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. Mr. Kwok is the younger brother of Mr. Kwok Ping-sheung, Walter, an Executive Director of the Company and Mr. Kwok Ping-kwong, Thomas, a Non-Executive Director 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 received 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 2010.

### **KWOK Ping-sheung, Walter** (Age: 60)

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 an Honorary Fellow of the School of Accountancy of The Central University of Finance and Economics, Honorary Trustee of Tongji University and Nanjing University. He was Chairman and Chief Executive of Sun Hung Kai Properties Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, from 1990 to 2008. He is a Non-Executive Director of Sun Hung Kai Properties Limited and Transport International Holdings Limited and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

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 committee-member of the French Asian Art Society, the Chevalier of the Légion d'Honneur Club Hong Kong Chapter, Honorary President of The Association for the Promotion of Global Chinese Traders Fraternity Ltd. and Honorary Chairman of The Association of Global Chinese Art Collectors Fraternity. 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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 10 March 2011 to 28 February 2014, 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. He is entitled to a fee of HK\$30,000 per annum (or a pro rata amount for the duration of this directorship for an incomplete year) and other emoluments to be determined by the Board from time to time. 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 received 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 2010.

**TSIM Wing-kit, Alfred** (Age: 47)

*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. He was the Compliance Officer of the Company until 13 September 2010. Mr. Tsim has been appointed as a Non-Executive Director of SmarTone Telecommunications Holdings Limited with effect from 18 November 2009. 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, CMA Canada and The Institute of Chartered Accountants in England and Wales. 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, a Master of Laws degree from the University of Wolverhampton, United Kingdom 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 2010, Mr. Tsim received a fee of HK\$35,000 for being a Director of the Company and other emoluments of approximately HK\$2,946,920.

**TUNG Chi-ho, Eric** (Age: 51)

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. 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.

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 2010, Mr. Tung received 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: 61)

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 2010, Mr. Wong received a fee of HK\$30,000 for being a Director of the Company.

**So Wai-kei, Godwin** (Age: 46)

*Compliance Officer*

Mr. So was appointed as an Executive Director of the Company on 1 November 2009 and was appointed as a compliance officer with effect from 14 September 2010. He is a Group Financial Control Manager 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 a Director of Route 3 (CPS) Company Limited, Transport Infrastructure Management Limited and Hung Kai Finance Company, Limited which are the subsidiaries of SHKP. He also serves as Alternate Director to Mr. Kwok Ping-sheung, Walter of Transport International Holdings Limited. Before joining SHKP in 2002, Mr. So worked for two banks in Hong Kong holding various managerial positions in internal auditing, operation management and business planning.

Mr. So holds a Bachelor of Arts degree from the City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered and Certified Accountants, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Chartered Secretaries, the Chartered Institute of Bankers and the Hong Kong Institute of Bankers.

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 November 2009 and shall continue thereafter unless and until terminated by either the Company or the Director giving to the other in writing, 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 2010, Mr. So received a fee of HK\$20,000 and other emoluments of approximately HK\$8,000 for being a Director of the Company.

## NON-EXECUTIVE DIRECTORS

### **KWOK Ping-kwong, Thomas** (Age: 59)

Mr. Kwok was an Executive Director of the Company from 29 January 2000 to 13 September 2010, and became a Non-Executive Director of the Company with effect from 14 September 2010. 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 also holds an Honorary Doctorate in Engineering from The Hong Kong Polytechnic University and an Honorary Doctorate in Business Administration from The Open University of Hong Kong. He is a fellow of The Hong Kong Management Association and also a fellow of The Australia Certified Public Accountants.

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 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 Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development and Business Facilitation Advisory Committee. He also previously served as a board member of the Community Chest of Hong Kong and a council member of the Hong Kong Construction Association.

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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 14 September 2010 to 31 August 2013, 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. He is entitled to a fee of HK\$30,000 per annum (or a pro rata amount for the duration of this directorship for an incomplete year) and other emoluments to be determined by the Board from time to time. 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 received 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 2010.

#### **CHEUNG Wing-yui** (Age: 61)

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 resigned as Non-Executive Director of Haitong International Securities Group Limited on 1 October 2007 and Independent Non-Executive Director of Ching Hing (Holdings) Limited on 25 July 2007. He retired as Independent Non-Executive Director of Ping An Insurance (Group) Company of China, Ltd on 3 June 2009.

He is a Director and Executive Committee Member of The Community Chest and Deputy Chairman of the Council of The Open University of Hong Kong. He had held the position of the Deputy Chairman of The Hong Kong Institute of Directors, a Director of Po Leung Kuk, Vice Chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong and a member of the Board of Review (Inland Revenue Ordinance).

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 other than his position as a non-executive director of Hung Kai Finance Company, Limited, a wholly owned subsidiary of Sun Hung Kai Properties Limited, the Company's controlling shareholder.

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 2010, Mr. Cheung received a fee of HK\$120,000 for being a Director of the Company.

**SIU Hon-wah, Thomas** (Age: 57)

Mr. Siu was appointed as a Non-Executive Director of the Company on 7 May 2010. He is a Non-Executive Director of SmarTone Telecommunications Holdings Limited. He is also the Managing Director of Wilson Group which is a major transport infrastructure services provider in Hong Kong. Wilson Group is a wholly-owned subsidiary of Sun Hung Kai Properties Limited. Prior to joining Wilson Group, Mr. Siu had more than 25 years experience in telecommunications and IT sectors. His experience covers finance, business operations and development.

Mr. Siu holds a MPhil degree from University of Cambridge and a PhD degree in Information Systems. He is a Certified Public Accountant and is a member of the British Computer Society.

Save as disclosed above, Mr. Siu 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. Siu has not entered into any service contract with the Company. He has a fixed term of appointment as Director for a period from 7 May 2010 to 30 April 2013 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 2010, Mr. Siu received a fee of HK\$4,516 for being a Director of the Company.

### **CHAN Kui-yuen, Thomas** (Age: 64)

Mr. Chan was an Executive Director of the Company from 29 January 2000 to 13 September 2010, and became a Non-Executive Director of the Company with effect from 14 September 2010. 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.

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee and China Trade Advisory Committee of Hong Kong Trade Development Council. He is also a committee member of China Sub-Committee of The Real Estate Developers Association of Hong Kong and Land Sub-Committee of Land and Development Advisory Committee. In addition, he is a Director of The Hong Kong Vietnam Chamber of Commerce and a member of the MBA Advisory Board of The University of Hong Kong.

In the past, Mr. Chan was a council member of The Open University of Hong Kong and a member of the Health Care Study Group of The Bauhinia Foundation Research Centre. He was also an ordinary member of the Estate Agents Authority.

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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 14 September 2010 to 31 August 2013, 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. He is entitled to a fee of HK\$30,000 per annum (or a pro rata amount for the duration of this directorship for an incomplete year) and other emoluments to be determined by the Board from time to time. 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 2010, Mr. Chan received 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: 62)

Mr. So was an Executive Director of the Company from 29 January 2000 to 13 September 2010, and became a Non-Executive Director of the Company with effect from 14 September 2010. 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. Mr. So 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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 14 September 2010 to 31 August 2013, 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. He is entitled to a fee of HK\$30,000 per annum (or a pro rata amount for the duration of this directorship for an incomplete year) and other emoluments to be determined by the Board from time to time. 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 2010, Mr. So received a fee of HK\$30,000 for being a Director of the Company.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **LI On-kwok, Victor** (Age: 56)

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 2010, Professor Li received a fee of HK\$120,000 for being a Director of the Company.

#### **KING Yeo-chi, Ambrose** (Age: 75)

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).

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 2010 to 31 December 2012 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 2010, Professor King received a fee of HK\$120,000 for being a Director of the Company.

**WONG Kai-man** (Age: 60)

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.

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 2010 to 31 December 2012 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 2010, Mr. Wong received a fee of HK\$120,000 for being a Director of the Company.

## CONSOLIDATED INCOME STATEMENT

For the three and six months ended 31 December 2010

	NOTES	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue		<b>154,552</b>	136,229	<b>301,747</b>	270,112
Cost of sales		<b>(74,759)</b>	(69,913)	<b>(145,277)</b>	(139,969)
Gross profit		<b>79,793</b>	66,316	<b>156,470</b>	130,143
Other income	3	<b>7,186</b>	6,211	<b>14,128</b>	17,881
Selling expenses		<b>(1,342)</b>	(1,341)	<b>(2,766)</b>	(2,534)
Administrative expenses		<b>(9,484)</b>	(6,887)	<b>(16,206)</b>	(13,806)
Gain on disposal of investment properties		<b>76,153</b>	64,299	<b>151,626</b>	131,684
		–	40,722	–	40,722
Profit before taxation		<b>76,153</b>	105,021	<b>151,626</b>	172,406
Income tax (expense) credit	4	<b>(12,057)</b>	10,694	<b>(22,865)</b>	1,709
Profit for the period	5	<b>64,096</b>	115,715	<b>128,761</b>	174,115
Profit attributable to the owners of the Company		<b>64,096</b>	115,715	<b>128,761</b>	174,115
Earnings per share – Basic (Remark)	6	<b>1.58 cents</b>	2.85 cents	<b>3.17 cents</b>	4.29 cents

### Remark

The calculation of basic earnings per share is based on 4,062,967,666 ordinary shares deemed to be in issue at the beginning of the relevant periods assuming that the issuance of bonus shares (with convertible notes alternative) has been effective.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 31 December 2010

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit for the period	<b>64,096</b>	115,715	<b>128,761</b>	174,115
Other comprehensive income for the period (net of tax)				
Change in fair value of investments	<b>(4,346)</b>	22,313	<b>10,211</b>	35,127
Exchange differences arising from translation of operations outside Hong Kong	<b>112</b>	10	<b>211</b>	12
Reclassification adjustments:				
Release upon disposal of debt securities / equity technology investments	<b>(872)</b>	(275)	<b>(872)</b>	(7,442)
Property revaluation reserve released upon disposal	-	(98)	-	(98)
	<b>(5,106)</b>	21,950	<b>9,550</b>	27,599
Total comprehensive income for the period	<b>58,990</b>	137,665	<b>138,311</b>	201,714
Total comprehensive income attributable to:				
Owners of the Company	<b>58,817</b>	137,655	<b>137,996</b>	201,693
Non-controlling interests	<b>173</b>	10	<b>315</b>	21
	<b>58,990</b>	137,665	<b>138,311</b>	201,714

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	(Unaudited) 31 December 2010 HK\$'000	(Audited) 30 June 2010 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>781,000</b>	781,000
Property, plant and equipment	7	<b>1,159,683</b>	1,162,409
Investments	8	<b>301,672</b>	354,162
		<b>2,242,355</b>	2,297,571
<b>CURRENT ASSETS</b>			
Investments	8	<b>30,829</b>	–
Inventories		<b>10,563</b>	4,243
Trade and other receivables	9	<b>56,742</b>	57,335
Amounts due from customers for contract work		<b>10,109</b>	11,458
Bank balances and deposits		<b>851,652</b>	781,074
		<b>959,895</b>	854,110
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>221,268</b>	220,341
Deferred revenue	11	<b>39,239</b>	33,069
Amounts due to customers for contract work		<b>2,212</b>	169
Tax payables		<b>41,530</b>	24,418
		<b>304,249</b>	277,997
<b>NET CURRENT ASSETS</b>		<b>655,646</b>	576,113
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,898,001</b>	2,873,684

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2010

	NOTES	(Unaudited) 31 December 2010 HK\$'000	(Audited) 30 June 2010 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>118,231</b>	116,865
Deferred revenue	11	<b>179,332</b>	132,173
		<b>297,563</b>	249,038
		<b>2,600,438</b>	2,624,646
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>234,267</b>	203,148
Reserve arising from issuance of convertible notes	12	<b>172,029</b>	–
Other reserves		<b>2,180,949</b>	2,408,620
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>2,587,245</b>	2,611,768
<b>NON-CONTROLLING INTERESTS</b>			
		<b>13,193</b>	12,878
<b>TOTAL EQUITY</b>			
		<b>2,600,438</b>	2,624,646

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	2010							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
	(Note)								
At 1 July 2010	203,148	2,536,033	-	1,848	32,204	(161,465)	2,611,768	12,878	2,624,646
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(104)	-	-	(104)	315	211
Profit for the period	-	-	-	-	-	128,761	128,761	-	128,761
Change in fair value of investments	-	-	-	-	10,211	-	10,211	-	10,211
Release upon disposal of investments	-	-	-	-	(872)	-	(872)	-	(872)
Total comprehensive (expense) income for the period	-	-	-	(104)	9,339	128,761	137,996	315	138,311
Bonus issue of shares (with convertible notes alternative)	31,119	(203,148)	172,029	-	-	-	-	-	-
Final dividend paid	-	-	-	-	-	(162,519)	(162,519)	-	(162,519)
At 31 December 2010	234,267	2,332,885	172,029	1,744	41,543	(195,223)	2,587,245	13,193	2,600,438

	2009									
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Share-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2009	203,148	2,536,033	98	1,880	18,557	310	(400,180)	2,359,846	12,750	2,372,596
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(9)	-	-	-	(9)	21	12
Profit for the period	-	-	-	-	-	-	174,115	174,115	-	174,115
Change in fair value of investments	-	-	-	-	35,127	-	-	35,127	-	35,127
Release upon disposal of investments	-	-	-	-	(7,442)	-	-	(7,442)	-	(7,442)
Release upon disposal of properties	-	-	(98)	-	-	-	-	(98)	-	(98)
Total comprehensive (expense) income for the period	-	-	(98)	(9)	27,685	-	174,115	201,693	21	201,714
Cancellation of share options	-	-	-	-	-	(310)	310	-	-	-
Final dividend paid	-	-	-	-	-	-	(121,889)	(121,889)	-	(121,889)
At 31 December 2009	203,148	2,536,033	-	1,871	46,242	-	(347,644)	2,439,650	12,771	2,452,421

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

*For the six months ended 31 December 2010*

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with convertible notes alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, bonus shares were issued on the basis of one bonus share for every existing share held by the shareholders of the Company whose names appeared on the register of members of the Company on that date.

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the convertible notes ("Notes") which were constituted by the Deed Poll dated 25 November 2010. This reserve balance represented the aggregate amount of the Notes outstanding at the period end. There was no conversion to shares by the noteholders during the period from 25 November to 31 December 2010.

The Notes are unlisted, non-transferable and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the convertible notes.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010

	(Unaudited)	
	Six months ended 31 December	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Net cash from operating activities	<b>227,804</b>	177,187
Net cash from (used in) investing activities	<b>5,159</b>	(22,738)
Net cash used in financing activities	<b>(162,519)</b>	(121,889)
Net increase in cash and cash equivalents	<b>70,444</b>	32,560
Cash and cash equivalents at 1 July	<b>781,074</b>	549,011
Effect of foreign exchange rate changes	<b>134</b>	9
Cash and cash equivalents at 31 December	<b>851,652</b>	581,580

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Basis of Preparation

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The principal accounting policies used in the interim financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2010. The financial statements are unaudited but have been reviewed by the Audit Committee.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 July 2010, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

### 2. Segment Information

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

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

Satellite master antenna television system (“SMATV”), communal aerial broadcast distribution (“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.

## 2. Segment Information (Continued)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

### For the six months ended 31 December 2010

	Data 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	234,464	46,810	20,473	-	301,747
Inter-segment	1,159	754	1,067	(2,980)	-
Total	235,623	47,564	21,540	(2,980)	301,747
RESULTS					
Segment results	120,299	9,574	16,286	-	146,159
Unallocated corporate expenses					(8,319)
Interest income					12,564
Gain on disposal of debt securities and investment income					1,222
Profit before taxation					151,626

## 2. Segment Information (Continued)

For the six months ended 31 December 2009

	Data 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	200,046	49,804	20,262	–	270,112
Inter-segment	1,589	781	1,067	(3,437)	–
Total	201,635	50,585	21,329	(3,437)	270,112
RESULTS					
Segment results	95,282	9,694	56,439	–	161,415
Unallocated corporate expenses					(5,994)
Interest income					9,564
Gain on disposal of equity technology investments					7,421
Profit before taxation					172,406

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, interest income, investment income and gain on disposal of debt securities / equity technology investments. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

### 3. Other Income

	Six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Interest income	12,564	9,564
Gain on disposal of debt securities / equity technology investments and investment income	1,222	7,421
Miscellaneous	342	896
	<b>14,128</b>	17,881

### 4. Income Tax Expense (Credit)

	Six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Current tax		
– Hong Kong Profits Tax	21,078	7,338
– PRC Enterprise Income Tax	421	–
Deferred tax expense relating to origination and reversal of temporary differences	1,366	11,014
	<b>22,865</b>	18,352
Deferred tax credit released upon disposal of investment properties	–	(20,061)
	<b>22,865</b>	(1,709)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period. Under the Law of the People's Republic of China ("PRC") on Enterprises Income Tax ("EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

## 5. Profit for the Period

	Six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Profit for the period has been arrived at after charging: Depreciation of property, plant and equipment	46,234	44,358

## 6. Earnings Per Share

The calculation of the basic earnings per share is based on the unaudited profit attributable to the owners of the Company for the three months and six months ended 31 December 2010 of HK\$64,096,000 and HK\$128,761,000 (three months and six months ended 31 December 2009: HK\$115,715,000 and HK\$174,115,000) and 4,062,967,666 ordinary shares deemed to be in issue at the beginning of the relevant periods assuming that the issuance of bonus shares (with convertible notes alternative) at one bonus share for every existing ordinary share held by capitalizing the Company's share premium account has been effective. The comparative figures for 2009 have been adjusted accordingly.

There were no dilutive potential ordinary shares in existence during the three months and six months ended 31 December 2010. No diluted earnings per share was presented for the three months and six months ended 31 December 2009 as the exercise price of the Company's share options was higher than the average market price of the shares of the Company during the periods.

## 7. Property, Plant and Equipment

During the period, additions to fixed assets amounted to HK\$43,386,000.

## 8. Investments

	<b>31 December 2010 HK\$'000</b>	30 June 2010 HK\$'000
Available-for-sale investments:		
Debt securities	<b>308,638</b>	330,069
Equity technology investments	<b>23,863</b>	24,093
	<b>332,501</b>	354,162
Carrying amount analysed for reporting purposes as:		
Non-current	<b>301,672</b>	354,162
Current (debt securities maturing within one year)	<b>30,829</b>	–
	<b>332,501</b>	354,162

## 9. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK\$37,997,000 (as at 30 June 2010: HK\$36,599,000), of which 95% aged less than 60 days, 3% between 61 to 90 days and 2% more than 90 days (as at 30 June 2010: 97%, 2% and 1% respectively).

The Group allows an average credit period of 30 days to its trade customers.

## 10. Trade and Other Payables

	<b>31 December 2010 HK\$'000</b>	30 June 2010 HK\$'000
Trade payable aged within 60 days	<b>25,568</b>	29,356
Trade payable aged over 60 days	<b>206</b>	393
	<b>25,774</b>	29,749
Other payables	<b>2,722</b>	3,127
Deposits received and accruals	<b>192,772</b>	187,465
	<b>221,268</b>	220,341

## 11. Deferred Revenue

Lump sum amounts for the set-up of facilities in respect of operating leases of data centre and IT facilities are treated as deferred revenue which is taken to profit or loss over the lease terms.

## 12. Share Capital

	<b>Number of ordinary shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2009, 30 June 2010 and 31 December 2010	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2009 and 30 June 2010	2,031,483,833	203,148
Bonus issue of shares by capitalisation of the share premium account	311,191,645	31,119
At 31 December 2010	2,342,675,478	234,267

Pursuant to the ordinary resolution in relation to the bonus issue of shares (with convertible notes alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 to the shareholders who were entitled to those bonus shares and did not elect to receive the convertible notes.

Convertible notes in the amount of HK\$172,029,218.80 were issued to shareholders who elected for the convertible note alternative, and the same amount was capitalised from the Company's share premium account as reserve arising from issuance of convertible notes. Holders of the convertible notes are entitled to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue.

	<b>Number of fully paid ordinary shares to be issued upon conversion</b>	<b>Amount as at 31 December 2010 HK\$'000</b>
Reserve arising from issuance of convertible notes	1,720,292,188	172,029

Upon conversion of all the outstanding Notes, the issued share capital of the Company would consist of 4,062,967,666 fully paid ordinary shares of HK\$0.1 each.

### 13. Related Party Transactions

During the period, the Group had significant transactions with certain related parties as follows:

(A) *Transactions with Sun Hung Kai Properties Group*

	Six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Advertising and e-commerce income	356	693
Income from installation, operation and provision of cable networking	21,768	23,532
Income from maintenance and repair of network infrastructure and security systems	22,361	23,364
Non-core value added service income	244	325
Space and rack rental income	1,284	1,255
Cable and network rental charges	398	398
Estate agency fees paid	537	527
Insurance service charges paid	676	672
Maintenance and repair charges of network infrastructure and security systems	1,078	882
Management fee charges	1,000	1,000
Network infrastructure and security systems installation charges	998	1,246
Property management service fees paid	3,953	4,008
Rent paid	5,039	3,422
Technical service charge paid	505	635

(B) *Transaction with a director*

During the period, professional fees of HK\$1,868,000 (2009: HK\$90,000) were paid and payable by the Group 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.

(C) *Compensation of key management personnel*

Fees, salaries and other benefits paid and payable by the Group to the key management personnel during the period amounted to HK\$1,901,000 (2009: HK\$1,634,000).

#### 14. Capital Commitments

	<b>31 December 2010 HK\$'000</b>	30 June 2010 HK\$'000
Contracted for but not provided in the consolidated financial statements in respect of acquisition of plant and equipment	<b>49,637</b>	48,599

#### 15. Contingent Liabilities

As at 31 December 2010, the Company had contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other performance guarantees in the aggregate of HK\$63 million (as at 30 June 2010: HK\$85 million).

## DIVIDEND

The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 31 December 2010 (2009: Nil).

## DIRECTORS’ INTERESTS

As at 31 December 2010, 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 required, 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			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2010
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	–	–	3,485,000 <sup>1</sup>	3,485,000	–	3,485,000	0.15
Kwok Ping-kwong, Thomas	–	–	2,140,000 <sup>1</sup>	2,140,000	–	2,140,000	0.09
So Chung-keung, Alfred	–	1,086	–	1,086	–	1,086	0
King Yeo-chi, Ambrose	1,000	–	–	1,000	–	1,000	0

Notes :

- Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested in 2,140,000 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 two Directors for the purpose of Part XV of the SFO.
- By letter dated 19 April 2010, Mr. Kwok Ping-sheung, Walter requested the Company to add this note: “Mr. Kwok Ping-sheung, Walter has informed the Company that he disputes the cessation of his interest in 1,070,000 shares in the Company as disclosed in the disclosure form under Part XV of the SFO dated 23 September, 2009 which was made without his authorization”.
- Prior to the letter dated 19 April 2010 referred to in Note 2 above, Mr. Kwok Ping-sheung, Walter had twice confirmed in writing to the Company, for the purposes of the 2009-10 First Quarterly Report and the 2009-10 Half-year Report, the cessation of his interest in 1,070,000 shares in the Company.
- By letter dated 25 October 2010, Mr. Kwok Ping-sheung, Walter reiterated to the Company that his “beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute”.

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

### (a) Sun Hung Kai Properties Limited (“SHKP”)

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12. 2010
	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	-	-	394,463,978 <sup>1</sup>	394,538,978	100,000 <sup>3</sup>	394,638,978	15.36
Kwok Ping-kwong, Thomas	1,976,281	304,065	-	391,320,297 <sup>1</sup>	393,600,643	148,000 <sup>3</sup>	393,748,643	15.32
Tung Chi-ho	-	-	-	-	-	80,000 <sup>3</sup>	80,000	0
Wong Chin-wah	-	-	-	-	-	80,000 <sup>3</sup>	80,000	0
So Wai-kei, Godwin	-	-	-	-	-	24,000 <sup>3</sup>	24,000	0
Kwok Ping-sheung, Walter	75,000	-	-	1,087,663,522	1,087,738,522	-	1,087,738,522 <sup>466</sup>	42.32
Chan Kui-yuen, Thomas	-	66,000	126,500 <sup>7</sup>	-	192,500	100,000 <sup>3</sup>	292,500	0.01
So Chung-keung, Alfred	191,313	6,500	-	-	197,813	80,000 <sup>3</sup>	277,813	0.01
Siu Hon-wah, Thomas	-	-	-	7,000 <sup>8</sup>	7,000	-	7,000	0

#### Notes :

- Each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested in 371,286,430 shares in SHKP respectively by virtue of his being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the respective 371,286,430 shares in SHKP in which each of Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond was deemed to be interested, 16,059,981 shares represented the same interests and were duplicated between these two directors.
- The trustee of certain trusts, which indirectly are interested in a total of 1,081,739,328 shares in SHKP, informed the Company on 2 November 2010 that consequent upon a re-organisation of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are directors of SHKP in the said 1,081,739,328 shares in SHKP with effect from 29 September 2010 were as follows:
  - Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP;
  - Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP; and
  - Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”

3. These represented the interests in the underlying shares of SHKP in respect of the share options (being regarded for the time being as unlisted and physically settled equity derivatives) granted by SHKP under its share option scheme. The outstanding options granted by SHKP to the Directors of the Company under the scheme as at 31 December 2010 were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Number of share options				Balance as at 31.12.2010
			Balance as at 01.07.2010	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	
Kwok Ping-luen, Raymond	12.07.2010	111.40	N/A	100,000	-	-	100,000
Kwok Ping-kwong, Thomas	12.07.2010	111.40	N/A	148,000 *	-	-	148,000
Tung Chi-ho	12.07.2010	111.40	N/A	80,000	-	-	80,000
Wong Chin-wah	12.07.2010	111.40	N/A	80,000	-	-	80,000
So Wai-kei, Godwin	12.07.2010	111.40	N/A	24,000	-	-	24,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	N/A	100,000	-	-	100,000
So Chung-keung, Alfred	12.07.2010	111.40	N/A	80,000	-	-	80,000

\* Of these 148,000 shares options, Mr. Kwok Ping-kwong, Thomas was deemed to be interested in 48,000 share options by virtue of his wife's interests in such share options.

The above-mentioned share options of SHKP may be exercised during the option period (the "Option Period", which is five years commencing on 12 July 2010) as follows:

- the options are not exercisable during the first year of the Option Period;
- up to 30% of the grant is exercisable during the second year of the Option Period;
- up to 60% of the grant is exercisable during the third year of the Option Period; and
- the options are exercisable in whole or in part any time three years after 12 July 2010.

The options will expire at the close of business on 11 July 2015.

- By letter dated 19 April 2010, Mr. Kwok Ping-sheung, Walter requested the Company to add this note: "Mr. Kwok Ping-sheung, Walter has informed the Company that he disputes the cessation of his interest in 11,743,800 shares in Sun Hung Kai Properties Limited as disclosed in the disclosure form under Part XV of the SFO dated 23 September, 2009 which was made without his authorization".
- Prior to the letter dated 19 April 2010 referred to in Note 4 above, Mr. Kwok Ping-sheung, Walter had twice confirmed in writing to the Company, for the purposes of the 2009-10 First Quarterly Report and the 2009-10 Half-year Report, the cessation of his interest in 11,743,800 shares in SHKP.
- By letter dated 25 October 2010, Mr. Kwok Ping-sheung, Walter reiterated to the Company that his "beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute".
- These shares were held by a company which is obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.
- These shares were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.

**(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)**

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2010
	Family interests (interests of spouse or child under 18)	Other interests	Total			
Kwok Ping-luen, Raymond	-	2,237,767 <sup>1</sup>	2,237,767	-	2,237,767	0.43
Li On-kwok, Victor	5,000	-	5,000	-	5,000	0

Note :

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

**(c) Each of Messrs. Kwok Ping-luen, Raymond 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 as at 31.12.2010	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2010
Splendid Kai Limited	2,500	25	1,500 <sup>1</sup>	15
Hung Carom Company Limited	25	25	15 <sup>1</sup>	15
Tinyau Company Limited	1	50	1 <sup>1</sup>	50
Open Step Limited	8	80	4 <sup>1</sup>	40

Note :

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

Save as disclosed above, as at 31 December 2010, 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

Since the adoption of the New Share Option Scheme, the Company had granted two lots of share options of which the options at the exercise price of HK\$1.41 per share and HK\$1.59 per share expired at the close of business on 9 November 2008 and 28 November 2009 respectively.

During the six months ended 31 December 2010, no share options were granted under the New Share Option Scheme.

## **2. Share Option Scheme of iAdvantage Limited (“iAdvantage”)**

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, 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.

The Share Option Scheme of iAdvantage expired on 28 February 2010.

## **3. Arrangement to purchase shares or debentures**

Other than the Schemes as mentioned above, at no time during the six months ended 31 December 2010 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors 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 2010, 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	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2010
Sunco Resources Limited <sup>1</sup> ("Sunco")	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	146.79
SHKP <sup>3</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	146.79
HSBC Trustee (C.I.) Limited <sup>4</sup> ("HSBCTCI")	1,720,497,500	1,719,427,500 <sup>2</sup>	3,439,925,000	146.83

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the Convertible Notes (being regarded for the time being as unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the Deed Poll constituting the Convertible Notes) upon the exercising of the conversion rights attaching to the Convertible Notes.
3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.
4. As HSBCTCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCTCI is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2010, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **INTERESTS OF OTHER PERSONS**

During the six months ended 31 December 2010, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

## **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.

## **AUDIT COMMITTEE**

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose and one Non-Executive Director, Mr. Cheung Wing-yui, with terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the half-year results for the six months ended 31 December 2010 and has provided advice and comments thereon.

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

During the six months ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE REQUIRED STANDARD FOR DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company adopted the required standard of dealings set out in the GEM Listing Rules 5.48 to 5.67 as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the six months ended 31 December 2010, he has complied with the required standard of dealings.

## CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 31 December 2010, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

On behalf of the Board

**Kwok Ping-luen, Raymond**  
*Chairman*

Hong Kong, 11 February 2011

*As at the date of this Report, the Board of the Company comprises six Executive Directors, being KWOK Ping-luen, Raymond, KWOK Ping-sheung, Walter, TSIM Wing-kit, Alfred, TUNG Chi-ho, Eric, WONG Chin-wah and SO Wai-kei, Godwin; five Non-Executive Directors, being KWOK Ping-kwong, Thomas, CHEUNG Wing-yui, SIU Hon-wah, Thomas, CHAN Kui-yuen, Thomas and SO Chung-keung, Alfred; and three Independent Non-Executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose and WONG Kai-man.*

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

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