



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



2012-2013

Half-year Report 半年度業績報告

Results for the six months ended 31 December 2012
截至2012年12月31日止六個月業績



The technology arm of Sun Hung Kai Properties

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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.

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) registered shareholders/noteholders who have received or chosen to receive a printed copy of this report wish to receive the same in the other language to that chosen by the registered shareholders/noteholders; or (ii) registered shareholders/noteholders who have received or chosen to receive this report by electronic means wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this report on the Company’s website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited by post to 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by email at sunevision@computershare.com.hk; or (b) in the case of noteholders, the Company’s registrar in respect of the convertible notes, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

For registered shareholders/noteholders who wish to change their choice of language or means of receipt of the Company’s future corporate communications free of charge, they could at any time notify (i) in the case of registered shareholders, the Company’s Hong Kong branch share registrar and transfer office by post or by email (at the address or email address mentioned above); or (ii) in the case of noteholders, the Company’s registrar in respect of the convertible notes by post or by email (at the address or email address mentioned above).

Highlights

- SUNeVision reported a profit attributable to the owners of the Company of HK\$183.7 million for the half year ended 31 December 2012
- The Group's revenue was HK\$369.6 million for the reporting period, an increase of HK\$21.4 million when compared to the same 6-month period a year ago
- Gross margin for the reporting period was at approximately 58%, which translates into a gross profit of HK\$215.8 million
- Other income, being income in addition to revenue from operations, was HK\$19.1 million and at a similar level to that for the same period of the previous financial year
- Operating expenditures were HK\$19.1 million, which is similar to those for the corresponding period a year ago
- The Group's financial position remains strong, with approximately HK\$1,302.6 million in cash and interest-bearing securities on hand

	Jul to Dec 2012 HK\$'M	Jul to Dec 2011 HK\$'M
Revenue	369.6	348.2
Gross profit	215.8	180.5
– as a percentage of revenue	58%	52%
Other income	19.1	19.0
Operating expenditures *	(19.1)	(19.5)
Profit before taxation	215.8	180.0
Income tax expense	(32.1)	(27.0)
Profit for the period attributable to the owners of the Company	183.7	153.0

* Selling, general and administrative expenses

Chairman's Statement

SUNeVision delivered a profit attributable to the owners of the Company of HK\$183.7 million for the half year ended 31 December 2012, representing a period-on-period improvement of HK\$30.7 million.

Revenue of the Group was HK\$369.6 million for the period, an increase of HK\$21.4 million when compared to the same 6-month period a year ago, primarily driven by our data centre businesses. Gross margin for the reporting period was at approximately 58%, following the trend of the past few quarters and translating into a gross profit of HK\$215.8 million for the reporting period.

Other income, being income in addition to revenue from operations, was HK\$19.1 million and at a similar level to that for the same period of the previous financial year.

Operating expenditures were HK\$19.1 million, which is similar to those for the corresponding period in 2011/12.

The combined effects of stable revenues and effective cost management have contributed to the Group's operating profitability, and after allowing for taxation, the Group reported a profit attributable to the owners of the Company of HK\$183.7 million for the first half of the 2012/13 financial year, representing a 20% increase over the same period in the previous financial year.

The Group's financial position remains strong, with approximately HK\$1,302.6 million in cash and interest-bearing securities on hand as of 31 December 2012.

iAdvantage continued to successfully attract new businesses and renew its existing contracts with multinational and local customers during the period. Overall occupancy of its data centres was approximately 88%. Other businesses of the Group continued to deliver quality services to their customers.

In the second half of the financial year, iAdvantage will endeavour to fill its existing data centres with new business prospects; in addition, it will continue its pursuit of growth and its active evaluation of investment opportunities in data centres. iAdvantage is fully committed to meeting customers' stringent requirements and will further invest in data centre infrastructure, facilities and services to satisfy 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, 5 February 2013

Chief Executive Officer's Report

OVERVIEW

SUNeVision reported its unaudited results for the six months ended 31 December 2012 with a profit attributable to the owners of the Company of HK\$183.7 million, an increase of approximately 20% over the corresponding period of the previous financial year with improvements in core revenues and operating profitability.

BUSINESS REVIEW

iAdvantage

iAdvantage has maintained its market position as a major carrier-neutral data centre services provider in Hong Kong. It has been investing in data centre facilities and infrastructure to meet customers' increasingly stringent demands.

In addition to fulfilling customers' new needs and expansion requirements in their outsourcing, business continuity and other mission critical operations, iAdvantage has continued its endeavours to acquire additional data centre space. Overall data centre occupancy was approximately 88% at the period end.

Construction works at the new space in Sha Tin have been satisfactorily completed on schedule to serve new customer demand.

With its solid experience and proven track record, iAdvantage is well positioned to attract and capture new demand from high quality customers.

Super e-Technology

Super e-Technology successfully secured 24 contracts with a combined contract sum of approximately HK\$16.3 million for the installation of ELV (Extra Low Voltage) and information technology systems during the reporting period.

It is actively pursuing opportunities in related industry sectors, and maintains a positive outlook with regard to the ELV and information technology sectors.

Super e-Network

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

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\$1,302.6 million and had no gearing (calculated on the basis of net debt to shareholders' funds) as at the period end.

As of 31 December 2012, the Company had contingent liabilities in respect of guarantees for general banking facilities utilised by the Group's subsidiaries and other guarantees in the aggregate amount of HK\$63.6 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 2012, 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 2012.

EMPLOYEES

As of 31 December 2012, the Group had 166 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 and benefits 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 continued to be 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 the commitment and hard work, and our shareholders for their confidence and support.

Tsim Wing-kit, Alfred
Chief Executive Officer

Hong Kong, 5 February 2013

Directors' Profiles

EXECUTIVE DIRECTORS

Kwok Ping-luen, Raymond (Age: 59)

Chairman

Mr. Kwok has been the Chairman and an Executive Director of the Company since 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 has been Chairman 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 since December 2011. Prior to the appointment as Chairman of SHKP, Mr. Kwok had acted as Vice Chairman of SHKP. He is also a Managing Director of SHKP. He is Chairman of SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and Wing Tai Properties 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.

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 Board 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 2012.

Tsim Wing-kit, Alfred (Age: 49)

Chief Executive Officer and Authorised Representative

Mr. Tsim joined the Group in February 2000 and became an Executive Director and the Chief Financial Officer of the Company on 12 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 a member of the Remuneration, Nomination and Corporate Governance Committees of the Company and an authorised representative of the Company. Mr. Tsim is a Non-Executive Director of SmarTone Telecommunications Holdings Limited. He is also a director of certain subsidiaries of the Company. Prior to joining the Group, he worked for 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 entered into a service agreement with the Company which has no fixed term of director's service and which shall continue thereafter unless and until terminated by either party giving to the other notice in writing 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. According to his service agreement with the Company, there is no fixed remuneration and his director's fee is fixed by the Board 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 2012, Mr. Tsim received a fee of HK\$35,000 for being a Director of the Company and other emoluments of approximately HK\$5,055,940.

Tung Chi-ho, Eric (Age: 53)

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 25 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. Mr. Tung is a member of the Executive Committee of Sun Hung Kai Properties Limited ("SHKP") and an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP. He is also the Chairman of iAdvantage Limited, a subsidiary of the Company and a director of certain subsidiaries of the Company. He 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 Buildings 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 Board 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 2012, 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: 63)

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", a subsidiary of the Company). 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. Mr. Wong is a member of the Executive Committee of Sun Hung Kai Properties Limited ("SHKP") and an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP, and had held senior management positions in the DBS Bank and MTR Corporation Limited. He is also a director of certain subsidiaries of the Company. He 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 Board 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 2012, Mr. Wong received a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

So Wai-kei, Godwin (Age: 48)

Compliance Officer, Company Secretary and Authorised Representative

Mr. So has been an Executive Director of the Company since 1 November 2009. He is the compliance officer, the Company Secretary and the authorised representative of the Company. He is also a member of the Corporate Governance Committee of the Company. He is a Group Financial Control Manager of Sun Hung Kai Properties Limited ("SHKP"), 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 in 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 party giving to the other notice 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 Board 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 2012, Mr. So received a fee of HK\$30,000 for being a Director of the Company and other emoluments of approximately HK\$12,000.

NON-EXECUTIVE DIRECTORS

Kwok Ping-sheung, Walter (Age: 62)

Mr. Kwok was appointed an Executive Director of the Company on 29 January 2000 and became a Non-Executive Director of the Company with effect from 10 March 2011. 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 Fellow 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 in Beijing, Honorary Trustee of Tongji University in Shanghai and Nanjing University. He was Chairman and Chief Executive of Sun Hung Kai Properties Limited (“SHKP”) from 1990 to 2008. He is a Non-Executive Director of SHKP 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. Mr. Kwok is a Standing Committee Member of the National Committee of the Chinese People’s Political Consultative Conference and Honorary President and Vice Chairman of Friends of Hong Kong Association. 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-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. Under the appointment letter, Mr. Kwok 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 Board 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. 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 2012.

Cheung Wing-yui (Age: 63)

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 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, 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 CPA Australia. 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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 1 January 2012 to 31 December 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. With effect from 1 July 2012, Mr. Cheung is entitled to a fee of HK\$160,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Mr. Cheung received a fee of HK\$120,000 for being a Director of the Company.

Siu Hon-wah, Thomas (Age: 59)

Mr. Siu has been a Non-Executive Director of the Company since 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 wholly-owned by 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 received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 7 May 2010 to 30 April 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. Under the appointment letter, Mr. Siu is entitled to a fee of HK\$30,000 per annum for being a Director. His director's fee is fixed by the Board 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 2012, Mr. Siu received a fee of HK\$30,000 for being a Director of the Company.

John Anthony Miller (Age: 62)

Mr. Miller, *SBS, OBE*, has been a Non-Executive Director of the Company since 1 December 2011. He is a Non-Executive Director of Transport International Holdings Limited and a Director of The Kowloon Motor Bus Company (1933) Limited, a Non-Executive Director of RoadShow Holdings Limited and SmarTone Telecommunications Holdings Limited. He is also Chairman of Hong Kong Business Aviation Centre Limited, a partly-owned subsidiary of Sun Hung Kai Properties Limited. Mr. Miller retired from the Civil Service in February 2007 as Permanent Representative of the Hong Kong Special Administrative Region of China to the World Trade Organisation in Geneva. Key positions held over a career spanning 35 years prior to Mr. Miller's retirement include Permanent Secretary for Financial Services and the Treasury (2002–2004), Director of Housing and Chief Executive of the Housing Authority (1996–2002), Director-General of Trade (1993–1996), Director of Marine (1991–1993), Information Coordinator in the Chief Secretary's Office (1989–1991) and Private Secretary to the Governor (1979–1982). Mr. Miller holds an MPA degree from Harvard University and a BA degree from London University.

Save as disclosed above, Mr. Miller (i) 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; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Miller received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period from 1 December 2011 to 30 November 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. Under the appointment letter, Mr. Miller is entitled to a fee of HK\$30,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Mr. Miller received a fee of HK\$17,500 for being a Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li On-kwok, Victor (Age: 58)

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 resigned as an Independent Non-Executive Director of China.com Inc. ("CI") with effect from 17 July 2012, and was subsequently re-appointed as an Independent Non-Executive Director of CI with effect from 17 September 2012. He is the Head of Department of the Electrical and Electronic Engineering Department ("EEED") at The University of Hong Kong ("HKU") and the Chair Professor of Information Engineering of the EEED at 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. 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 received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period from 1 January 2012 to 31 December 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. With effect from 1 July 2012, Professor Li is entitled to a fee of HK\$160,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Professor Li received a fee of HK\$120,000 for being a Director of the Company.

King Yeo-chi, Ambrose (Age: 77)

Professor King has been an Independent Non-Executive Director of the Company since 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 and 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 received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period from 1 January 2013 to 31 December 2015, 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. With effect from 1 July 2012 and under the appointment letter, Professor King is entitled to a fee of HK\$160,000

per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Professor King received a fee of HK\$120,000 for being a Director of the Company.

Wong Kai-man (Age: 62)

Mr. Wong has been an Independent Non-Executive Director of the Company since 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. He is currently a director of two charity foundations: Victor and William Fung Foundation Limited and Fung (1906) Foundation Limited and an honorary associate professor of the School of Business of The University of Hong Kong. Mr. Wong is a Non-Executive Director of Securities and Futures Commission and an Independent Non-Executive Director of Shangri-La Asia Limited, SCMP Group Limited and China Construction Bank Corporation. He was also appointed an Independent Non-Executive Director of VTech Holdings Limited on 19 September 2012. Mr. Wong 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 received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period from 1 January 2013 to 31 December 2015, 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. With effect from 1 July 2012 and under the appointment letter, Mr. Wong is entitled to a fee of HK\$160,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Mr. Wong received a fee of HK\$120,000 for being a Director of the Company.

Kwok Kwok-chuen (Age: 59)

Mr. Kwok has been an Independent Non-Executive Director of the Company since 5 May 2012. He has been an Honorary Senior Research Fellow in the School of Economics & Finance, The University of Hong Kong since November 2008, after resigning from the job of Government Economist for the Hong Kong SAR Government (the "Government"), a post that he served from 2004 to 2008. Before joining the Government, Mr. Kwok was the Regional Chief Economist of Standard Chartered Bank (Hong Kong) Limited for the East Asia region. He was also a Senior Economist of The Hongkong and Shanghai Banking Corporation Limited. He was appointed as an Independent Non-Executive Director of DBS Bank (Hong Kong) Limited on 8 October 2012.

Mr. Kwok served on numerous committees and boards in Hong Kong, covering areas such as town planning, land and housing, trade and industry, regional economic cooperation, technology and research, education and training, and environment. He is now a member of the Currency Board Sub-Committee of the Exchange Fund Advisory Committee, helping to monitor the operation of the linked exchange rate system in Hong Kong.

Mr. Kwok also served as the Chairman of the Hong Kong Coalition of Service Industries, the Vice Chairman of the Economic Policy Committee of the Hong Kong General Chamber of Commerce, and the Honorary Economist of the British Chamber of Commerce in Hong Kong. Mr. Kwok was awarded the Bronze Bauhinia Star in 1999 and was appointed a Justice of the Peace in 2003 by the Government, in recognition of his long and dedicated public service.

Mr. Kwok holds a Bachelor of Social Sciences degree from The University of Hong Kong, a Master of Philosophy degree in Economics from The Chinese University of Hong Kong and a Master of Social Sciences degree in Public Administration from The University of Hong Kong.

Save as disclosed above, Mr. Kwok (i) 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; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Kwok received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period from 5 May 2012 to 4 May 2015, 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. Under the appointment letter, Mr. Kwok is entitled to a fee of HK\$100,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Mr. Kwok received a fee of HK\$15,600 for being a Director of the Company.

Ma Kam-sing, Allen (Age: 59)

Mr. Ma has been an Independent Non-Executive Director of the Company since 5 May 2012. He is an Independent Director of RDA Microelectronics Inc. (a Nasdaq listed company). Mr. Ma was the President, Asia Pacific, of British Telecom plc from 2005 until his retirement in 2009. He was the Vice President, Asia, of the Network Infrastructure Division of Motorola, Inc. (2001–2005), an Executive Director of Hong Kong Telecommunications Limited (“Hong Kong Telecom”) (subsequently called Cable & Wireless HKT Limited, which was formerly listed on the Main Board of the Stock Exchange until 17 August 2000, when its listing was withdrawn from the Main Board of the Stock Exchange upon completion of its merger with Pacific Century Cyberworks Limited (now known as PCCW Limited)) (1999–2000), the Chief Executive Officer of Hong Kong Telecom IMS Ltd (1998–2000), the Managing Director of Hong Kong Telecom CSL Ltd (1996–1998), the Director of Marketing, Fixed Network, of Hong Kong Telecom (1994–1995) and the Director of Personal Market, Fixed Network, of Hong Kong Telecom (1993–1994).

Mr. Ma holds a Master’s degree in Business Administration from the University of Toronto. He is a fellow member of both the Chartered Institute of Management Accountants, United Kingdom and the Association of Chartered Certified Accountants, United Kingdom. He is also a member of the Certified Management Accountants, Canada.

Save as disclosed above, Mr. Ma (i) 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; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Ma received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period from 5 May 2012 to 4 May 2015, 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. Under the appointment letter, Mr. Ma is entitled to a fee of HK\$100,000 per annum for being a Director (or a pro rata amount for the duration of his 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 Board 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 2012, Mr. Ma received a fee of HK\$15,600 for being a Director of the Company.

Note: Messrs. Kwok Ping-kwong, Thomas, Chan Kui-yuen, Thomas and So Chung-keung, Alfred retired as Non-Executive Directors of the Company after the conclusion of the annual general meeting of the Company held on 1 November 2012.

Consolidated Income Statement

For the three and six months ended 31 December 2012

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue		188,456	177,187	369,614	348,206
Cost of sales		(76,509)	(85,230)	(153,759)	(167,751)
Gross profit		111,947	91,957	215,855	180,455
Other income	3	9,549	10,223	19,092	18,999
Selling expenses		(1,371)	(1,626)	(3,100)	(4,165)
Administrative expenses		(8,016)	(8,011)	(15,997)	(15,302)
Profit before taxation		112,109	92,543	215,850	179,987
Income tax expense	4	(16,750)	(13,824)	(32,135)	(27,020)
Profit for the period attributable to the owners of the Company	5	95,359	78,719	183,715	152,967
Earnings per share – Basic (Remark)	6	2.36 cents	1.95 cents	4.54 cents	3.78 cents

Remark:

Upon completion of the bonus issue of shares (with a convertible note alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding notes convertible into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 shares which form the basis for the calculation of basic earnings per share. Adjustments are made in respect of shares repurchased. Details of earnings per share calculation and the Company's share capital are set out in notes 6 and 12 respectively.

Consolidated Statement of Comprehensive Income

For the three and six months ended 31 December 2012

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Profit for the period	95,359	78,719	183,715	152,967
Other comprehensive income/(expense) for the period				
Change in fair value of investments	2,787	9,438	13,381	(8,753)
Exchange differences arising from translation of operations outside Hong Kong	25	78	14	283
Release upon redemption of debt securities	–	–	–	(860)
	2,812	9,516	13,395	(9,330)
Total comprehensive income for the period	98,171	88,235	197,110	143,637
Total comprehensive income attributable to:				
Owners of the Company	98,062	88,137	197,045	143,288
Non-controlling interests	109	98	65	349
	98,171	88,235	197,110	143,637

Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	(Unaudited) 31 December 2012 HK\$'000	(Audited) 30 June 2012 HK\$'000
Non-current assets			
Investment properties		1,038,000	1,038,000
Property, plant and equipment	7	1,107,636	1,091,278
Investments	8	507,233	463,800
		2,652,869	2,593,078
Current assets			
Investments	8	22,751	23,303
Inventories		3,601	2,166
Trade and other receivables	9	68,923	72,404
Amounts due from customers for contract work		7,752	3,176
Bank balances and deposits		800,852	975,991
		903,879	1,077,040
Current liabilities			
Trade and other payables	10	262,115	233,893
Deferred revenue	11	36,400	38,548
Amounts due to customers for contract work		653	901
Tax payables		46,618	64,189
		345,786	337,531
Net current assets		558,093	739,509
Total assets less current liabilities		3,210,962	3,332,587

Consolidated Statement of Financial Position (continued)

As at 31 December 2012

	Notes	(Unaudited) 31 December 2012 HK\$'000	(Audited) 30 June 2012 HK\$'000
Non-current liabilities			
Deferred tax liabilities		88,024	85,391
Deferred revenue	11	191,347	182,047
		279,371	267,438
		2,931,591	3,065,149
Capital and reserves			
Share capital	12	232,223	232,223
Reserve arising from issuance of convertible notes	12	172,017	172,017
Other reserves		2,513,533	2,647,156
Equity attributable to owners of the Company		2,917,773	3,051,396
Non-controlling interests		13,818	13,753
Total equity		2,931,591	3,065,149

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

	Attributable to owners of the Company 2012								
	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	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	(Note)								
At 1 July 2012	232,223	2,315,239	172,017	1,651	34,696	295,570	3,051,396	13,753	3,065,149
Profit for the period	-	-	-	-	-	183,715	183,715	-	183,715
Change in fair value of investments	-	-	-	-	13,381	-	13,381	-	13,381
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(51)	-	-	(51)	65	14
Total comprehensive (expense)/income for the period	-	-	-	(51)	13,381	183,715	197,045	65	197,110
Final dividend and distribution paid	-	-	-	-	-	(330,668)	(330,668)	-	(330,668)
At 31 December 2012	232,223	2,315,239	172,017	1,600	48,077	148,617	2,917,773	13,818	2,931,591

	Attributable to owners of the Company 2011								
	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	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	(Note)								
At 1 July 2011	232,921	2,321,165	172,019	1,665	38,481	113,284	2,879,535	13,484	2,893,019
Profit for the period	-	-	-	-	-	152,967	152,967	-	152,967
Change in fair value of investments	-	-	-	-	(8,753)	-	(8,753)	-	(8,753)
Release upon redemption of debt securities	-	-	-	-	(860)	-	(860)	-	(860)
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(66)	-	-	(66)	349	283
Total comprehensive (expense)/income for the period	-	-	-	(66)	(9,613)	152,967	143,288	349	143,637
Conversion of convertible notes	-	-	-	-	-	-	-	-	-
Shares repurchased and cancelled	(700)	(5,926)	-	-	-	-	(6,626)	-	(6,626)
Final dividend and distribution paid	-	-	-	-	-	(267,607)	(267,607)	-	(267,607)
At 31 December 2011	232,221	2,315,239	172,019	1,599	28,868	(1,356)	2,748,590	13,833	2,762,423

Consolidated Statement of Changes in Equity (continued)

For the six months ended 31 December 2012

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note 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 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 1 November 2010.

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. No Notes were exercised and converted into shares by noteholders during the six months ended 31 December 2012 (2011: 2,000). As a result, 1,720,170,135 of the Notes remained outstanding as at 31 December 2012 (2011: 1,720,190,135).

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 Notes. The Notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at anytime after the issue of the Notes, subject to the terms and conditions of the deed poll constituting the Notes. The Notes were recognised as equity and are presented in reserves as reserve arising from issuance of convertible notes.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	(Unaudited) Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Net cash from operating activities	236,102	156,176
Net cash used in investing activities	(80,591)	(111,703)
Net cash used in financing activities	(330,668)	(274,233)
Net decrease in cash and cash equivalents	(175,157)	(229,760)
Cash and cash equivalents at 1 July	975,991	1,037,403
Effect of foreign exchange rate changes	18	301
Cash and cash equivalents at 31 December, represented by bank balances and deposits	800,852	807,944

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The Group's 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 2012. 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 1 July 2012, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. 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

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, interest income, gain on redemption of debt securities and investment income. This is the measure reported to the Group's management, being the chief operating decision makers, for the purposes of resource allocation and performance assessment.

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

- (a) Data centre and IT facilities cover the provision of data centre, facilities management, web applications and value added services.
- (b) Satellite master antenna television ("SMATV"), communal aerial broadcast distribution ("CABD"), structural cabling and security systems comprise installation and maintenance services for the respective systems.
- (c) 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

An analysis of the Group's revenue and results, substantially derived from Hong Kong, by reportable segment is as follows:

For the six months ended 31 December 2012

	Data centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
REVENUE					
External	299,231	46,846	23,537	–	369,614
Inter-segment	1,020	193	1,079	(2,292)	–
Total	300,251	47,039	24,616	(2,292)	369,614
RESULTS					
Segment results	177,682	9,098	18,400	–	205,180
Unallocated corporate expenses					(8,194)
Interest income					18,639
Investment income					225
Profit before taxation					215,850

2. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 31 December 2011

	Data centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
REVENUE					
External	279,020	47,283	21,903	–	348,206
Inter-segment	1,399	223	1,079	(2,701)	–
Total	280,419	47,506	22,982	(2,701)	348,206
RESULTS					
Segment results	143,737	8,663	16,975	–	169,375
Unallocated corporate expenses					(7,535)
Interest income					16,895
Gain on redemption of debt securities and investment income					1,252
Profit before taxation					179,987

Inter-segment sales are charged at prevailing market rates.

3. OTHER INCOME

	Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Interest income	18,639	16,895
Investment income and gain on redemption of debt securities	225	1,252
Miscellaneous	228	852
	19,092	18,999

4. INCOME TAX EXPENSE

	Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Current tax		
– Hong Kong profits tax	29,502	29,195
– PRC Enterprise Income Tax	–	718
	29,502	29,913
Deferred tax charge (credit)	2,633	(2,893)
	32,135	27,020

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the period.

Under the Law of the People's Republic of China (the "PRC") on Enterprises Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

5. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Profit for the period has been arrived at after charging: Depreciation of property, plant and equipment	52,959	55,690

6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 31 December		Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Earnings for the purposes of basic earnings per share	95,359	78,719	183,715	152,967

	2012 Number of shares	2011 Number of shares	2012 Number of shares	2011 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,042,399,666	4,042,728,275	4,042,399,666	4,046,025,927

For the purposes of earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a convertible note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 12.

There were no dilutive potential ordinary shares in existence during the three months and six months ended 31 December 2012 and 2011.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012, additions to fixed assets amounted to HK\$69,317,000.

8. INVESTMENTS

	31 December 2012 HK\$'000	30 June 2012 HK\$'000
Available-for-sale investments:		
Debt securities	501,755	462,091
Equity technology investments	28,229	25,012
	529,984	487,103
Carrying amount analysed for reporting purposes as:		
Non-current assets	507,233	463,800
Current assets (debt securities maturing within one year)	22,751	23,303
	529,984	487,103

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$44,273,000 (30 June 2012: HK\$45,720,000), of which 92% aged less than 60 days, 5% between 61 to 90 days and 3% more than 90 days (30 June 2012: 95%, 4% and 1% respectively).

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

10. TRADE AND OTHER PAYABLES

	31 December 2012 HK\$'000	30 June 2012 HK\$'000
Trade payable aged within 60 days	32,210	33,794
Trade payable aged over 60 days	565	1,396
	32,775	35,190
Other payables	1,020	1,078
Deposits received and accruals	228,320	197,625
	262,115	233,893

11. DEFERRED REVENUE

Deferred revenue represents lump sum amounts received from customers for the set-up of facilities in respect of operating leases of data centre and IT facilities.

The carrying amount of deferred revenue is as follows:

	31 December 2012 HK\$'000	30 June 2012 HK\$'000
Current liabilities (release to income statement within one year)	36,400	38,548
Non-current liabilities	191,347	182,047
	227,747	220,595

12. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2011, 30 June 2012 and 31 December 2012	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2011	2,329,207,531	232,921
Conversion of convertible notes	22,000	2
Shares repurchased and cancelled	(7,000,000)	(700)
At 30 June 2012 and 31 December 2012	2,322,229,531	232,223

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note 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. Accordingly, convertible notes can be converted into ordinary shares of HK\$0.1 each on a one-to-one basis.

12. SHARE CAPITAL (continued)

During the six months ended 31 December 2012, no convertible notes were exercised and converted into ordinary shares of the Company (2011: 2,000).

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	Amount HK\$'000
Reserve arising from issuance of convertible notes in November 2010	1,720,292,188	172,029
Conversion of convertible notes	(100,053)	(10)
At 30 June 2011	1,720,192,135	172,019
Conversion of convertible notes	(22,000)	(2)
At 30 June 2012 and 31 December 2012	1,720,170,135	172,017

Upon conversion of all the outstanding convertible notes, the issued share capital of the Company would be 4,042,399,666 fully paid ordinary shares of HK\$0.1 each.

Details of the bonus issue of shares (with a convertible note alternative) are set out in the circular of the Company dated 29 September 2010.

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	
	2012 HK\$'000	2011 HK\$'000
Income from maintenance and repair of network infrastructure and security systems	25,788	23,563
Income from installation, operation and provision of cable networking	16,679	20,789
Space and rack rental income	1,841	1,665
E-commerce income	278	284
Lease, licence and management fee charges	6,463	5,769
Property management service fees paid	4,586	4,035
Maintenance and repair charges of network infrastructure and security system	1,550	1,279
Management fee charges	1,000	1,000
Insurance service charges paid	655	737
Estate agency fees paid	631	545
Network infrastructure and security system installation charges	617	1,465
Cable and network rental charges	398	398
Technical service charges paid	355	365

(b) Transaction with a director

During the period, professional fees of HK\$103,000 (2011: HK\$100,000) were paid/payable by the Group to Messrs. Woo, Kwan, Lee & Lo, a firm of solicitors which provided 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/payable by the Group to the key management personnel during the period amounted to HK\$2,487,000 (2011: HK\$2,130,000).

14. CAPITAL COMMITMENTS

	31 December 2012 HK\$'000	30 June 2012 HK\$'000
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	5,580	60,672

15. CONTINGENT LIABILITIES

As at 31 December 2012, the Company has contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other performance guarantees in the aggregate of HK\$64 million (30 June 2012: HK\$64 million).

Dividend

The board of Directors (the “Board”) of the Company does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (2011: Nil).

Directors’ Interests

As at 31 December 2012, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures 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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

1. LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of shares held				Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Total			
Kwok Ping-luen, Raymond	—	—	3,485,000 ¹	3,485,000	—	3,485,000	0.15
King Yeo-chi, Ambrose	1,000	—	—	1,000	—	1,000	0

Notes:

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

2. The disclosure of the interests in shares of Mr. Kwok Ping-sheung, Walter in this report has not been endorsed by Mr. Kwok Ping-sheung, Walter and:

- (1) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 6 October 2011, Mr. Kwok Ping-sheung, Walter (after defining "Share Interest" to mean his share interest in the Company) stated as follows:
 "...my understanding of the Share Interest that I should have is differed [sic] from the recent information provide to me by the HSBC Trustee (C.I.) Limited ("HSBCCI"). HSBCCI has refused to furnish me information which demonstrates their claim of my Share Interest. HSBCCI is the Trustee of the Trust which holds all the share interest of SUNeVision of the whole Kwok family. There is clearly a serious dispute (the "Dispute") in my Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute."
- (2) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 27 October 2011, in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as of 30 September 2011, Mr. Kwok Ping-sheung, Walter repeated the following:
 "There is clearly a serious dispute (the "Dispute") in the Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute."

The "no interest" position of Mr. Kwok Ping-sheung, Walter in the Company as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

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 ¹	Total	% of shares in issue as at 31.12.2012
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Total				
Kwok Ping-luen, Raymond	78,541	—	—	425,652,938 ^{2&3}	425,731,479	100,000	425,831,479	16.03	
Tung Chi-ho, Eric	—	—	—	—	—	80,000	80,000	0	
Wong Chin-wah	20,000	—	—	—	20,000	80,000	100,000	0	
So Wai-kei, Godwin	—	—	—	—	—	24,000	24,000	0	
Kwok Ping-sheung, Walter	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522 ⁴	40.94	
Siu Hon-wah, Thomas	—	—	—	7,000 ⁵	7,000	—	7,000	0	
Kwok Kwok-chuen	—	—	—	15,639 ⁶	15,639	—	15,639	0	

Notes:

- These underlying shares of SHKP held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of these share options and their movements during the six months ended 31 December 2012 were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				
				Balance as at 01.07.2012	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding as at 31.12.2012
				<i>HK\$</i>				
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	—	—	—	100,000
Tung Chi-ho, Eric	12.07.2010	111.40	12.07.2011 to 11.07.2015	80,000	—	—	—	80,000
Wong Chin-wah	12.07.2010	111.40	12.07.2011 to 11.07.2015	80,000	—	—	—	80,000
So Wai-kei, Godwin	12.07.2010	111.40	12.07.2011 to 11.07.2015	24,000	—	—	—	24,000

The exercise period of the above-mentioned share options of SHKP is from 12 July 2011 to 11 July 2015. Such share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.

- Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SHKP by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
- On 2 November 2010, the trustee of certain trusts, which were then indirectly interested in a total of 1,081,739,328 shares in SHKP, informed the Company 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 and one of them was director(s) 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."

4. The disclosure of these interests in this report has not been endorsed by Mr. Kwok Ping-sheung, Walter. In so far as may be relevant, notes 2(1) and (2) under paragraph 1 (Long position in shares and underlying shares of the Company) are reproduced below:

“(1) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 6 October 2011, Mr. Kwok Ping-sheung, Walter (after defining “Share Interest” to mean his share interest in the Company) stated as follows:

“...my understanding of the Share Interest that I should have is differed [sic] from the recent information provide to me by the HSBC Trustee (C.I.) Limited (“HSBCCI”). HSBCCI has refused to furnish me information which demonstrates their claim of my Share Interest. HSBCCI is the Trustee of the Trust which holds all the share interest of SUNeVision of the whole Kwok family. There is clearly a serious dispute (the “Dispute”) in my Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute.”

(2) By a letter from Mr. Kwok Ping-sheung, Walter to the Company dated 27 October 2011, in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as of 30 September 2011, Mr. Kwok Ping-sheung, Walter repeated the following:

“There is clearly a serious dispute (the “Dispute”) in the Share Interest and accordingly I am advised not to endorse any information relating to any Share Interest pending the outcome of the settlement of the Dispute.””

The interests of Mr. Kwok Ping-sheung, Walter in SHKP as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

5. These shares were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.
6. These shares were jointly held by Mr. Kwok Kwok-chuen 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 31.12.2012
	Other interests	Total			
Kwok Ping-luen, Raymond	4,475,534 ¹	4,475,534	—	4,475,534	0.43

Note:

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

(c) Mr. Kwok Ping-luen, Raymond 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 31.12.2012	Actual holding through corporation	Actual % interests in issued shares as at 31.12.2012
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note:

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

Save as disclosed above, as at 31 December 2012, 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 once adopted a share option scheme (the "Old Scheme"). By an ordinary resolution passed by the shareholders of the Company (the "Shareholders") at its annual general meeting held on 3 December 2002, the Company had adopted another share option scheme (the "2002 Scheme") and terminated the Old 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 extraordinary general meeting held on the same day. All outstanding share options granted under the Old Scheme had expired prior to the period under review.

At the extraordinary general meeting of the Company held on 1 November 2011 (the “2011 EGM”), an ordinary resolution was passed by the Shareholders for approving the adoption of a new share option scheme (the “Proposed Scheme”) and the termination of the 2002 Scheme. The Proposed Scheme would take effect upon fulfillment of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders in the 2011 EGM:
 - (i) approving the adoption of the Proposed Scheme and authorising the Directors to grant options to subscribe for shares of the Company (the “Shares”) thereunder and to allot and issue Shares pursuant to the exercise of any options granted under the Proposed Scheme; and
 - (ii) approving the termination of the 2002 Scheme;
- (b) the passing of an ordinary resolution by the shareholders of SHKP in the annual general meeting of SHKP approving the adoption of the Proposed Scheme and the termination of the 2002 Scheme;
- (c) the Main Board Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options under the Proposed Scheme; and
- (d) the Shares being listed on the main board (the “Main Board”) of the Stock Exchange and being de-listed from the Growth Enterprise Market (“GEM”) of the Stock Exchange and the commencement of dealings in the Shares on the Main Board.

The termination of the 2002 Scheme would take effect when the Proposed Scheme took effect upon fulfillment of all the conditions as set out in the Proposed Scheme.

The Company published an announcement on 10 June 2012 stating that the requirements under the Rules Governing the Listing of Securities on the Stock Exchange for the proposed transfer of listing of the Shares from GEM to the Main Board (the “Transfer of Listing”) had not been fully met, and the application for the Transfer of Listing could not be renewed before the deadline. As a result the conditions for the Proposed Scheme could not be fulfilled, and the Proposed Scheme could not take effect. No options can therefore be granted under the Proposed Scheme.

At the annual general meeting of the Company held on 1 November 2012, an ordinary resolution was passed by the Shareholders for approving the adoption of a new share option scheme (the “2012 Scheme”) and the termination of the 2002 Scheme. The adoption of the 2012 Scheme and the termination of the 2002 Scheme became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the shareholders of SHKP at its annual general meeting held on the same day and the granting of listing approval by the Stock Exchange on 15 November 2012.

During the six months ended 31 December 2012, (i) there were no outstanding share options under the 2002 Scheme; and (ii) no share options has been granted under the 2012 Scheme.

2. ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as mentioned above, at no time during the six months ended 31 December 2012 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 2012, 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 31.12.2012
Sunco Resources Limited ¹ ("Sunco")	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.08
SHKP ³	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.08
HSBCCI ⁴	1,721,567,500	1,719,427,500 ²	3,440,995,000	148.17

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 (which are 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 exercise of the conversion rights attached 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 HSBCCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCCI 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 2012, the Company had not been notified by any persons (other than Directors or chief executive 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 2012, 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 controlling 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 written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed 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 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the six months ended 31 December 2012, he has fully complied with the required standard of dealings and there is no event of non-compliance.

Corporate Governance Code

Throughout the six months ended 31 December 2012, the Group has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

On behalf of the Board

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 5 February 2013

As at the date of this report, the Board of the Company comprises five Executive Directors, being Kwok Ping-luen, Raymond, Tsim Wing-kit, Alfred, Tung Chi-ho, Eric, Wong Chin-wah and So Wai-kei, Godwin; four Non-Executive Directors, being Kwok Ping-sheung, Walter, Cheung Wing-yui, Siu Hon-wah, Thomas and John Anthony Miller; and five Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen and Ma Kam-sing, Allen.

The background features a teal-to-white gradient. A series of white binary digits (0s and 1s) form a curved path across the upper half. Several semi-transparent, overlapping circles in shades of blue and green are scattered throughout. Small, colored squares (blue and green) are placed at various points along the binary path and within the circles.

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