



Annual Report
2002/03

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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Financial Highlights

FOR THE QUARTER ENDED	30 Jun 03	31 Mar 03	31 Dec 02	30 Sep 02
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	60,216	59,914	61,387	61,253
Cost of sales	(41,315)	(42,543)	(43,295)	(44,372)
Gross profit	18,901	17,371	18,092	16,881
Other revenue	18,942	19,868	22,274	24,803
	37,843	37,239	40,366	41,684
Operating expenditures *	(16,323)	(16,464)	(17,370)	(18,694)
Profit from operations	21,520	20,775	22,996	22,990
Finance costs	(7)	(3,489)	(5,530)	(5,531)
Profit from operations after finance costs	21,513	17,286	17,466	17,459

* Selling, general and administrative expenses

FINANCIAL SUMMARY

CONSOLIDATED RESULTS	Year ended 30 June				
	2003	2002	2001	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	242,770	240,540	197,621	67,069	47,578
Profit (loss) from operations	88,281	17,791	(117,751)	(31,110)	21,928
Net loss for the year	(340,772)	(633,850)	(171,080)	(46,536)	(720)

ASSETS AND LIABILITIES	As at 30 June				
	2003	2002	2001	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	2,989,626	4,121,612	4,849,798	5,070,751	602,246
Total liabilities	(98,171)	(854,352)	(926,362)	(984,801)	(606,374)
Minority interests	(10,314)	(26,331)	(40,432)	(948)	–
Shareholders' funds	2,881,141	3,240,929	3,883,004	4,085,002	(4,128)

Notes:

- The results for each of the two years ended 30 June 2000 have been prepared on a combined basis as if the Group structure immediately after the group reorganization had been in existence since 1 July 1998.
- The Company was incorporated in the Cayman Islands on 25 January 2000. The balance sheet of the Group as at 30 June 1999 was prepared on a combined basis.

Corporate Information

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BOARD OF DIRECTORS

Executive Directors

Kwok Ping Luen, Raymond
(Chairman & Chief Executive Officer)

Kwok Ping Sheung, Walter
Kwok Ping Kwong, Thomas
Yen Shiao Hua, Sheridan
(Managing Director)

Chan Kui Yuen, Thomas
Wong Yick Kam, Michael
Leung Kui King, Donald
So Chung Keung, Alfred
Tung Chi Ho, Eric
Wong Chin Wah
Tung Yiu Kwan, Stephen
So Sing Tak, Andrew

Non-Executive Director

Cheung Wing Yui

Independent

Non-Executive Directors

Kao Kuen, Charles
Li On Kwok, Victor

COMPANY SECRETARY

Tam Sai Ming, William

QUALIFIED ACCOUNTANT

Tsim Wing Kit, Alfred

COMPLIANCE OFFICER

Wong Yick Kam, Michael

AUDIT COMMITTEE

Kao Kuen, Charles *(Chairman)*
Li On Kwok, Victor
Cheung Wing Yui

AUTHORIZED REPRESENTATIVES

Yen Shiao Hua, Sheridan
Tam Sai Ming, William

REGISTERED OFFICE

P.O. Box 309, Uglan House
South Church Street
George Town
Grand Cayman, Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

BEIJING REPRESENTATIVE OFFICE

Room 1117, 11/F
Office Tower 2
Sun Dong An Plaza
138 Wang Fu Jing Da Jie
Dong Cheng District
Beijing

LEGAL ADVISERS

As to Hong Kong Law

Woo Kwan Lee & Lo

As to Cayman Islands Law

Maples and Calder Asia

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International
(Cayman) Ltd.
P.O. Box 705, Butterfield House
Fort Street, George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Rooms 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong & Shanghai
Banking Corporation Limited
Standard Chartered Bank
The Bank of East Asia, Limited
Industrial and Commercial Bank of
China (Asia) Limited

STOCK CODE

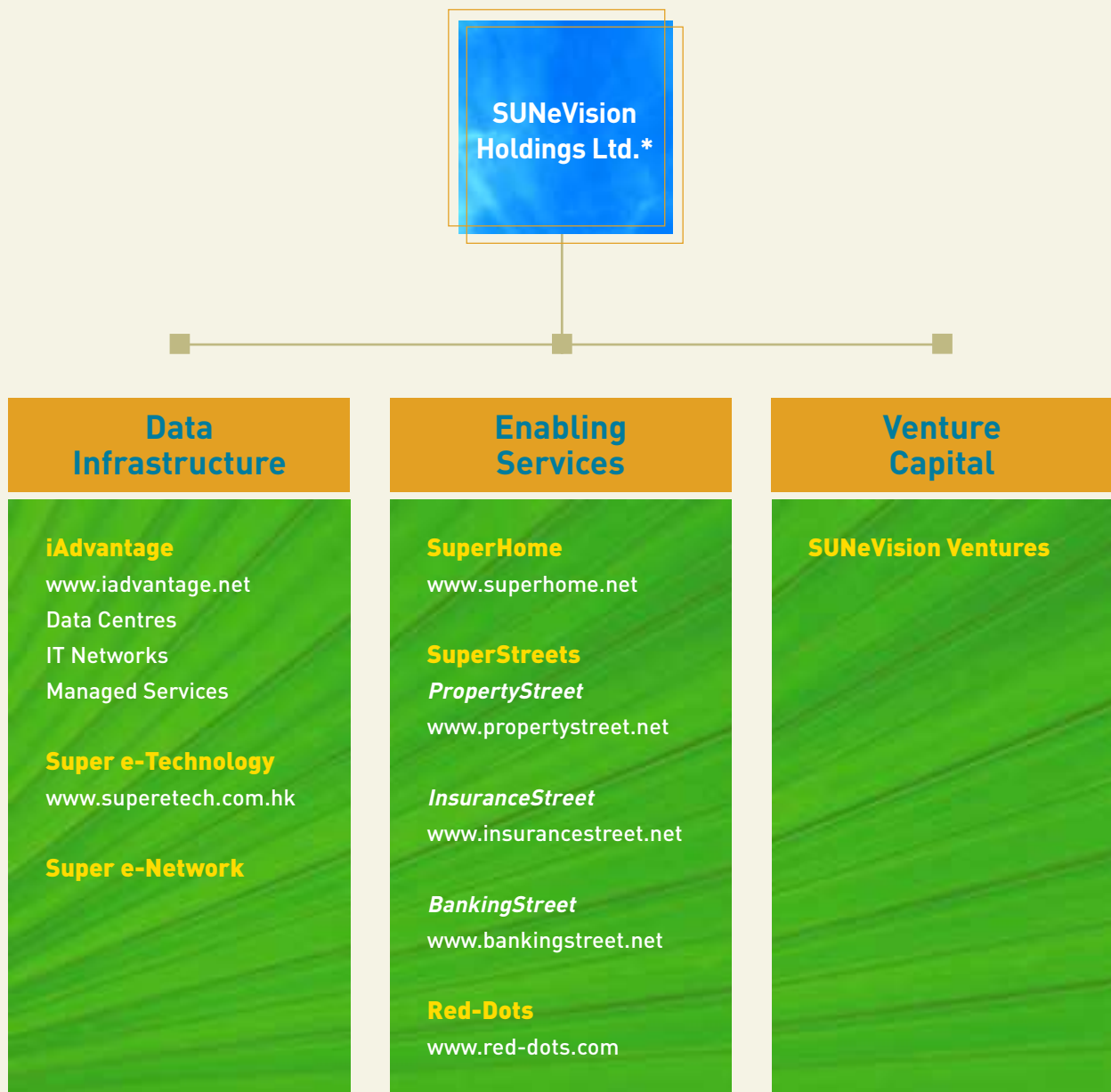
8008

WEBSITE

www.sunevision.com

Corporate Structure

The corporate structure of the Group as at 30 June 2003 is set out as follows:



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

Chairman's Statement

During the financial year 2002-2003, SUNeVision continued with the back-to-basics strategy introduced in the previous financial year. Continuous improvements in efficiency together with further streamlining of costs enabled the Group to generate profit of HK\$74 million from operations after finance costs and before one-off costs.

FINANCIAL HIGHLIGHTS

Turnover was HK\$243 million, HK\$2 million higher than the previous year. As between the fourth quarter and the previous quarter, turnover grew marginally and gross margin reached 31% as against 29%. Operating expenses decreased for the twelfth consecutive quarter.

The year's gross profit of HK\$71 million (or 29% gross margin) represented a considerable increase over the previous year's gross profit of HK\$45 million (or 19% gross margin). Profit from operations after finance costs and before one-off costs was HK\$74 million, a significant improvement over the loss of HK\$5 million in the previous year.

Contributing to the net loss for the year of HK\$341 million were one-off costs of HK\$50 million of valuation deficit on investment properties and a HK\$123 million deficit on revaluation of Internet data centre land and buildings. These were both necessitated by changes in property values over past years.

Further, the Group made a conservative HK\$252 million provision for impairment of equity technology investments. This reflects current market conditions and, in particular, the 100% impairment made by the majority shareholder in C2C, the international undersea cable operator in which SUNeVision holds a minority interest. As of 30 June 2003, the revised value of the Group's equity technology investments stood at HK\$166 million.

After the above write-downs, shareholders' funds as of 30 June 2003 stood at HK\$2,881 million, or HK\$1.42 per share.

Having repaid the shareholder loan of HK\$730 million to the parent company in February 2003, SUNeVision holds approximately HK\$1.2 billion in cash and interest-bearing securities. The Group's financial position continues strong.

The directors do not recommend the payment of a dividend for the year ended 30 June 2003.

BUSINESS REVIEW

iAdvantage continued to progress towards making SUNeVision a leading carrier-neutral provider of data infrastructure and data-centric services. iAdvantage's world-class facilities and customer service attracted large local and multinational customers, hosting their mission-critical applications and services. Overall data centre occupancy during the year was 60% and continuing new demand for iAdvantage's services is anticipated.

The turnover of SUNeVision's consumer enabling and property-related technology businesses grew during the year and these businesses continued to successfully leverage the parent company's strong property heritage.

PROSPECTS

With its group of stable data infrastructure and service provision businesses, SUNeVision is well positioned to further improve its financial performance and leverage its strong fundamentals and financial position for growth. iAdvantage will seek vigorously to increase the occupancy of all its data centres. The Group will continue to look for new, IT-related businesses with immediate revenue and reliable cash flow to complement its existing businesses.

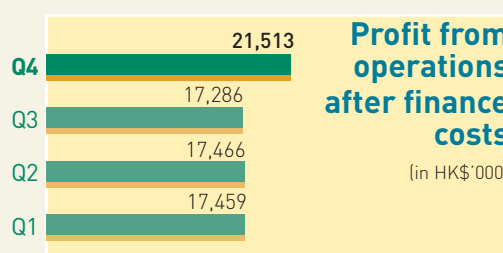
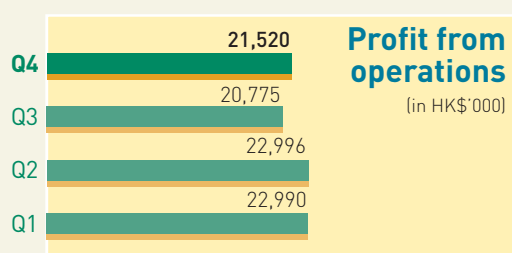
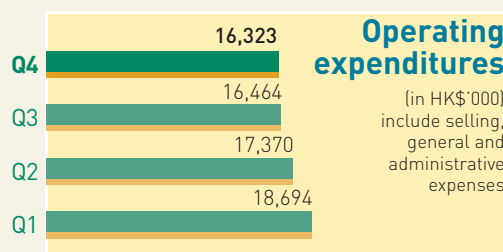
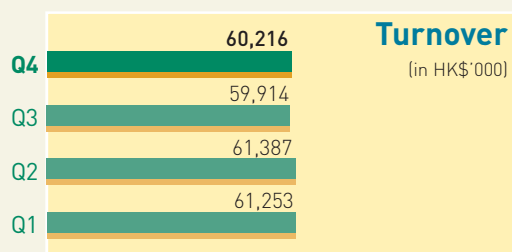
In February 2003 Professor Steven Zhang resigned from his position as an Independent Non-Executive Director. On behalf of the board, I would like to express my sincere thanks to Professor Zhang for his contributions to the Group.

Finally, I would like to thank the board and management team for their clear vision, commitment and persistence throughout a year of continuous improvement and to express my sincere appreciation to each member of our loyal and hardworking staff.

KWOK Ping Luen, Raymond
Chairman and Chief Executive Officer
Hong Kong, 22 September 2003

Managing Director's Report

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OVERVIEW

Despite a difficult economic environment and the additional business downturn caused by severe acute respiratory syndrome, SUNeVision's back-to-basics strategy continued to deliver results during the year under review. Year-on-year turnover grew, and gross profit increased by nearly 60% to HK\$71 million. Gross margin increased from 19% to 29%, while operating expenses fell by 42% to HK\$69 million. Profit from operations after finance costs and before one-off costs was HK\$74 million, a clear improvement over the HK\$5 million loss last year. SUNeVision has produced an operating profit for six consecutive quarters since the third quarter of the financial year 2001/02, and operating expenses have fallen for twelve consecutive quarters since the first quarter of the financial year 2000/01.

SUNeVision recorded a net loss of HK\$341 million for the year as a result of three one-off items. First, the Group made a HK\$252 million provision against its equity technology investments, the majority of which related to the full provision against investment in C2C, the international undersea cable operator. This provision was necessitated by the fact that C2C's majority shareholder had already made a 100% impairment in respect of its stake in the final quarter of the financial year. Second, a HK\$123 million revaluation deficit was incurred on the land and buildings of the Group's Internet data centres. Finally, the Group incurred a HK\$50 million revaluation deficit on its investment properties. These revaluation deficits reflected the general downturn in property values in the Hong Kong SAR.

The directors received independent shareholders' approval of ongoing connected transactions in the fourth quarter.

iAdvantage continues to attract large local and multinational customers with its world-class facilities and services. The company recorded a net profit for the year.



DATA INFRASTRUCTURE

iAdvantage

iAdvantage's value proposition of providing secure, world-class, carrier-neutral data centre facilities and services continued to attract new customers to its Hong Kong and China facilities. Overall occupancy reached 60% during the year. The company's customer base included global and regional telecommunications companies, multinational corporates, financial institutions, the Government, and major IT suppliers. Multinational customers were especially drawn to the company's well built, professionally managed, and secure facilities in Beijing and Shanghai. Stable recurrent revenue and vigilant oversight of operating expenses enabled iAdvantage to record a net profit for the year. Although risks remain with a small number of customers, new demand for data infrastructure and data-centric services bodes well for iAdvantage's future.

Looking ahead, iAdvantage will actively expand its partnerships with leading IT suppliers to capture new demand from increased IT outsourcing. In addition, the company will leverage its footprint in Hong Kong and China to pursue demand from the many multinational companies that are growing rapidly in the Greater China region.



Super e-Technology provides broadband connectivity, CABD, SMATV, surveillance and IT systems to large residential complexes, industrial estates and offices.

Super e-Technology

Super e-Technology continued to be a profitable, leading provider of broadband connectivity, communal aerial broadcast distribution (CABD)/satellite master antenna television (SMATV) systems, and surveillance systems for large residential complexes, industrial estates, and offices. The company secured contracts worth approximately HK\$18 million for the design and installation of CABD/SMATV, surveillance and IT systems during the year. The number of households served by Super e-Technology rose to approximately 83,000, of which about 60,000 were broadband enabled.

Super e-Network

Super e-Network made contributions to the Group during the year. Key installations and operations of broadband services included The Leighton Hill in Happy Valley and Phase 2 of Ocean Shores in Tseung Kwan O. The company is currently completing installation of Phase 3 of Ocean Shores and Phase 1 of YOHO Town in Yuen Long.

Super e-Network contributes to the Group by installing and operating broadband networks in residential estates.



SuperHome offers both online and on-site services to nearly 100 estates, and residents welcome the company's regular sales of selected products and services.



ENABLING SERVICES

SuperHome

SuperHome provides superior online and on-site resident services to nearly 100 estates all over Hong Kong. Building on the success of festive occasion sales, SuperHome started regular sales programmes of selected products and services, which continue to be popular with residents.

Future homeowners can also enjoy the convenience and value that SuperHome makes available to current residents. The company developed a successful marketing and community website for prospective buyers of YOHO Town, providing essential information about the estate and assisting them with purchase planning.

SuperStreets

SuperStreets' revenue and profit continued to grow during the year. The company's decoration referral business expanded from a retail-only service to include wholesale referrals. The company's mortgage referral services also grew as a result of strong professional service and competitive pricing.



With its expanded decoration referral and market-leading mortgage referral services, SuperStreets' revenue and profit continue to grow.



Red-Dots members can bid at online auctions anytime, from anywhere. Membership continues to expand and the service turned profitable during the year.

Red-Dots

Red-Dots, Hong Kong's leading auction web site, became profitable during the year. The company's unique, locally oriented services for buyers and sellers, coupled with a large variety of interesting merchandise at relatively low cost, continued to attract members despite the soft economy. Red-Dots' membership grew to more than 220,000 at the end of the financial year.

INVESTMENTS

Venture Capital

The Group reviewed its equity technology investments on a prudent and conservative basis. In light of continued difficulties in the technology and telecom industries, the Group took an impairment charge of HK\$252 million on its equity technology investments, including its entire stake in C2C. C2C is an international undersea cable operator whose business is to provide reliable wholesale bandwidth capacity. The Group's full provision against its stake in C2C was necessitated by several factors: the significant oversupply in global and regional bandwidth, the downturn in bandwidth demand, and the 100% impairment made by C2C's majority shareholder in the last quarter of the financial year.

As of 30 June 2003, the revised value of the Group's equity technology investments was approximately HK\$166 million. The Group had invested HK\$774 million in equity technology investments. The Group maintains a prudent and conservative approach to these investments, committing new funds only where returns can be reasonably expected and are demonstrably attractive.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group adheres to a prudent financial management policy and has a strong balance sheet, with healthy liquidity and financial resources. As of 30 June 2003, the Group had cash and interest-bearing securities of approximately HK\$1.2 billion.

The Group's principal debt was a convertible note of HK\$730 million issued to the parent company in February 2000, which was repaid in February 2003. Gearing ratio as of 30 June 2003, measured by net debt (after deducting cash and bank balances) to shareholders' funds, was zero.

Certain Group subsidiaries have obtained general banking facilities of HK\$33 million, of which approximately HK\$6.3 million were utilized as of 30 June 2003. Other than the foregoing utilized banking facilities, the Group has no material contingent liabilities.

The Group's core operations are based in Hong Kong and its assets are primarily denominated in Hong Kong or US dollars. There is no significant exposure to foreign exchange rate fluctuations. As of 30 June 2003, the Group had not pledged any of its assets.

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

There have been no material changes in the composition of the Group's equity technology investment portfolio since 30 June 2002.

EMPLOYEES

As of 30 June 2003, the Group had 208 full-time employees. Payroll costs, excluding director's emoluments, declined on a year-to-year basis. In 2003, the formerly guaranteed year-end bonuses were made discretionary in order to link performance more closely with rewards and to improve the Group's competitiveness. Other remuneration and benefit levels within the Group remained at appropriate levels, including medical coverage and provident fund contributions. In addition, various training and development courses were offered to employees to upgrade their skills.

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

OUTLOOK

SUNeVision begins the coming year with a group of stable data infrastructure and service provision businesses. Going forward, SUNeVision will seek to continuously raise revenue and improve operating efficiency, while keeping a watchful eye on operating expenses. The Group will leverage its strong financial position for growth, focusing on IT-related businesses with immediate revenue and reliable cash flow to complement existing businesses.

Finally, I would like to thank each member of our staff for the enormous effort made and commitment shown in the past year, and thank our shareholders for their trust and support.

YEN Shiao Hua, Sheridan

Managing Director

Hong Kong, 22 September 2003

Directors and Senior Management

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EXECUTIVE DIRECTORS

KWOK Ping Luen, Raymond (Age:50)

Chairman and Chief Executive Officer

Mr. Kwok was appointed a Director of the Company on 29 January 2000 and has been with the Sun Hung Kai Properties Group for 25 years. He holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University and an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong.

He is Chairman and Chief Executive Officer of the Company, Vice-Chairman & Managing Director of the Sun Hung Kai Properties Group, Chairman of SmarTone Telecommunications Holdings Limited and a Director of The Kowloon Motor Bus Holdings Limited, Route 3 (CPS) Company Limited and Airport Freight Forwarding Centre Company Limited.

In civic activities, Mr. Kwok is a Non-Executive Director of the Securities and Futures Commission, 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, a Member of the Hong Kong Port Development Council, Vice-Chairman of the Council of The Chinese University of Hong Kong. He is also Chairman of the Management Committees of the Police Children's Education Trust and the Police Education and Welfare Trust. Mr. Kwok is the younger brother of Mr. Kwok Ping Sheung, Walter and Mr. Kwok Ping Kwong, Thomas.

KWOK Ping Sheung, Walter (Age:52)

Mr. Kwok was appointed a Director of the Company on 29 January 2000 and has been with the Sun Hung Kai Properties Group for 29 years. He holds a Master of Science degree in Civil Engineering from Imperial College, University of London, and is a Member of the Institute of Civil Engineers. He is the Chairman and Chief Executive of Sun Hung Kai Properties Group and a Director of The Kowloon Motor Bus Holdings Limited, Wilson Parking (Hong Kong) Ltd. and Hung Cheong Import & Export Co., Ltd.

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 Chairman of the Former Directors Committee of the Hong Kong Community Chest, Board Member of the Lord Wilson Heritage Trust, a Member of the Young Presidents' Organization (China Chapter) and a Member of the Hong Kong & China Committee of the Pacific Basin Economic Council. He is also a Member of MBA Programmes Committee of The Chinese University of Hong Kong.

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

KWOK Ping Kwong, Thomas (Age:51)

Mr. Kwok was appointed a Director of the Company on 29 January 2000. He is the Vice-Chairman & Managing Director of Sun Hung Kai Properties Limited and has been with the Sun Hung Kai Properties Group for 26 years. He is also Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited.

He holds a Master's degree in Business Administration from The London Business School, University of London and a Bachelor's degree in Civil Engineering from Imperial College, University of London.

He is Executive Vice-President of The Real Estate Developers Association of Hong Kong, a Committee member of the Land Sub-Committee & Planning Sub-Committee of the Land & Building Advisory Committee. He also serves as a government appointed member of the Business Advisory Group, the Provisional Construction Industry Co-ordination Board and Council for Sustainable Development.

In the past he has served as a member of the Social Welfare Policies & Services Committee, the Land & Building Advisory Committee, the Registered Contractors' Disciplinary Board, the Council of The Open University of Hong Kong and the General Chamber of Commerce Industrial Affairs Committee. He was also Chairman of the Property Management Committee of the Building Contractors' Association, Council member of the Hong Kong Construction Association and a Board member of the Community Chest of Hong Kong.

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

Mr. Kwok is the younger brother of Mr. Kwok Ping Sheung, Walter and the elder brother of Mr. Kwok Ping Luen, Raymond.

CHAN Kui Yuen, Thomas (Age:57)

Mr. Chan was appointed a Director of the Company on 29 January 2000 and is an Executive Director of the Sun Hung Kai Properties Group. Mr. Chan graduated from the United College, The Chinese University of Hong Kong. He joined the Sun Hung Kai Properties Group in 1973 and is now responsible for land acquisitions and project planning matters of the Sun Hung Kai Properties Group.

WONG Yick Kam, Michael (Age:51)

Compliance Officer

Mr. Wong was appointed a Director of the Company on 29 January 2000 and has been with the Sun Hung Kai Properties Group for 22 years. He obtained his Bachelor's and Master's degrees in Business Administration from The Chinese University of Hong Kong. He was appointed an Executive Director of Sun Hung Kai Properties Limited in 1996 and is currently responsible for the Sun Hung Kai Properties Group's strategic planning, corporate development, infrastructure projects, financial investments and relations with the investment community. Mr. Wong is Deputy Chairman of RoadShow Holdings Limited. He is also a Non-Executive Director of SmarTone Telecommunications Holdings Limited and USI Holdings Limited.

YEN Shiao Hua, Sheridan (Age:47)*Managing Director*

Mr. Yen was appointed a Director of the Company on 3 July 2000. He has more than 18 years of management experience in the technology industry, spanning consulting, technical services and sales and marketing. Mr. Yen started his career with Philips in the semiconductor industry in Sunnyvale, California. He established the Applied Material Inc's direct office in Beijing in 1985. He held Managing Director positions for Mentor Graphics, Greater China and AspenTech, Asia. Both companies are in the IT industry. He then became involved in direct investment activities with United Pacific Industries Limited as Executive Director of operating companies. Prior to joining SUNeVision, he was the Chief Operating Officer of Sparklce.com, one of the more prominent B2B e-commerce models developed in China. Mr. Yen holds a Bachelor of Science degree in Chemical Engineering from the University of California at Berkeley. Mr. Yen is also a Non-Executive Director of RoadShow Holdings Limited.

SO Sing Tak, Andrew (Age:38)

Mr. So was appointed a Director of the Company on 26 March 2002 and has been with the Sun Hung Kai Properties Group since July 2001, as Special Assistant to Vice Chairman and Managing Director of Sun Hung Kai Properties Limited, and involved in developing Sun Hung Kai Properties Limited's IT-related businesses and formulating growth strategies for the Company.

Mr. So holds both a BA from Harvard University and MBA from Harvard Business School, and he has over twelve years' experience in management and technology consulting, having worked extensively in the USA, UK, Hong Kong and elsewhere in Asia, formulating and executing strategies for companies in diverse industries.

Prior to joining the Sun Hung Kai Properties Group, Mr. So was Senior Vice President and Managing Director - Greater China, with Digitas Asia Limited, subsidiary of a Nasdaq-listed systems integrator and web solutions provider headquartered in Boston, Massachusetts. He set up Digitas' first office in Asia to serve global and local clients. Before that, Mr. So held the position of Managing Director - Telecommunications with Scient, a technology solutions provider based in San Francisco, where he led business development and solution delivery for Asian Telecom and Internet clients. He has also worked for the international consulting and systems integration firms Accenture and Cap Gemini, in the USA and Europe.

LEUNG Kui King, Donald (Age:47)

Mr. Leung was appointed a Director of the Company on 29 January 2000. He joined the Sun Hung Kai Properties Group in 1986 and is currently Assistant to Chairman as well as Executive Director of Sun Hung Kai Real Estate Agency Ltd. Prior to that, Mr. Leung was with Wardley Ltd. and Bank of America in Hong Kong and Los Angeles. Mr. Leung is a Director of Wilson Parking (Hong Kong) Ltd. Mr. Leung earned a Bachelor of Science degree in Business Administration from The University of California at Berkeley and completed the Advanced Management Programme at Harvard University Graduate School of Business.

SO Chung Keung, Alfred (Age:54)

Mr. So was appointed a Director of the Company on 29 January 2000 and joined the Sun Hung Kai Properties Group in 1978. He is currently an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of Sun Hung Kai Properties Limited. Mr. So has been instrumental in the development of SuperHome and SuperStreets. He is a member of the Hong Kong Institute of Real Estate Administration and obtained his Estate Agent's Licence (Individual) in 1999. Mr. So is a committee member of the Corporate & Employee Contribution Programme (Property Group) Organizing Committee of the Community Chest of Hong Kong. Mr. So received a Master of Science degree in Mathematics from the University of Toronto.

TUNG Chi Ho, Eric (Age:44)

Mr. Tung was appointed a Director of the Company on 29 January 2000 and has been with the Sun Hung Kai Properties Group for 16 years. He served as Project Director for various large-scale residential, commercial and mixed developments and oversaw the completion of data centres for major tenants such as JP Morgan and ING Barings. He is an Executive Director of Sun Hung Kai Real Estate Agency Ltd, and is also the Chairman of iAdvantage Ltd. Mr. Tung is a member of both the Hong Kong Institute of Architects and Royal Institute of British Architects and is a Registered Architect in Hong Kong and an Authorized Person (List One) with the Building Department. Mr. Tung is a graduate of the Architectural Programme of the University of Hong Kong.

WONG Chin Wah (Age:54)

Mr. Wong was appointed a Director of the Company on 29 January 2000 and is the Chief Executive Officer of Super e-Technology. His experience in infrastructure network technology commenced in early 1993 when he was appointed Chief Executive Officer of Super e-Technology. In July 1999, then as Managing Director of Red-Dots, 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 has held senior management positions in the Development Bank of Singapore, Mass Transit Railway Corporation and the Sun Hung Kai Properties Group. Mr. Wong received a Bachelor of Science (Estate Management) degree in 1976 from the National University of Singapore.

TUNG Yiu Kwan, Stephen (Age:48)

Mr. Tung was appointed a Director of the Company on 29 January 2000 and is now Chief Executive Officer of SuperHome, SuperStreets and Red-Dots. Mr. Tung has worked for international and local corporations in North America and Greater China including Philip Morris Inc, McCann Erickson Canada, and Leo Burnett Greater China. Prior to joining the Sun Hung Kai Properties Group in April 1997, Mr. Tung accumulated extensive experience in management, marketing, advertising and operation, and has worked with some of the world's most valuable brands such as Marlboro and Coca-Cola. Mr. Tung graduated from Syracuse University in New York with a Master of Science degree.

NON-EXECUTIVE DIRECTOR

CHEUNG Wing Yui (Age:53)

Mr. Cheung was appointed a Director of the Company on 29 January 2000. Mr. Cheung is a director of nine other publicly listed companies. He is the Vice Chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong and is a Council Member of The Open University of Hong Kong. Mr. Cheung received a Bachelor of Commerce degree in accountancy from the University of New South Wales, Australia. Mr. Cheung is a certified practicing accountant of the Australian Society of CPAs. He has been a practicing solicitor in Hong Kong since 1979 and is a partner of the law firm Woo, Kwan, Lee & Lo. He was admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KAO Kuen, Charles (Age:69)

Professor Kao was appointed a Director of the Company on 29 January 2000. He is the Chairman and Chief Executive Officer of ITX Services Ltd, which offers consulting services and is currently on the Boards of several high-tech companies. Professor Kao was a pioneer in the field of optical fibre communications in the 1960s while working at the ITT research facility, Standard Telecommunications Laboratories in the UK. More recently, Professor Kao was the Vice Chancellor (President) of The Chinese University of Hong Kong and is currently a member of a number of advisory committees of the HKSAR Government. His international honours and awards include the Stewart Ballantine Medal, Rank Prize, L.M. Ericsson International Prize, Alexander Graham Bell Medal, Marconi International Fellowship, Faraday Medal of IEE, the Japan Prize and the Charles Stark Draper Prize.

LI On Kwok, Victor (Age:49)

Professor Li was appointed a Director of the Company on 29 January 2000. He is the Chair Professor of Information Engineering at the University of Hong Kong (HKU), and Managing Director of Versitech Ltd, the HKU technology transfer company. 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 organizations such as the Institute of Electrical and Electronic Engineers (IEEE). Professor Li received his bachelor's, master's, engineer's and doctoral degrees in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology in 1977, 1979, 1980 and 1981, respectively. He was awarded the Bronze Bauhinia Star by the Government of the HKSAR in 2002.

SENIOR MANAGEMENT

TSIM Wing Kit, Alfred (Age:40)

Group Financial Controller

Mr. Tsim is responsible for the overall financial planning and management of the Company. Prior to joining the Group in February 2000, he was an Assistant General Manager with Cable & Wireless HKT Mobile Services. He is a member of the Hong Kong Society of Accountants, the Association of Chartered Certified Accountants, United Kingdom, CPA Australia and CMA Canada. Mr. Tsim received his undergraduate degree from the City University of Hong Kong, a Master of Business Administration degree from the University of Sydney and a Diploma in Management Accounting from the Chinese University of Hong Kong.

TAM Sai Ming, William (Age:46)

Company Secretary

Mr. Tam has been engaged in the company secretarial and legal fields since 1980, holding senior positions with various international firms of lawyers and accountants before joining Sun Hung Kai Properties Limited in 1994 and presently still as Manager in their Company Secretarial & Legal Department.

He holds Master's Degrees in Laws, in Science (Real Estate) and in Business Administration. He is a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries respectively and a member of the Hong Kong Securities Institute. Mr. Tam has been nominated by the Financial Secretary to sit in the Standing Committee on Company Law Reform since February 2001.

Directors' Report

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The Directors present their report for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries. Details of the Company's principal subsidiaries, associate and jointly controlled entities, including their respective activities, are set out in notes 36, 17, 18 respectively to the financial statements.

Turnover and contributions to operating results from overseas activities are immaterial. A segmented analysis of turnover and contributions to operating results for the Group is set out in note 5 to the financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2003 are set out in the consolidated income statement on page 43 of the annual report.

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

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 30 June 2003 is set out on page 1 of the annual report.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 46 and in note 27 respectively to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

PROPERTIES

Particulars of properties held by the Group at 30 June 2003 are set out on page 81 of the annual report.

INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2003 and the resulting deficit on revaluation of HK\$50,000,000 has been charged to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 14 to the financial statements.

BANK BORROWINGS

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

INTEREST CAPITALIZED

The Group has not capitalized any interest during the year.

DIRECTORS

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

Executive Directors:

Kwok Ping Luen, Raymond
Kwok Ping Sheung, Walter
Kwok Ping Kwong, Thomas
Yen Shiao Hua, Sheridan
Chan Kui Yuen, Thomas
Wong Yick Kam, Michael
Leung Kui King, Donald
So Chung Keung, Alfred
Tung Chi Ho, Eric
Wong Chin Wah
Tung Yiu Kwan, Stephen
So Sing Tak, Andrew

Non-Executive Director:

Cheung Wing Yui

Independent Non-Executive Directors:

Kao Kuen, Charles
Li On Kwok, Victor
Zhang Shoucheng, Steven *(resigned on 28 February 2003)*

In accordance with Articles 116 and 99 of the Company's Articles of Association, Messrs. Leung Kui King, Donald, Tung Chi Ho, Eric, Wong Chin Wah, Tung Yiu Kwan, Stephen and So Chung Keung, Alfred will retire at the forthcoming Annual General Meeting and, being eligible, would offer themselves for re-election.

1. Directors' Service Contracts

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

The term of office of each of the Non-Executive Directors is for the period up to 31 December 2005.

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

2. Directors' Interests In Contracts

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in note 29 – related party transactions and balances to the financial statements. Messrs. Kwok Ping Luen, Raymond, Kwok Ping Sheung, Walter and Kwok Ping Kwong, Thomas have a trust interest in SHKP.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2003, the interests and short positions of Directors and Chief Executive in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its Associated Corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") were as follows:

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

Name of Director	Beneficial owner	Discretionary trust founder & trust beneficiary	Child under 18 or spouse	Equity derivatives (share option)	Total	% of shares in issue
Kwok Ping Luen, Raymond	-	1,742,500*	-	1,105,000	2,847,500	0.14
Kwok Ping Sheung, Walter	-	1,070,000*	-	595,000	1,665,000	0.08
Kwok Ping Kwong, Thomas	-	1,070,000*	-	595,000	1,665,000	0.08
Yen Shiao Hua, Sheridan	50,000	-	-	1,600,000	1,650,000	0.08
Chan Kui Yuen, Thomas	-	-	-	690,000	690,000	0.03
Wong Yick Kam, Michael	100,000	-	-	540,000	640,000	0.03
Leung Kui King, Donald	-	-	-	540,000	540,000	0.02
So Chung Keung, Alfred	416	-	543	540,000	540,959	0.02
Tung Chi Ho, Eric	-	-	-	540,000	540,000	0.02
Wong Chin Wah	-	-	-	540,000	540,000	0.02
Tung Yiu Kwan, Stephen	-	-	-	540,000	540,000	0.02
So Sing Tak, Andrew	-	-	-	400,000	400,000	0.01

Note:

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

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

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

Notes :

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

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

(a) SmarTone Telecommunications Holdings Limited :

Name of Director	Interests as discretionary trust founder & trust beneficiary	Child under 18 or spouse	% of shares in issue
Kwok Ping Luen, Raymond	698,767	-	0.11
Li On Kwok, Victor	-	5,000	0

(b) The Kowloon Motor Bus Holdings Limited:

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

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

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

Note:

* Messrs. Kwok Ping Sheung, Walter, Kwok Ping Kwong, Thomas and Kwok Ping Luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO. Those shares were held by corporations in which they were entitled to control the exercise of one third or more of the voting rights in the general meetings of those corporations.

The interests of the Directors and the Chief Executive in the share options (being regarded for the time being as unlisted physically settled equity derivatives) of the Company and its Associated Corporations are stated in detail in the Share Option Schemes section stating below.

4. Sun Hung Kai Properties Limited Share Options

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

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

The following shows the outstanding positions of the Directors and the Chief Executive as at 30 June 2003 with respect to their share options granted under the Old Scheme:

Name of Director	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2003
			Balance as at 1.7.2002	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Kwok Ping Luen, Raymond <i>(Chairman and Chief Executive Officer)</i>	16.7.2001	70.00	-	75,000	-	-	75,000
Kwok Ping Sheung, Walter	16.7.2001	70.00	-	75,000	-	-	75,000
Kwok Ping Kwong, Thomas	16.7.2001	70.00	-	75,000	-	-	75,000
Chan Kui Yuen, Thomas	15.2.2000	70.00	150,000	-	-	-	150,000
	16.7.2001	70.00	-	75,000	-	-	<u>75,000</u> 225,000
Wong Yick Kam, Michael	15.2.2000	70.00	150,000	-	-	-	150,000
	16.7.2001	70.00	-	75,000	-	-	<u>75,000</u> 225,000
Leung Kui King, Donald	16.7.2001	70.00	-	36,000	-	-	36,000
So Chung Keung, Alfred	15.2.2000	70.00	120,000	-	-	-	120,000
	16.7.2001	70.00	-	60,000	-	-	<u>60,000</u> 180,000
Tung Chi Ho, Eric	15.2.2000	70.00	120,000	-	-	-	120,000
	16.7.2001	70.00	-	60,000	-	-	<u>60,000</u> 180,000
Wong Chin Wah	16.7.2001	70.00	-	36,000	-	-	36,000
Tung Yiu Kwan, Stephen	16.7.2001	70.00	-	24,000	-	-	24,000

Save as disclosed above, as at 30 June 2003, none of the Directors and the Chief Executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its Associated Corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

SHARE OPTION SCHEMES

1. Pre-IPO Share Options

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

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

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

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

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

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

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

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

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

The following shows the outstanding positions of the Directors and Chief Executive as at 30 June 2003 with respect to their Pre-IPO Share Options:-

Name of Director	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2003
			Balance as at 1.7.2002	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Kwok Ping Luen, Raymond <i>(Chairman and Chief Executive Officer)</i>	28.3.2000	10.380	755,000	-	-	-	755,000
	7.4.2001	2.340	350,000	-	-	-	350,000
Kwok Ping Sheung, Walter	28.3.2000	10.380	415,000	-	-	-	415,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Kwok Ping Kwong, Thomas	28.3.2000	10.380	415,000	-	-	-	415,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Yen Shiao Hua, Sheridan	30.11.2000	3.885	450,000	-	-	-	450,000
	7.4.2001	2.340	350,000	-	-	-	350,000
	8.7.2002	1.430	-	800,000	-	-	800,000
Chan Kui Yuen, Thomas	28.3.2000	10.380	510,000	-	-	-	510,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Wong Yick Kam, Michael	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Leung Kui King, Donald	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
So Chung Keung, Alfred	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Tung Chi Ho, Eric	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Wong Chin Wah	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
Tung Yiu Kwan, Stephen	28.3.2000	10.380	360,000	-	-	-	360,000
	7.4.2001	2.340	180,000	-	-	-	180,000
So Sing Tak, Andrew	8.7.2002	1.430	-	400,000	-	-	400,000

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

A summary of the movements during the year ended 30 June 2003 of the share options granted under the Pre-IPO Share Options to the employees of the Company working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and Chief Executive as disclosed above, is as follows:-

Date of grant	Exercise price HK\$	Balance as at 1.7.2002	Number of share options			Balance as at 30.6.2003	
			Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		
28.3.2000	10.380	1,840,000	-	-	330,000	1,510,000	
30.11.2000	3.885	1,487,500	-	-	-	1,487,500	
7.4.2001	2.340	1,150,000	-	-	255,000	895,000	
8.7.2002	1.430	-	1,050,000	-	-	1,050,000	4,942,500

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

3. Valuation of Pre-IPO Share Options

Pursuant to GEM Listing Rules 23.08, the valuation of the Pre-IPO Share Options granted during the year ended 30 June 2003 is as follows:-

Name of Participants	Number of Options granted on 8.7.2002	Option Value as at 8.7.2002 (HK\$)	Option Value as at 30.6.2003 (HK\$)
Yen Shiao Hua, Sheridan <i>(Managing Director)</i>	800,000	737,989.60	519,108.80
So Sing Tak, Andrew <i>(Director)</i>	400,000	368,994.80	259,554.40
Aggregate total of Employees	1,050,000	968,611.35	681,330.30
Total	2,250,000	2,075,595.75	1,459,993.50

The closing price of the share in the Company immediately before the date on which such Pre-IPO Share Options were granted was HK\$1.44 (as of 5 July 2002).

According to the Black-Scholes model*, the total value of the Pre-IPO Share Options granted on 8 July 2002 was estimated at HK\$2,075,595.75 with the following variables and assumptions:-

1. Risk Free Rate : 4.446%, being the approximate yield of 5-year Exchange Fund Note traded on 8 July 2002.
2. Expected Volatility : 56.80%, being the annualized volatility of the closing price of the shares in the Company from 8 July 2001 to 7 July 2002.
3. Expected Dividend
 - (i) Yield : 0%, being 2002 prospective dividend yield of the shares in the Company.
 - (ii) Growth Rate : 0% per annum, being 5-year historical dividend growth rate of the Company.

4. Expected Life of such Pre-IPO Share Options is 7.6 years with the following assumptions:
- (i) There is no material difference between the expected volatility over the whole life of such Pre-IPO Share Options and the historical volatility of the shares of the Company over the period from 8 July 2001 to 7 July 2002.
 - (ii) There is no material difference between the dividend growth rate over the whole life of such Pre-IPO Share Options and the historical dividend growth rate of the Company over the previous 5 years.

According to the Black-Scholes model*, the total value of the Pre-IPO Share Options granted on 8 July 2002 was estimated at HK\$1,459,993.50 as at 30 June 2003 with the following variables and assumptions:-

1. Risk Free Rate : 2.668%, being the approximate yield of 5-year Exchange Fund Note traded on 30 June 2003.
2. Expected Volatility : 48.09%, being the annualized volatility of the closing price of the shares in the Company from 1 July 2002 to 30 June 2003.
3. Expected Dividend
 - (i) Yield : 0%, being 2002 prospective dividend yield of the shares in the Company.
 - (ii) Growth Rate : 0% per annum, being 5-year historical dividend growth rate of the Company.
4. Expected Life of such Pre-IPO Share Options is 6.7 years with the following assumptions:
 - (i) There is no material difference between the expected volatility over the whole life of such Pre-IPO Share Options and the historical volatility of the shares in the Company over the period from 1 July 2002 to 30 June 2003.
 - (ii) There is no material difference between the dividend growth rate over the whole life of such Pre-IPO Share Options and the historical dividend growth rate of the Company over the previous 5 years.

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

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

4. SUNeVision Share Options

The Company by shareholders' resolutions passed at its Annual General Meeting held on 3 December 2002, has adopted a share option scheme "SUNeVision Share Options" and terminated the Pre-IPO Share Options. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company's holding company, SHKP, at its general meeting held on the same day. No further options may be offered under the Pre-IPO Share Options. However, the outstanding options granted under the Pre-IPO Share Options, as mentioned in the preceding paragraphs, shall continue to be subject to the provisions of the Pre-IPO Share Options and the provisions of Chapter 23 of the GEM Listing Rules. No option shares for SUNeVision Share Options have been granted to any person since its adoption as required to be disclosed under the GEM Listing Rules.

5. Share Option Schemes of Subsidiaries

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

6. The major terms of the Group's share options schemes ("the Schemes") are summarized as follows:-

1. Upon the passing of an ordinary resolution by the Shareholders at the general meeting approving the adoption of the SUNeVision Share Option Scheme and termination of the Pre-IPO Share Option Scheme on 3 December 2002, which was subsequently approved by the shareholders of SHKP on 5 December 2002, no further options may be offered under the Pre-IPO Share Option Scheme.
2. The purposes of the Schemes are to provide incentives to their respective participants.
3. The participants of the SUNeVision Share Option Scheme include (i) executive or Non-Executive Directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the Group; (ii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any Chief Executives or substantial shareholders of the Company; (iv) any associates of a Director, Chief Executive or substantial shareholder of the Company; and (v) any employees of substantial shareholder of the Company, as absolutely determined by the Board.

The participants of the Pre-IPO Share Option Scheme include full-time employee of the Company or its subsidiaries including the Executive Directors of the Company or its subsidiaries.

The participants of the iAdvantage Share Option Scheme include full-time employee of iAdvantage or its subsidiaries including the Executive Directors of iAdvantage or its subsidiaries.

4. The total number of Shares which may be issued upon exercise of all Options to be granted under the Pre-IPO Share Option Scheme and SUNeVision Share Option Scheme shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of the approval of the SUNeVision Share Option Scheme. As at 5 December 2002, the number of share available for issue in respect thereof was 202,619,750. The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Pre-IPO Share Option Scheme and SUNeVision Share Option Scheme must not exceed 30% of the Shares in issue from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). As at 22 September 2003, the number of share available for issue in respect thereof was 202,619,750.

The maximum number of shares in respect of which options may be granted under the iAdvantage Share Option Scheme must not exceed 10% of the total number of shares of iAdvantage in issue from time to time. The issued share capital of iAdvantage as at 22 September 2003 is HK\$4. No option shares for the iAdvantage Share Option Scheme have been granted to any person since their adoption.

5. Pursuant to SUNeVision Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. As at 22 September 2003, the total number of Shares in issue was 2,026,197,500.

Pursuant to the Pre-IPO Share Option Scheme and the iAdvantage Share Option Scheme, no participant shall be granted an option which, if exercised in full, would result in such participants' maximum entitlement to exceed 25% of the aggregate number of the Shares for the time being issued and issuable under the respective Scheme.

6. An option granted under the SUNeVision Share Option Scheme may be exercised at any time during the Option Period after the Option has been granted by the Board. An Option Period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option.

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

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

7. Pursuant to the SUNeVision Share Option Scheme, there is neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

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

8. Pursuant to each of the Schemes, the acceptance of an offer of the grant of the respective options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.

9. The exercise price of an option to subscribe for shares granted pursuant to each of the SUNeVision Share Option Scheme and the Pre-IPO Share Option Scheme shall be the highest of:-
- the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
 - the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
 - the nominal value of the shares of the respective company.

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

10. The SUNeVision Share Option Scheme shall be valid and effective till 3 December 2012. Both the Pre-IPO Share Option Scheme and the iAdvantage Share Option Scheme shall be valid and effective till 28 February 2010.

7. Arrangement to purchase shares or debentures

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the long position of every person, other than a Director or the Chief Executive of the Company, being 10% or more in the interest in shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

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

Notes:

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

INTERESTS OF OTHER PERSONS

As at 30 June 2003, other than the interests in shares and underlying shares of the Company and its Associated Corporations held by the Directors, Chief Executive and substantial shareholders stated above, there were no other persons with interests recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT SHAREHOLDERS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Kwok Ping Luen, Raymond, the Company's Chairman and Chief Executive Officer, is also the Chairman of SmarTone Telecommunications Holdings Limited ("SmarTone"), an associated corporation of the Company, within the meaning of the SFO. The business of SmarTone consists of Internet services, which may be in competition with part of the business of the Group. Likewise, both Mr. Wong Yick Kam, Michael and Mr. So Sing Tak, Andrew, the Company's Executive Directors, are also Non-Executive Directors of SmarTone.

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

Save as disclosed in this section, none of the Directors or the management shareholders of the Company have any interest in any business which may compete with the business of the Group.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2003 are disclosed in note 29 to the financial statements.

1. Continuing Connected Transactions

The Group has entered into the following continuing connected transactions as defined under the GEM Listing Rules.

I. Waiver on Continuing Connected Transactions expired on 17 March 2003

As disclosed in the Prospectus dated 6 March 2000 of the Company under the paragraphs headed "Waiver on connected transactions", the Company had obtained from the Stock Exchange a waiver dated 6 March 2000 ("Waiver") from the announcement requirement under GEM Listing Rule 20.35 and the shareholders' approval requirement under GEM Listing Rule 20.36 for the period ended 17 March 2003 in respect of the following continuing connected transactions.

(a) Lease arrangements

On 2 February 2000, iAdvantage Limited ("iAdvantage"), a wholly-owned subsidiary of the Group, entered into a tenancy agreement with Beijing Sun Dong An Company Limited, which SHKP has 50% of interest in the capital thereof, to rent or to nominate a fellow subsidiary to rent the premises situate at Units 809 to 817, 8th Level, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing for a term of six years commencing 1 May 2000 at the monthly rental of US\$11,090 for the period from 1 May 2000 to 30 April 2002, US\$12,199 for the period from 1 May 2002 to 30 April 2004, US\$13,308 for the period from 1 May 2004 to 30 April 2006, and with options to renew the tenancy agreement each for three

years thereafter at open market rent. All rentals are exclusive of air-conditioning, management fees and other outgoings. There is a rent-free period of 12 months being the aggregate of the periods from 1 May 2000 to 31 August 2000, 1 May 2001 to 30 June 2001, 1 May 2003 to 30 June 2003, 1 May 2004 to 30 June 2004, and 1 May 2005 to 30 June 2005.

On 2 February 2000, iAdvantage entered into a tenancy agreement with Shanghai Central Plaza Property Co. Limited, a cooperative joint venture in which SHKP Group holds 70% equity interest, to rent or to nominate a fellow subsidiary to rent the premises situate at Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai for a term of six years commencing from 1 April 2000 at the monthly rental of US\$17,891.55 for the period from 1 April 2000 to 31 March 2003, open market rent subject to a cap of about 35% of the rental for the third year for the period from 1 April 2003 to 31 March 2006, and with five options to renew the tenancy agreement each for three years thereafter at open market rent. All rentals are exclusive of air-conditioning, management fees and other outgoings. There was a rent-free period of six months being the aggregate of the periods from 1 April 2000 to 31 May 2000, 1 April 2001 to 31 May 2001, and 1 April 2002 to 31 May 2002.

On 1 October 1999, SUNeVision Red-Dots Limited (formerly known as "Red-Dots Limited"), a wholly-owned subsidiary of the Company, entered into a licence agreement with Delux Plan Enterprises Limited, a wholly-owned subsidiary of SHKP, to rent the premises situate at 3203, 32nd Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong for a term of three years commencing from 1 October 1999 at a monthly rental of HK\$32,800 exclusive of government rates, management fees and other charges.

Pursuant to the Waiver, the amount payable under the lease arrangement was capped at HK\$6,667,800 per annum. During the period from 1 July 2002 to 17 March 2003, the aggregate rental paid to SHKP Group was HK\$1,975,104.

(b) Advertising and sales of Internet services

On 26 February 2000, the Group entered into an agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to enter into advertising transactions and e-commerce transactions on the Internet with members of the Group for a term of three years commencing on the date of the agreement. Pursuant to the Waiver, the aggregate consideration for Advertising Transactions and E-commerce Transactions was capped at HK\$70,000,000 per annum. During the period from 1 July 2002 to 17 March 2003, the aggregate consideration received from SHKP Group was HK\$6,900,221.

(c) Installation, operation and provision of cable networking

On 26 February 2000, the Group entered into an agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to provide design, installation and operation of SMATV and security surveillance systems and laying of network infrastructure in buildings owned and /or managed by the SHKP Group for a period of three years commencing from the date of the agreement. Pursuant to the Waiver, there is no cap for the aggregate consideration for installation, operation and provision of cable networking transactions. During the period from 1 July 2002 to 17 March 2003, the aggregate consideration received from SHKP Group was HK\$32,941,766.

(d) Network infrastructure and security surveillance system

On 26 February 2000, the Group entered into an agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to provide maintenance and repair works for infrastructure network and security surveillance systems in buildings owned and/or managed by the SHKP Group for a term of three years commencing from the date of the agreement. Pursuant to the Waiver, there is no cap for the aggregate consideration for Network infrastructure and security surveillance system transactions. During the period from 1 July 2002 to 17 March 2003, the aggregate consideration received from SHKP Group was HK\$26,470,370.

(e) Project management and construction arrangement

On 26 February 2000, Weelek Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with SHKP Group pursuant to which SHKP Group agrees to procure relevant members of the SHKP Group to provide project management and construction works for the construction site at No. 399, Chai Wan Road, Hong Kong for a term of not more than three years. On 26 February 2000, Top Merchant Investment Limited, a wholly-owned subsidiary of the Company, entered into an agreement with SHKP Group pursuant to which SHKP Group agrees to procure relevant members of the SHKP Group to provide project management and construction works for the construction and renovation works of the site at No. 145-159 Yeung Uk Road, Tsuen Wan for a term of not more than three years.

Pursuant to the Waiver, the aggregate consideration for project management and construction transactions was capped at HK\$480,000,000 per annum and HK\$180,000,000 per annum for Chai Wan Site and Yeung Uk Road Site respectively. During the period from 1 July 2002 to 17 March 2003, no consideration was paid to SHKP Group.

(f) Property management

The Group has engaged various subsidiaries of the SHKP Group to provide property management services to the properties owned by the Group. Pursuant to the Waiver, the aggregate consideration for property management transactions was capped at HK\$10,000,000 per annum. During the period from 1 July 2002 to 17 March 2003, the aggregate consideration paid to SHKP Group was HK\$6,643,108.

(g) Insurance

On 24 February 2000, the Group entered into an agreement with Sun Hung Kai Properties Insurance Limited ("SHKP Insurance"), a subsidiary of SHKP, pursuant to which SHKP Insurance agrees to provide insurance services to members of the Group for a period of three years commencing from the date of the agreement. Pursuant to the Waiver, the aggregate consideration for insurance transactions was capped at HK\$7,000,000 per annum. During the period from 1 July 2002 to 17 March 2003, the aggregate consideration paid to SHKP Group was HK\$1,516,378.

II. Ongoing Connected Transactions approved by the Independent Shareholders on 9 June 2003

At the extraordinary general meeting of the Company held on 9 June 2003 (the "EGM"), the Ordinary Resolution approving the Ongoing Connected Transactions (as defined and more particularly described in the Circular of the Company to its shareholders dated 23 May 2003) was duly passed by the Shareholders, in respect of the following continuing connected transactions subject to the

caps for the respective periods as stated below. All of the Advertising and e-Commerce Agreement, the Networking Agreement, the Maintenance Agreement, the Estate Agency Agreement, the Insurance Agreement, the Extra Management Services Agreement, the Retrofitting Agreement, the Technical Services Agreement, the Non-core Services Agreement, the Space and Rack Rental Agreement, the Cable and Network Rental Agreement, the Promotional Services Agreement and the Construction Services Agreement as mentioned below were executed on 6 May 2003 for a period commencing 9 June 2003 (other than the Investment Management Services Agreement which have not been commenced yet and the services arrangement thereof was not conducted before the Independent Shareholders' approval was obtained), being the date of approval of the independent shareholders of the Company as defined under the GEM Listing Rules of the transactions under the respective Agreements, up to 30 June 2005 (both days inclusive):-

Category of Ongoing Connected Transactions	Caps (HK\$)	
	For the month of June 2003	For each of the two subsequent financial years ending 30 June 2005
a. Lease Arrangement	the amount determined according to the terms of the relevant lease agreements	the amount determined according to the terms of the relevant lease agreements
b. Advertising and e-Commerce Transactions	450,000	15,000,000
c. Networking Arrangement	10,000,000	39,000,000
d. Maintenance Arrangement	10,000,000	42,000,000
e. Estate Agency Arrangement	100,000	1,200,000
f. Insurance Arrangement	150,000	3,600,000
g. Property Management Arrangement	750,000	9,100,000
h. Retrofitting Arrangement	-	6,400,000
i. Technical Services Arrangement	90,000	1,400,000
j. Non-core Services Arrangement	160,000	1,400,000
k. Space and Rack Rental Arrangement	20,000	2,800,000
l. Investment Management Service Arrangement	-	2,500,000
m. Cable and Network Rental Arrangement	-	2,600,000
n. Promotion Services Arrangement	-	1,600,000
o. Construction Services Arrangement	-	13,000,000

(a) Lease arrangement between the Group and members of SHKP Group

As disclosed in the Prospectus, CST iAdvantage has leased from members of the SHKP Group certain premises in the PRC ("Lease Arrangement") for use by the Group as its office premises and data centre. The Lease Arrangement is covered by the Original Waiver. Information regarding such leases is set out below:-

(i) Units 809 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the PRC

On 30 June 2000, CST iAdvantage, a subsidiary of the Group, entered into a tenancy agreement with Beijing Sun Dong An Company Limited, which SHKP has 50% of interest in the capital

thereof, to rent the captioned premises situate at Units 809 to 817, 8th Level, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, for a term of six years commencing on 1 May 2000 (with five renewal options for a term of three years each), including the Original Waiver Period. In relation to the period covered by the Original Waiver, the rental was US\$11,090 per month for the period from 1 May 2000 to 30 April 2002, US\$12,199 per month for the period from 1 May 2002 to 31 October 2002, US\$9,273 per month for the period from 1 November 2002 to 16 March 2003, all rental being exclusive of air-conditioning, management fees and other outgoings; and in relation to the remainder of the term, the rental is US\$9,273 per month for the period from 17 March 2003 to 30 April 2004, US\$10,116 per month for the period from 1 May 2004 to 30 April 2006, open market rent (subject to a cap of $\pm 35\%$ of the rent of the 6th year of the term) for the period from 1 May 2006 to 30 April 2009 (optional) and open market rent for the period from 1 May 2009 to 30 April 2020 (four renewal options for a term of three years each (subject to government regulation)), all rental being exclusive of air-conditioning, management fees and other outgoings. Air-conditioning and property management charges are RMB 35,488 per month for the period from 1 May 2000 to 30 October 2002 and RMB26,976 per month for the period from 1 November 2002 to 30 April 2006 (during the rent free periods, 50% of the aforesaid monthly charges).

There is a rent-free period of 12 months being the aggregate of the periods from 1 May 2000 to 31 August 2000, 1 May 2001 to 30 June 2001, 1 May 2003 to 30 June 2003, 1 May 2004 to 30 June 2004, and 1 May 2005 to 30 June 2005.

- (ii) Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai, the PRC

On 1 April 2000, CST iAdvantage, a subsidiary of the Group, entered into a tenancy agreement with Shanghai Central Plaza Property Co. Limited, a cooperative joint venture in which SHKP Group has a 75% equity interest, to rent the premises situate at Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai for a term of six years commencing on 1 April 2000 (with five renewal options for a term of three years each), including the Original Waiver Period. In relation to the period covered by the Original Waiver, the rental (excluding air-conditioning, management fees and other outgoings) was US\$17,891.55 per month for the period from 1 April 2000 to 16 March 2003; and in relation to the remainder of the term, the rental is US\$17,891.55 from 17 March to 31 March 2003, US\$20,542.15 from 1 April 2003 to 31 March 2006, and if the option to renew is exercised, open market rent subject to a cap of $\pm 35\%$ of the rental for the sixth year for the period from 1 April 2006 to 31 March 2009, and if any of the four further options to renew are exercised at an open market rent for the period from 1 April 2009 to 31 March 2021, all rental being exclusive of air-conditioning, management fees and other outgoings. Air-conditioning and property management charges was RMB24,372.90 per month.

During the period from 9 June 2003 to 30 June 2003, the aggregate rental paid to SHKP Group was HK\$220,346.

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

The Group entered into an Advertising and e-Commerce Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to use and the Group agrees to procure its members to provide services including advertisements services and any e-commerce services which include the setting-up of e-management systems and resident communities, reservation and booking services, systems maintenance and management services, website development and maintenance services and online marketing campaign services. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration received from SHKP Group was HK\$257,303.

- (c) Installation, operation and provision of cable networking by the Group for buildings owned and/or managed by SHKP Group

The Group entered into a Networking Agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to provide services in connection with the design, installation, operation and provision of Satellite Master Antenna Television System and Communal Aerial, Broadcasting Distributing and other security surveillance systems and laying of network cabling system (such as voice and data network), optical fibre network, broadband network and other IT infrastructure in buildings owned and /or managed by the SHKP Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration received from SHKP Group was HK\$8,214,539.

- (d) Maintenance and repair of network infrastructure and security systems by the Group for buildings owned and/or managed by the SHKP Group

The Group entered into a Maintenance and Repair Agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to provide maintenance and repair works for cable, broadband, computer systems, and other IT infrastructure network and security surveillance systems to buildings owned and/or managed by SHKP or other members of the SHKP Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration received from SHKP Group was HK\$8,563,905.

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

The Group entered into an Estate Agency Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to provide estate agency services to members of the Group in relation to the letting of premises owned by the Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration paid to SHKP Group was HK\$45,518.

- (f) Provision of insurance services by the SHKP Group to the Group

The Group entered into an Insurance Agreement with SHKP Group pursuant to which Sun Hung Kai Properties Insurance Limited ("SHKP Insurance"), a subsidiary of SHKP, agrees to provide insurance services to the Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration paid to SHKP Group was HK\$95,480.

- (g) Provision of property management services by the SHKP Group to the Group
The Group entered into a Property Management Agreement with SHKP Group pursuant to which SHKP Group agrees to provide cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services to the properties owned by the Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration paid to SHKP Group was HK\$720,777.
- (h) Provision of retrofitting services by the SHKP Group to the Group
The Group entered into a Retrofitting Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to provide retrofitting services including reinstating, upgrading and renovating structure and systems in data centers and other premises of the members of the Group whenever requested by the relevant members of the Group. During the period from 9 June 2003 to 30 June 2003, no consideration was paid to SHKP Group.
- (i) Provision of various technical and technical-related services by the SHKP Group to the Group
The Group entered into a Technical Services Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to provide various technical and technical-related services, including mechanical and engineering services and miscellaneous labour services in connection with broadband interconnection whenever requested by the relevant members of the Group. During the period from 9 June 2003 to 30 June 2003, no consideration was paid to SHKP Group.
- (j) Provision of non-core IT value added services by the Group to the SHKP Group
The Group entered into a Non-core Services Agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to provide dataline application hosting services, web traffic report services, domain name registration, equipment procurement and report on xerox plotter meter charges services to the relevant members of the SHKP Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration received from SHKP Group was HK\$74,913.
- (k) Space and rack rental arrangement
The Group entered into a Space and Rack Rental Agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to lease space and racks located in the data centres owned and operated by the Group to the relevant members of the SHKP Group. During the period from 9 June 2003 to 30 June 2003, the aggregate consideration received from SHKP Group was HK\$7,774.
- (l) Provision of investment management service by SHKP Group in relation to the investment portfolio of the Group
The Group and SHKP Group intend to enter into an Investment Management Services Agreement pursuant to which SHKP Group will agree to procure the relevant member or members of the SHKP Group to provide the investment management services. During the period from 9 June 2003 to 30 June 2003, no consideration was paid to SHKP Group.

(m) Rental of cable and network systems from SHKP Group

The Group entered into a Cable and Network Rental Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to lease to the relevant members of the Group and the Company agrees to procure the Group to lease from relevant members of SHKP Group, the cable and data network systems and accessories installed in certain property developments owned and/or managed by SHKP Group. During the period from 9 June 2003 to 30 June 2003, no consideration was paid to SHKP Group.

(n) Engagement of promotion services at the property sites owned and/or managed by SHKP Group

The Group entered into a Promotion Services Agreement with SHKP Group pursuant to which SHKP Group agrees to procure members of the SHKP Group to promote the broadband communication services operated by the Group to the residents in certain residential property developments owned and/or managed by the SHKP Group. During the period from 9 June 2003 to 30 June 2003, no consideration was paid to SHKP Group.

(o) Design, construction and renovation services for properties developed by the SHKP Group

The Group entered into a Design, Construction and Renovation Services Agreement with SHKP Group pursuant to which the Group agrees to procure relevant members of the Group to the provision of design, construction and renovation services in relation to the showflats and property units developed by SHKP Group to the relevant members of the SHKP Group. During the period from 9 June 2003 to 30 June 2003, no consideration was received from SHKP Group.

III. Announced Continuing Connected Transactions

The Group has entered into the following lease agreements with SHKP Group of which relevant announcements were published in accordance with GEM Listing Rule 20.35 and details were included in previous published annual reports and accounts:-

On 7 March 2001, iAdvantage Limited, a wholly-owned subsidiary of the Company entered into a tenancy agreement with Hopley International Limited, a wholly-owned subsidiary of SHKP, to rent the premises situate at Units 10-18, 7th Floor, Tower 1, No. 388 Kwun Tong Road, Millennium City, Hong Kong at the monthly rent of HK\$168,624 exclusive of services charges, government rates and other outgoings for a term of two years and eight months commencing from 1 March 2001 and expiring on 31 October 2003 with an option to renew for a further 3 years at the then open market rental. The service charges, which is subject to revision is at HK\$3.5 per square foot gross per month. During the year ended 30 June 2003, no consideration was paid to SHKP Group as the tenancy agreement had been terminated on 31 December 2001.

On 14 May 2001, Sunevision Super e-Technology Services Limited, a wholly-owned subsidiary of the Company entered into a tenancy agreement with Rainforce Limited and Donora Company Limited, both wholly-owned subsidiaries of SHKP, to rent the premises situate at Units 4601, 4620-4625 on Level 46, Tower I, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong for a term of two years commencing from 9 March 2001 and expired on 8 March 2003 at the monthly rent of HK\$82,843 exclusive of services charges, government rates and other outgoings. The service charges, which is subject to revision, is at HK\$3.3 per square foot gross per month. During the period from 1 July 2002 to the expiration of the tenancy, the aggregate consideration paid to SHKP Group was HK\$684,122.

IV. Convertible notes

During the year the Company incurred HK\$14,520,000 as interest to the convertible notes, principal terms of which was set out in Appendix 3 of the Prospectus dated 6 March 2000 of the Company. The Company had repaid the principal amount outstanding under the HK\$730 Million Convertible Redeemable Note together with all accrued interest on 28 February 2003.

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

The Directors, including the Independent Non-Executive Directors, of the Company are of the view that all of the above transactions were on normal commercial terms and in the ordinary and usual course of business of the Group and that the terms of the relevant agreements were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

During the year, the Company repurchased on the Stock Exchange a total of 1,667,000 ordinary shares of HK\$0.1 each in the share capital of the Company at an aggregate price of HK\$1,712,890.00, details of which are as follows:

Month of Repurchase	No. of Shares Repurchased	Price per Share		Aggregate Price Paid HK\$
		Highest HK\$	Lowest HK\$	
July 2002	676,000	1.090	1.000	716,075.00
August 2002	765,000	1.080	1.000	787,020.00
September 2002	183,000	0.950	0.920	172,200.00
October 2002	43,000	0.930	0.830	37,595.00
November 2002	0	-	-	-
December 2002	0	-	-	-
January 2003	0	-	-	-
February 2003	0	-	-	-
March 2003	0	-	-	-
April 2003	0	-	-	-
May 2003	0	-	-	-
June 2003	0	-	-	-
	1,667,000			1,712,890.00

The Directors of the Company considered that the above repurchases were made with a view to enhancing the net asset and earnings per share of the Company. Those shares were cancelled shortly after repurchase and the issued share capital of the Company was correspondingly reduced.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

SIGNIFICANT CONTRACTS

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in note 29 – related party transactions and balances to the financial statements. There was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest suppliers of the Group accounted for about 41% of its operating costs and the largest suppliers, being SHKP Group, accounted for about 16% of the total operating costs.

During the year, the five largest customers of the Group accounted for about 58% of the turnover of the Group and the largest customer, being SHKP Group, accounted for about 36% of the total turnover.

At 30 June 2003, Messrs. Kwok Ping Luen, Raymond, Kwok Ping Sheung, Walter and Kwok Ping Kwong, Thomas had trust interests in SHKP Group.

Save as disclosed above, none of the Directors, their respective associates and shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in any of the five largest customers of the Group for the financial year ended 30 June 2003.

All transactions between the Group and its customers were carried out on normal commercial terms.

AUDITORS

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

AUDIT COMMITTEE

The audit committee has three members comprising two Independent Non-Executive Directors, Professor Kao Kuen, Charles (Chairman) and Professor Li On Kwok, Victor and one Non-Executive Director, Mr. Cheung Wing Yui.

During the year, the audit committee held four meetings and performed the following duties:

1. reviewed and commented on the Company's annual report, half-yearly report and quarterly reports;
2. reviewed and commented on the terms of the ongoing connected transactions;
3. reviewed and commented on the Company's internal control system;
4. met with external auditors and discussed the financial matters of the Company arose during the course of the audits for the year ended 30 June 2003; and
5. participated in the re-appointment and assessment of the performance of the external auditors.

PENSION SCHEME

With effect from 1 December 2000, the Group participates in Mandatory Provident Fund Scheme ("MPF Scheme") for all its employees and 1 Executive Director in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of their monthly relevant income, up to HK\$1,000 per month. On top of the mandatory contributions, employees may elect to make voluntary contribution at 5% on their salaries less the amount of mandatory contribution. For employees making such an election, the Group will match an equal amount of contribution. Contributions of the Group to the MPF Scheme are charged to income statement as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$1,745,000 (2002: HK\$3,093,000).

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

Forfeited contributions for the year 2003 amounted to HK\$293,000 and is used to offset future contributions during 2003. Forfeited contributions in the amount of HK\$13,824.50 are available at the balance sheet date to reduce the contributions payable in the future years.

BOARD PRACTICES AND PROCEDURES

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

On behalf of the Board

KWOK Ping Luen, Raymond

Chairman and Chief Executive Officer

22 September 2003

Auditors' Report

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德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
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Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF SUNEVISION HOLDINGS LTD.

(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 43 to 80 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2003 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Hong Kong, 22 September 2003

Consolidated Income Statement

For the year ended 30 June 2003	Notes	2003 HK\$'000	2002 HK\$'000
Turnover	4	242,770	240,540
Cost of sales		(171,525)	(195,753)
Gross profit		71,245	44,787
Other revenue	6	85,887	91,334
		157,132	136,121
Selling expenses		(8,574)	(23,772)
Administrative expenses		(60,277)	(94,558)
Profit from operations	7	88,281	17,791
Finance costs	8	(14,557)	(22,572)
Profit (loss) from operations after finance costs		73,724	(4,781)
Deficit on revaluation of investment properties		(50,000)	(139,500)
Deficit on revaluation of land and buildings		(123,312)	-
Impairment losses of equity technology investments		(252,163)	(355,900)
Share of loss of an associate		(5,681)	(5,771)
Restructuring costs	9	-	(131,402)
Loss before taxation		(357,432)	(637,354)
Taxation	10	(88)	(158)
Loss before minority interests		(357,520)	(637,512)
Minority interests		16,748	3,662
Net loss for the year		(340,772)	(633,850)
Loss per share – Basic	12	16.82 cents	31.25 cents

Consolidated Balance Sheet

At 30 June 2003	Notes	2003 HK\$'000	2002 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	14	300,500	350,500
Property, plant and equipment	15	1,259,771	1,453,635
Investments	16	677,955	1,438,143
Interest in an associate	17	2,484	8,165
Interest in a jointly controlled entity	18	426	423
		2,241,136	3,250,866
Current assets			
Investments	16	222,600	38,248
Inventories	19	3,570	6,666
Trade and other receivables	20	78,882	96,172
Amounts due from customers for contract work	21	6,772	19,264
Bank balances and cash		436,666	710,396
		748,490	870,746
Current liabilities			
Trade and other payables	22	91,760	113,470
Amounts due to customers for contract work	21	–	1,251
Rental deposits		5,952	8,868
Obligations under finance leases – due within one year	23	268	309
Convertible note	24	–	730,000
Taxation		50	45
		98,030	853,943
Net current assets		650,460	16,803
Total assets less current liabilities		2,891,596	3,267,669
Non-current liabilities			
Obligations under finance leases – due after one year	23	141	409
Minority interests	25	10,314	26,331
		2,881,141	3,240,929
CAPITAL AND RESERVES			
Share capital	26	202,619	202,786
Reserves		2,678,522	3,038,143
		2,881,141	3,240,929

Directors

KWOK Ping Luen, Raymond
YEN Shiao Hua, Sheridan

Balance Sheet

At 30 June 2003	Notes	2003 HK\$'000	2002 HK\$'000
ASSETS AND LIABILITIES			
Non-current asset			
Interests in subsidiaries	13	3,512,517	4,666,384
Current liabilities			
Other payables		414	8,292
Amount due to a subsidiary		2,839	1,352
Convertible note	24	–	730,000
Net current liabilities		3,253	739,644
		3,509,264	3,926,740
CAPITAL AND RESERVES			
Share capital	26	202,619	202,786
Reserves	27	3,306,645	3,723,954
		3,509,264	3,926,740

Directors

KWOK Ping Luen, Raymond
YEN Shiao Hua, Sheridan

Consolidated Statement of Changes in Equity

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the year ended 30 June 2003						
At 1 July 2001	203,339	3,877,468	423	23,518	(221,744)	3,883,004
Exchange difference arising on translation of operations outside Hong Kong not recognized in the income statement	-	-	(135)	-	-	(135)
Repurchase of own shares	(553)	(7,537)	-	-	-	(8,090)
Net loss for the year	-	-	-	-	(633,850)	(633,850)
At 30 June 2002 and 1 July 2002	202,786	3,869,931	288	23,518	(855,594)	3,240,929
Deficit on revaluation of land and buildings not recognized in the income statement	-	-	-	(17,285)	-	(17,285)
Repurchase of own shares	(167)	(1,564)	-	-	-	(1,731)
Net loss for the year	-	-	-	-	(340,772)	(340,772)
At 30 June 2003	202,619	3,868,367	288	6,233	(1,196,366)	2,881,141
Attributable to:						
- the Company and subsidiaries	202,619	3,868,367	288	6,233	(1,178,345)	2,899,162
- associate	-	-	-	-	(18,016)	(18,016)
- jointly controlled entity	-	-	-	-	(5)	(5)
At 30 June 2003	202,619	3,868,367	288	6,233	(1,196,366)	2,881,141

Consolidated Cash Flow Statement

For the year ended 30 June 2003	2003 HK\$'000	2002 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(357,432)	(637,354)
Adjustments for:		
Share of loss of an associate	5,681	5,771
Interest expenses and finance charges on finance leases	14,557	22,572
Interest income	(56,370)	(73,679)
Loss on disposal of property, plant and equipment	454	114,694
Deficit on revaluation of investment properties	50,000	139,500
Deficit on revaluation of land and buildings	123,312	-
Impairment losses of equity technology investments	252,163	355,900
Gain on redemption/disposal of debt securities	(6,083)	(249)
Depreciation	59,525	63,543
(Write back of) allowances for amounts advanced to a jointly controlled entity	(3)	5,328
Balances due to a minority shareholder of a subsidiary waived	-	(21,328)
Operating cash flows before movements in working capital	85,804	(25,302)
Decrease in inventories	3,096	1,506
Decrease (increase) in trade and other receivables	9,008	(10,114)
Decrease (increase) in amounts due from customers for contract work	12,492	(13,956)
Decrease in trade and other payables	(14,330)	(59,008)
Decrease in amounts due to customers for contract work	(1,251)	(1,278)
Decrease in rental deposits	(2,916)	(174)
Exchange differences	-	(865)
Cash from (used in) operations	91,903	(109,191)
Tax paid in other jurisdictions	(83)	(162)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	91,820	(109,353)
INVESTING ACTIVITIES		
Proceeds from disposal of debt securities	402,964	276,577
Interest received	64,652	67,262
Proceeds from disposal of property, plant and equipment	115	13,420
Purchase of investments	(73,208)	(1,153,759)
Purchase of property, plant and equipment	(6,827)	(99,517)
Loan advanced to a jointly controlled entity	-	(732)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	387,696	(896,749)
FINANCING ACTIVITIES		
Repayment of convertible note	(730,000)	-
Interest paid	(21,900)	(32,880)
Repurchase of own shares	(1,731)	(8,090)
Repayment of obligations under finance leases	(309)	(529)
Finance charges in finance leases	(37)	(51)
Advances by minority shareholders of subsidiaries	731	9,376
NET CASH USED IN FINANCING ACTIVITIES	(753,246)	(32,174)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(273,730)	(1,038,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	710,396	1,748,672
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	436,666	710,396

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Sun Hung Kai Properties Limited ("SHKP"), a company incorporated in Hong Kong with its shares listed on the main board of the Stock Exchange. SHKP together with its subsidiaries, other than members of the Group, are hereinafter referred to as the "SHKP Group".

The Company is an investment holding company. The principal activities of its principal subsidiaries, associate and jointly controlled entity are set out in notes 36, 17 and 18 respectively.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following new or revised Statements of Standard Accounting Practice ("SSAP"s) issued by the Hong Kong Society of Accountants.

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the inclusion of the statement of changes in equity, and the adoption of the new and revised accounting policies, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign currency translation

The revisions to SSAP 11 "Foreign currency translation" have eliminated the choice of translating the income statements of operations outside Hong Kong at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statements

Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing rather than the previous five headings. Interest received and paid, which were previously presented under a separate heading, are classified as investing and financing cash flows, respectively. Cash flow arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. The adoption of this revised SSAP has resulted in the change of format of presentation but has had no material effect on the results for the current or prior accounting periods.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

Employee benefits

In the current period, the Group has adopted SSAP 34, which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain property interests, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

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

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue and costs can be measured reliably. Revenue is recognized in the income statement as follows:

(i) *Use of Internet services centre and IT facilities*

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

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

Installation revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of estimated value of work done to date to total contract revenue. Income from maintenance contracts is recognized on a time basis over the terms of the contract.

(iii) *Rental income*

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iv) *Building management service income*

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

(v) *Software development and consultancy income*

Revenue from fixed price contracts is recognized on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract.

(vi) *Revenue from advertising and posting fee*

Revenue from advertising and posting fee is recognized ratably in the period in which the advertisement and posting are displayed.

(vii) *Interest income*

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

(viii) *Sales of debt securities*

Sales of securities are recognized when the sale agreement becomes unconditional.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognized in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognized as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallize in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation the assets and liabilities of the Group's operation outside Hong Kong are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such transaction differences are recognized as income or as expenses in the period in which the operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, other than land and buildings, are stated at cost less depreciation and accumulated impairment losses at the balance sheet date.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

The valuation of leasehold land is amortized over the period of the leases using the straight line method.

Depreciation is provided to write off the cost or valuation of other items of property, plant and equipment, over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	2% – 5%
Internet services centre facilities	2% – 20%
SMATV equipment	10%
Computers, networks and related equipment	20% – 33 $\frac{1}{3}$ %
Office equipment, furniture and fixtures	20% – 33 $\frac{1}{3}$ %
Motor vehicles	30% – 33 $\frac{1}{3}$ %

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the terms of the relevant lease.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognized in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at open market value based on independent professional valuations. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment properties revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment properties revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation surplus subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease, including the renewable period, is 20 years or less.

Investments

Investments, being equity technology investments and debt securities held for an identified long-term or strategic purpose, including interests in enterprises where the Group holds more than 20% equity but does not have significant influence in their management, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Investments in subsidiaries

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

Interest in an associate

The consolidated income statement includes the Group's share of the post-acquisition results of its associate for the year. In the consolidated balance sheet, interest in associate is stated at the Group's share of the net assets of the associate.

Interest in a jointly controlled entity

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as a jointly controlled entity.

The consolidated income statement includes the Group's share of post-acquisition results of its jointly controlled entity for the year. In the consolidated balance sheet, interest in a jointly controlled entity is stated at the Group's share of the net assets of the jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalized at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rental payables are charged to the income statement on a straight line basis over the relevant lease terms.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

4. TURNOVER

Turnover represents revenue generated from the following activities:

	2003	2002
Income from Internet services centre and IT facilities	133,558	138,504
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems	85,824	68,231
Property rentals and building management services	17,014	17,240
Income from enabling services	6,374	16,565
	242,770	240,540

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

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

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

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

Enabling services offer systems development, solutions and management services.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)**Business segments (continued)**

Segment information about these businesses is presented below:

For the year ended 30 June 2003

	Internet services centre and IT facilities	SMATV, CABD, structural cabling and security systems	Properties holding	Enabling services	Elimination	Consolidated
TURNOVER						
External	133,558	85,824	17,014	6,374	-	242,770
Inter-segment	773	1,757	2,894	-	(5,424)	-
Total	134,331	87,581	19,908	6,374	(5,424)	242,770
RESULT						
Segment results	11,859	13,225	21,756	400	-	47,240
Unallocated corporate expenses						(21,412)
Interest income						56,370
Gain on redemption/disposal of debt securities						6,083
Profit from operations						88,281
Finance costs						(14,557)
Profit from operations after finance costs						73,724
Deficit on revaluation of investment properties	-	-	(50,000)	-	-	(50,000)
Deficit on revaluation of land and buildings	(123,312)	-	-	-	-	(123,312)
Impairment losses of equity technology investments						(252,163)
Share of loss of an associate						(5,681)
Loss before taxation						(357,432)
Taxation						(88)
Loss before minority interests						(357,520)

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

At 30 June 2003

	Internet services centre and IT facilities	SMATV, CABD, structural cabling and security systems	Properties holding	Enabling services	Others	Consolidated
ASSETS						
Segment assets	1,129,378	41,207	482,400	4,245	-	1,657,230
Interest in an associate						2,484
Interest in a jointly controlled entity						426
Unallocated corporate assets						1,329,486
Consolidated total assets						2,989,626
LIABILITIES						
Segment liabilities	41,942	19,033	9,518	829	-	71,322
Taxation						50
Unallocated corporate liabilities						26,799
Minority interests						10,314
						108,485
Other information:						
Capital additions	6,676	146	-	5	-	6,827
Depreciation	47,262	3,997	3,557	1,427	3,282	59,525
Other significant non-cash expenses	2,747	-	-	3	93	2,843

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)**Business segments (continued)**

For the year ended 30 June 2002

	Internet services centre and IT facilities	SMATV, CABD, structural cabling and security systems	Properties holding	Enabling services	Elimination	Consolidated
TURNOVER						
External	138,504	68,231	17,240	16,565	-	240,540
Inter-segment	6,583	6,679	3,173	-	(16,435)	-
Total	145,087	74,910	20,413	16,565	(16,435)	240,540
RESULT						
Segment results	(41,854)	9,197	22,316	(15,404)	-	(25,745)
Unallocated corporate expenses						(30,143)
Interest income						73,679
Profit from operations						17,791
Finance costs						(22,572)
Loss from operations after finance costs						(4,781)
Deficit on revaluation of investment properties	-	-	(139,500)	-	-	(139,500)
Restructuring costs						(131,402)
Impairment losses of equity technology investments						(355,900)
Share of loss of an associate						(5,771)
Loss before taxation						(637,354)
Taxation						(158)
Loss before minority interests						(637,512)

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

At 30 June 2002

	Internet services centre and IT facilities	SMATV, CABD, structural cabling and security systems	Properties holding	Enabling services	Others	Consolidated
ASSETS						
Segment assets	1,291,173	50,393	553,393	4,796	–	1,899,755
Interest in an associate						8,165
Interest in a jointly controlled entity						423
Unallocated corporate assets						2,213,269
Consolidated total assets						4,121,612
LIABILITIES						
Segment liabilities	68,575	19,997	11,394	3,761	–	103,727
Taxation						45
Unallocated corporate liabilities						750,580
Minority interests						26,331
						880,683
Other information:						
Capital additions	99,432	802	–	60	3	100,297
Depreciation	51,399	3,117	3,557	3,674	1,796	63,543
Other significant non-cash expenses	102,216	–	–	15,816	–	118,032

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)**Geographical segments**

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

6. OTHER REVENUE

	2003	2002
Interest income	56,370	73,679
Property income, net of outgoings of HK\$3,977,000 (2002: HK\$3,829,000) (note 15)	11,707	14,104
Liquidation dividend from a former tenant	7,100	-
Gain on redemption/disposal of debt securities	6,083	249
Others	4,627	2,773
Exchange gain	-	529
	85,887	91,334

7. PROFIT FROM OPERATIONS

	2003	2002
Profit from operations has been arrived at after charging:		
Retirement benefit scheme contributions	1,745	3,093
Staff costs including directors' emoluments (note 11)	58,174	93,334
Total staff costs excluding staff redundancy costs (note 9)	59,919	96,427
Auditors' remuneration	645	682
Depreciation	59,525	63,543
Loss on disposal of property, plant and equipment	454	52
Minimum lease payments paid under operating leases in respect of land and buildings	8,644	15,172
and after crediting:		
Property rental income, net of outgoings of HK\$10,114,000 (2002: HK\$9,676,000)	22,584	25,497

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

8. FINANCE COSTS

	2003	2002
Interest on convertible note	14,520	21,900
Interest on amount due to a minority shareholder of a subsidiary	-	621
Finance charges on finance leases	37	51
	14,557	22,572

9. RESTRUCTURING COSTS

	2003	2002
Loss on disposal of property, plant and equipment	-	114,642
Closure and termination costs	-	18,145
Staff redundancy costs	-	13,223
Write-off of receivables and inventories	-	6,720
Balances due to a minority shareholder of a subsidiary waived (note 29D)	-	(21,328)
	-	131,402

10. TAXATION

	2003	2002
The charge comprises:		
Tax in other regions of the People's Republic of China (the "PRC")	88	156
Tax in other jurisdictions	-	2
	88	158

No provision for Hong Kong Profits Tax has been made in the financial statements as the companies operating in Hong Kong have no assessable profit for both years.

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

Details of unrecognized deferred taxation are set out in note 33.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

	2003	2002
Directors' emoluments:		
Non-Executive Director – fees	120	120
Independent Non-Executive Directors – fees	320	360
Executive Directors		
– fees	255	–
– salaries and allowances	6,254	10,113
– retirement benefit scheme contributions	12	18
	6,961	10,611

The Director's fees for a Non-Executive Director were HK\$120,000 (2002: HK\$120,000) and for each of the Independent Non-Executive Directors were HK\$80,000, HK\$120,000 and HK\$120,000 (2002: HK\$120,000, HK\$120,000 and HK\$120,000) respectively for the year ended 30 June 2003. The Non-Executive Directors did not receive any other emoluments.

The Executive Directors respectively received emoluments for the year ended 30 June 2003 as follows: HK\$20,000, HK\$20,000, HK\$20,000, HK\$30,000, HK\$32,000, HK\$32,000, HK\$32,000, HK\$32,000, HK\$376,000, HK\$1,509,000, HK\$1,631,000 and HK\$2,787,000 (2002: HK\$1, HK\$1, HK\$1, HK\$3,000, HK\$12,000, HK\$12,000, HK\$207,000, HK\$356,000, HK\$449,000, HK\$1,582,000, HK\$1,865,000, HK\$2,711,000 and HK\$2,934,000).

Employees' emoluments:

During the year, the five highest paid individuals included two (2002: three) Directors of the Company. The emoluments of the three (2002: two) remaining highest paid individuals are as follows:

	2003	2002
Salaries and allowances	5,340	4,394
Retirement benefit scheme contributions	128	17
	5,468	4,411

The emoluments of the remaining highest paid individuals were within the following bands:

	NUMBER OF EMPLOYEES	
	2003	2002
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	1
	3	2

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

In both years, no emoluments were paid by the Group to the Directors or the five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors have waived any emoluments in either year.

12. LOSS PER SHARE

The calculation of loss per share for the year ended 30 June 2003 is based on the net loss for the year of HK\$340,772,000 (2002: HK\$633,850,000) and on the weighted average of 2,026,378,921 (2002: 2,028,310,127) shares in issue.

No diluted loss per share has been presented because the conversion of the Company's outstanding convertible note would result in a decrease of loss per share and the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company during both years.

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003	2002
Unlisted shares, at cost	-	-
Amounts due from subsidiaries	4,053,613	4,807,245
Less: Allowances for doubtful balances	(541,096)	(140,861)
	3,512,517	4,666,384

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, the amounts will not be repayable within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current.

Details of the Company's principal subsidiaries at 30 June 2003 are set out in note 36.

14. INVESTMENT PROPERTIES

	THE GROUP
At 1 July 2002	350,500
Deficit on revaluation	(50,000)
At 30 June 2003	300,500

All the investment properties are situated in Hong Kong and held under medium-term leases. They are held for use under operating leases.

The investment properties were revalued at their open market valuation at 30 June 2003 by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional valuers. This valuation gave rise to a revaluation decrease of HK\$50,000,000 (2002: HK\$139,500,000) which has been charged to the income statement.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Internet services centre facilities	SMATV equipment	Computers, networks and related equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
THE GROUP							
COST OR VALUATION							
At 1 July 2002	886,532	608,232	27,698	26,922	19,486	1,930	1,570,800
Additions	–	6,226	–	397	204	–	6,827
Disposals	–	(841)	–	(59)	(1,522)	–	(2,422)
Deficit on revaluation	(190,856)	–	–	–	–	–	(190,856)
At 30 June 2003	695,676	613,617	27,698	27,260	18,168	1,930	1,384,349
Comprising:							
At cost	–	613,617	27,698	27,260	18,168	1,930	688,673
At valuation – 2003	695,676	–	–	–	–	–	695,676
	695,676	613,617	27,698	27,260	18,168	1,930	1,384,349
DEPRECIATION							
At 1 July 2002	31,795	38,464	21,195	13,676	10,756	1,279	117,165
Provided for the year	18,464	25,833	3,615	6,736	4,367	510	59,525
Eliminated on disposals	–	(391)	–	(32)	(1,430)	–	(1,853)
Eliminated on revaluation	(50,259)	–	–	–	–	–	(50,259)
At 30 June 2003	–	63,906	24,810	20,380	13,693	1,789	124,578
NET BOOK VALUE							
At 30 June 2003	695,676	549,711	2,888	6,880	4,475	141	1,259,771
At 30 June 2002	854,737	569,768	6,503	13,246	8,730	651	1,453,635

Included in the above land and buildings are certain units in a building known as Kodak House II which were used in an IT incubation programme jointly developed by the Group with Hong Kong Industrial Technology Centre Corporation up to 31 March 2003. At 30 June 2003, all units were leased to third parties. The carrying amount of the units leased to third parties was HK\$175,500,000 (2002: The revalued amounts, accumulated depreciation and carrying amount were HK\$192,358,000, HK\$8,105,000 and HK\$184,253,000 respectively). The depreciation charge in respect of those units in the year amounted to HK\$3,404,000 (2002: HK\$3,354,000). The property income set out in note 6, representing the rental income derived from these units, is not considered to be related to the Group's core business and is therefore included in other revenue.

The net book value of Group's properties shown above comprises:

	THE GROUP	
	2003	2002
Properties in Hong Kong held under		
– long leases	547,476	576,178
– medium-term leases	148,200	278,559
	695,676	854,737

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The leasehold land and buildings of the Group in Hong Kong were valued at 30 June 2003 by DTZ, on an open market value basis. This valuation gave rise to a revaluation decrease of HK\$140,597,000, which has been debited to the property revaluation reserve by HK\$17,285,000 and the excess of the revaluation decrease is charged to the income statement.

If the leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation at HK\$814,065,000 (2002: HK\$832,146,000).

The net book value of Internet services centre facilities includes an amount of HK\$546,000 (2002: HK\$1,111,000) in respect of assets held under finance leases.

16. INVESTMENTS

	THE GROUP	
	2003	2002
Equity technology investments:		
Listed in Hong Kong	60,500	60,500
Unlisted	714,162	694,556
	774,662	755,056
Less: Impairment losses recognized (Note)	(608,063)	(355,900)
	166,599	399,156
Debt securities:		
Listed outside Hong Kong	695,036	975,132
Unlisted	38,920	102,103
	733,956	1,077,235
Total	900,555	1,476,391
Market value of listed securities	796,178	1,044,593
Carrying amount analysed for reporting purposes as:		
Current (debt securities redeemable within one year)	222,600	38,248
Non-current	677,955	1,438,143
	900,555	1,476,391

16. INVESTMENTS (continued)

Included in the above equity technology investments is the Group's investment in a 25% equity interest in Commercial Press (Hong Kong) Cyberbooks Limited, a company incorporated in Hong Kong. In the opinion of the Directors, the Group is not in a position to exercise significant influence on this investment. Accordingly, the investment has been classified as an equity technology investment.

Note: In recognition of economic difficulties worldwide and challenges specific to the technology sector, the Directors reviewed the outlook for the Group's equity technology investments, adopting an approach consistent with global developments. As a result, impairment losses of HK\$252 million (2002: HK\$356 million) were charged to the income statement.

17. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2003	2002
Share of net assets	2,484	8,165

Particulars of the Group's associate at 30 June 2003 are as follows:

Name of associate	Place of incorporation/ operations	Class of shares held	Proportion of nominal value of issued share capital held by the Group	Principal activity
AsianE2E.com Limited	Hong Kong	Preference shares	41%	Provision of web-based trading services and e-commerce services, ceased business during the year

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2003	2002
Share of net assets	-	-
Loan to a jointly controlled entity	4,995	4,995
Amount due from a jointly controlled entity	828	828
Less: Allowances for doubtful balances	(5,397)	(5,400)
	426	423

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

18. INTEREST IN A JOINTLY CONTROLLED ENTITY (continued)

The loan granted to and the amount due from a jointly controlled entity are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, both balances will not be repayable within twelve months from the balance sheet date. Accordingly, both balances are shown as non-current.

Particulars of the Group's jointly controlled entity at 30 June 2003 are as follows:

Name of entity	Place of incorporation/ operations	Class of shares held	Proportion of nominal value of issued share capital held by the Group	Principal activity
Project-i Limited	Hong Kong	Ordinary shares	50%	Provision of construction project management services, in the process of winding up

19. INVENTORIES

	THE GROUP	
	2003	2002
Raw materials	3,154	3,939
Work in progress	416	2,727
	3,570	6,666

Included above are raw materials of HK\$2,086,000 (2002: HK\$1,967,000) which are carried at net realizable value.

20. TRADE AND OTHER RECEIVABLES

The Group generally grants an average credit period of 30 days to its customers.

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

	THE GROUP	
	2003	2002
Up to 60 days	33,311	25,913
61 – 90 days	2,729	559
91 days – 1 year	4,971	3,647
Over 1 year	67	673
Trade receivables	41,078	30,792
Other receivables	37,804	65,380
	78,882	96,172

21. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	THE GROUP	
	2003	2002
Contract costs incurred	32,373	18,577
Recognized profits less recognized losses	11,048	6,794
	43,421	25,371
Less: Progress billings	36,649	7,358
	6,772	18,013
Represented by:		
Due from customers included in current assets	6,772	19,264
Due to customers included in current liabilities	-	(1,251)
	6,772	18,013

At 30 June 2003, retentions held by customers for contract works amounted to HK\$2,760,000 (2002: HK\$2,261,000) and no advances were received from customers for contract work (2002: HK\$1,251,000).

22. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2003	2002
Up to 60 days	2,627	7,250
61 – 90 days	31	647
91 days – 1 year	36	87
Over 1 year	127	-
Trade payables	2,821	7,984
Other payables	88,939	105,486
	91,760	113,470

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

23. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2003	2002	2003	2002
Amounts payable under finance leases				
Within one year	287	345	268	309
In the second to fifth year inclusive	143	431	141	409
	430	776	409	718
Less: Future finance charges	(21)	(58)	-	-
Present value of lease obligations	409	718	409	718
Less: Amount due for settlement within one year (shown under current liabilities)			(268)	(309)
Amount due for settlement after one year			141	409

The average lease term of finance leases is 3 years. For the year ended 30 June 2003, the average borrowing rate was approximately 6.5% (2002: 8%) per annum. Interest rates are fixed at contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24. CONVERTIBLE NOTE

THE GROUP AND THE COMPANY

The convertible note ("Note") was unsecured, held by SHKP Group and interest-bearing at 3% per annum. The Note, which was transferable in whole or in part, conferred rights on the holder to convert such note into shares in the Company at an initial conversion price of HK\$10.38 per share (subject to adjustments). The Note was fully repaid by the Company in February 2003.

25. MINORITY INTERESTS

	THE GROUP	
	2003	2002
Amount due to a minority shareholder of a subsidiary	30,501	29,770
Share of net liabilities of subsidiaries by minority shareholders	(20,187)	(3,439)
	10,314	26,331

The amount due to a minority shareholder of a subsidiary is unsecured, interest free and has no fixed repayment terms. The minority shareholder of the subsidiary has agreed not to demand payment within twelve months from the balance sheet date. Accordingly, the amount is shown as non-current in the balance sheet.

26. SHARE CAPITAL

	Number of ordinary shares	Amount
Ordinary shares of HK\$0.1 each		
Authorized:		
At 30 June 2002 and 30 June 2003	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2001	2,033,393,000	203,339
Repurchase of shares	(5,528,500)	(553)
At 30 June 2002 and 1 July 2002	2,027,864,500	202,786
Repurchase of shares	(1,667,000)	(167)
At 30 June 2003	2,026,197,500	202,619

During the current year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid (before expenses)
		Highest HK\$	Lowest HK\$	
July 2002	676,000	1.09	1.00	716
August 2002	765,000	1.08	1.00	787
September 2002	183,000	0.95	0.92	172
October 2002	43,000	0.93	0.83	37
	1,667,000			1,712

The above shares were cancelled upon repurchase. The premium payable on repurchase of shares were charged against share premium.

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

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

27. RESERVES

	Share premium	THE COMPANY Accumulated profit (losses)	Total
At 1 July 2001	3,877,468	18,039	3,895,507
Repurchase of own shares	(7,537)	–	(7,537)
Net loss for the year	–	(164,016)	(164,016)
At 30 June 2002 and 1 July 2002	3,869,931	(145,977)	3,723,954
Repurchase of own shares	(1,564)	–	(1,564)
Net loss for the year	–	(415,745)	(415,745)
At 30 June 2003	3,868,367	(561,722)	3,306,645

The Company's reserves available for distribution to shareholders as at 30 June 2003 represents the share premium less accumulated losses of HK\$3,306,645,000 (2002: HK\$3,723,954,000).

28. SHARE OPTION SCHEMES

The Company had adopted a share option scheme "Pre-IPO Share Options" pursuant to which the Company might grant options to any full-time employees of the Company or its subsidiaries including Executive Directors of the Company or its subsidiaries to subscribe for shares in the Company. Since the adoption of the Pre-IPO Share Options, the Company had granted four lots of share options.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognized in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

28. SHARE OPTION SCHEMES (continued)

A summary of the total movements during the year of the share options granted under the Pre-IPO Share Options is as follows:

For the year ended 30 June 2002

Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2002
		Balance as at 1.7.2001	Granted during the year	Exercise during the year	Cancelled/ Lapsed during the year	
Directors:						
28.3.2000	10.380	4,515,000	-	-	260,000	4,255,000
30.11.2000	3.885	640,000	-	-	190,000	450,000
7.4.2001	2.340	2,500,000	-	-	180,000	2,320,000
		7,655,000	-	-	630,000	7,025,000
Employees:						
28.3.2000	10.380	3,490,000	-	-	1,650,000	1,840,000
30.11.2000	3.885	3,135,500	-	-	1,648,000	1,487,500
7.4.2001	2.340	2,305,000	-	-	1,155,000	1,150,000
		8,930,500	-	-	4,453,000	4,477,500

For the year ended 30 June 2003

Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2003
		Balance as at 1.7.2002	Granted during the year	Exercise during the year	Cancelled/ Lapsed during the year	
Directors:						
28.3.2000	10.380	4,255,000	-	-	-	4,255,000
30.11.2000	3.885	450,000	-	-	-	450,000
7.4.2001	2.340	2,320,000	-	-	-	2,320,000
8.7.2002	1.430	-	1,200,000	-	-	1,200,000
		7,025,000	1,200,000	-	-	8,225,000
Employees:						
28.3.2000	10.380	1,840,000	-	-	330,000	1,510,000
30.11.2000	3.885	1,487,500	-	-	-	1,487,500
7.4.2001	2.340	1,150,000	-	-	255,000	895,000
8.7.2002	1.430	-	1,050,000	-	-	1,050,000
		4,477,500	1,050,000	-	585,000	4,942,500

28. SHARE OPTION SCHEMES (continued)

The Company by shareholders' resolutions passed at its Annual General Meeting held on 3 December 2002, had adopted a share option scheme "SUNeVision Share Options" and terminated the Pre-IPO Share Options. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, at its general meeting held on the same date. No further options may be offered under the Pre-IPO Share Options. However, the outstanding options granted under the Pre-IPO Share Options, as mentioned in the preceding paragraphs, shall continue to be subject to the provisions of the Pre-IPO Share Options and the provisions of Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules"). No option shares for SUNeVision Share Options were granted to any person since its adoption. The participants of the SUNeVision Share Options include (i) Executive or Non-Executive Directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the Group; (ii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any Chief Executives or substantial shareholders of the Company; (iv) any associates of a Director, Chief Executive or substantial shareholder of the Company; and (v) any employees of substantial shareholder of the Company, as absolutely determined by the Board.

The exercise price of an option to subscribe for shares granted pursuant to each of the SUNeVision Share Options and the Pre-IPO Share Options would be the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotation on the date of the offer; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of offer and (iii) the nominal value of the Company's share.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Pre-IPO Share Options and SUNeVision Share Options shall not in aggregate exceed 10% of the total number of Shares of the Company in issue as at the date of approval of the SUNeVision Share Options.

In addition to the Pre-IPO Share Options and the SUNeVision Share Options, the Group operates another share option scheme which was approved for iAdvantage Limited, a subsidiary of the Company, ("iAdvantage Share Option Scheme") allowing its board of Directors the right to grant to its full-time employees and Executive Directors options to subscribe for its shares in aggregate up to 10% of its issued capital of iAdvantage Limited from time to time. The exercise price of an option to subscribe for shares granted pursuant to the iAdvantage Share Option Scheme shall be determined by its board and notified to the grantee and shall not be less than the nominal value of the shares of iAdvantage Limited. No option shares for iAdvantage Limited have been granted to any person since its adoption.

29. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group had significant transactions and balances with certain related parties. The significant transactions with these parties during the year, and significant balances with them at the balance sheet date, are as follows:

(A) Transactions with the SHKP Group

	Notes	2003	2002
Advertising and e-commerce transactions	(i)	8,147	7,761
Application services and related solutions income	(i)	608	117
Broadband service income	(i)	650	519
Computer maintenance service income	(i)	304	456
Disposal of property, plant and equipment	(iv)	58	10,223
Income from installation, operation and provision of cable networking	(i)	42,107	34,323
Income from maintenance and repair of network infrastructure and security systems	(i)	35,991	29,051
Income from office equipment transactions	(i)	–	684
Network, cabling projects and related income	(i)	915	996
Non-core value added service income	(i)	771	937
Project consultancy income	(i)	1,008	–
Rental and building management fee income	(i)	502	502
Sale of network and computer equipment	(i)	366	835
Space and rack rental income	(i)	972	987
Accountancy and other service charges	(i)	780	327
Acquisition of plant and equipment	(i)	199	–
Anti-SARS sanitation expenses	(i)	665	–
Cable and network rental charges	(i)	998	–
Estate agency fees paid	(i)	843	869
Insurance service charges paid	(i)	1,983	1,998
Interest expense on convertible note	(ii)	14,520	21,900
Management fee charges	(v)	2,000	2,000
Project management and construction service fees paid	(i)	–	42,718
Promotion services charges	(i)	998	–
Property management service fees paid			
– owned properties	(iii)	8,260	9,298
– leased properties	(iii)	103	176
Rent paid	(iii)	4,262	8,878
Site co-ordination service charges	(i)	995	–
Technical service charge paid	(i)	993	285

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(A) Transactions with the SHKP Group (continued)**

Notes:

- (i) These transactions were carried out at market prices or, where no market price was available, at cost plus a percentage profit mark-up.
- (ii) Interest is payable on the convertible note at 3% per annum in accordance with the Note agreement.
- (iii) The amounts are paid in accordance with the relevant agreements for which the rental and building management fee charge were set by reference to market value of similar transactions.
- (iv) The considerations for the disposal of property, plant and equipment were set by reference to the net book values of the assets.
- (v) The amounts are paid in accordance with the relevant agreement for which the services are reimbursed at cost.

(B) Balances with the SHKP Group

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

	2003	2002
Trade and other receivables	28,613	25,003
Amounts due from customers for contract work	6,532	19,054
Trade and other payables	13,672	32,587
Amounts due to customers for contract work	-	1,251

The trading balances are unsecured, interest-free and repayable according to terms similar to those offered to unrelated parties.

(C) Transaction with a director

During the year, the Group paid professional fee of HK\$161,000 (2002: HK\$227,000) to Messrs. Woo, Kwan, Lee & Lo, a firm of solicitors which provided day to day professional services to the Group. Mr. Cheung Wing Yui, a Director of the Company, is a partner of Messrs. Woo, Kwan, Lee & Lo.

These transactions were carried out with reference to market prices.

(D) Transactions with minority shareholders of subsidiaries

During the year ended 30 June 2002, the Group paid certain minority shareholders of subsidiaries fibre connectivity charges and interest of HK\$143,000 and HK\$621,000 respectively. The amount of fibre connectivity charges were carried out at market prices and the interest paid was calculated at prime rate of Republic of Singapore plus 2% per annum. There was no transaction entered into with minority shareholders of subsidiaries during the current year.

During the year ended 30 June 2002, a minority shareholder of a subsidiary waived an amount due from the subsidiary and accrued interest of HK\$21,328,000.

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(E) Transaction with an associate**

	2003	2002
Project income	-	660
Maintenance fee income	144	75

These transactions were carried out with reference to market prices.

(F) Transaction with a jointly controlled entity

	2003	2002
Equipment sales income	-	285
Management service income	-	1,745
Rental income	-	719

These transactions were carried out with reference to market prices.

(G) Transaction with an investee company

	2003	2002
Acquisition of plant and equipment	-	2
Maintenance fee paid	-	826
Rental income	295	886
Broadband service income	91	218

These transactions were carried out with reference to market prices.

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 June 2002, a subsidiary entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$780,000.

During the year ended 30 June 2002, a minority shareholder of a subsidiary waived an amount due from the subsidiary and accrued interest of HK\$21,328,000.

31. OPERATING LEASE COMMITMENTS**The Group as lessee**

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

	2003	2002
Within one year	3,277	3,565
In the second to fifth year inclusive	5,784	7,672
	9,060	11,237

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

The Group as lessor

Rental income earned during the year was HK\$94,052,000 (2002: HK\$91,881,000). All of the properties held have committed tenants for one to four years.

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

	2003	2002
Within one year	72,389	72,246
In the second to fifth year inclusive	98,629	136,540
	171,018	208,786

The Company had no operating lease commitment at the balance sheet date.

32. CAPITAL COMMITMENTS

	THE GROUP	
	2003	2002
Contracted for but not provided in the financial statements		
– Acquisition of property, plant and equipment	88	5,596
– Investments	124,250	143,744
– Investment in an associate	–	20,500
	124,338	169,840
Authorized but not contracted for		
– Acquisition of property, plant and equipment	–	4,769

The Company had no capital commitment at the balance sheet date.

33. UNRECOGNIZED DEFERRED TAXATION

At the balance sheet date, the Group had unrecognized deferred taxation assets (liabilities) as follows:

	THE GROUP	
	2003	2002
Taxation effect of timing differences arising as a result of:		
Tax losses available to set off against future assessable profits	130,440	125,309
Excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	(47,125)	(51,309)
	83,315	74,000

The deferred taxation asset has not been recognized in the financial statements as it is not certain that the benefit will be crystallized in the foreseeable future.

The amount of unrecognized deferred taxation credit (charge) for the year is as follows:

	THE GROUP	
	2003	2002
Tax effect of timing differences arising as a result of:		
Tax losses (utilized) arising	(6,616)	55,392
Shortfall (excess) of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	8,995	(30,141)
Effect of change in tax rate	6,936	-
	9,315	25,251

The surplus arising on revaluation of property interest does not constitute a timing difference for tax purposes.

The Company had no significant unrecognized deferred taxation at the balance sheet date.

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund scheme ("MPF Scheme") for all its employees and an executive Director in Hong Kong. The MPF Scheme is registered with the Hong Kong Mandatory Provident Fund Scheme Authority in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are both required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to the income statement as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$1,745,000 (2002: HK\$3,093,000), net of forfeited contributions of HK\$293,000 (2002: nil).

34. RETIREMENT BENEFITS SCHEME (continued)

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

35. CONTINGENT LIABILITIES**THE GROUP AND COMPANY**

The Company has given guarantees to banks in respect of general facilities granted to its subsidiaries amounting to approximately HK\$33 million (2002: HK\$33 million). The extent of such facilities utilized by the subsidiaries at 30 June 2003 was HK\$6,256,000 (2002: HK\$10,756,000) principally in respect of utility deposits for the electricity companies.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2003 are as follows:

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
iAdvantage Limited*	Ordinary shares – HK\$2 Deferred shares – HK\$2	100%	Operation of Internet services centres and provision of system management services
SUNeVision Super e-Technology Services Limited*	Ordinary shares – HK\$2 Deferred shares – HK\$2	100%	Design, installation, operation of SMATV/CABD, security surveillance, building access, network cabling systems and provision of related repair and maintenance services
SUNeVision SuperHome (H.K.) Limited*	HK\$2	100%	Provision of on-line Internet and off-line on-site contents and services for estate management and home users

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

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

Notes to the Financial Statements

For the year ended 30 June 2003, expressed in HK\$'000

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

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

Notes:

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

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

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

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 43 to 80 were approved and authorized for issue by the Board of Directors on 22 September 2003.

Particulars of Properties Held by the Group

AT 30 JUNE 2003

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

Websites of the SUNeVision Group

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SUNeVision

www.sunevision.com

iAdvantage

www.iadvantage.net

Super e-Technology

www.superetech.com.hk

SuperHome

www.superhome.net

SuperStreets

www.superstreets.net

Red-Dots

www.red-dots.com

PropertyStreet

www.propertystreet.net

BankingStreet

www.bankingstreet.net

InsuranceStreet

www.insurancestreet.net

ReinsuranceMall

www.reinsurancemall.com

