



SUNeVision Holdings Ltd.
新意網集團有限公司



Third Quarterly Report
第三季度業績報告 **2004/05**

Results for the nine months ended 31 March 2005
截至2005年3月31日止九個月業績



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 enquires, 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.

HIGHLIGHTS

- SUNeVision continued to be profitable in the first nine months of the financial year 2004/05, achieving a net profit of HK\$68.9 million for the nine months ended 31 March 2005, as against HK\$66.2 million in the same period of the previous financial year.
- Turnover in the first nine months of the financial year 2004/05 was HK\$183.0 million, a moderate 7% increase from the corresponding period of the last financial year.
- Operating expenditures continued to decline, to HK\$33.6 million compared to HK\$41.6 million for the nine months of last financial year. The reduction was a result of continuous improvements in operation.

	Jul 2004 to Mar 2005 HK\$'M	Jul 2003 to Mar 2004 HK\$'M
Turnover	183.0	170.7
Gross profit	68.7	50.2
– as a % of turnover	37.5%	29.4%
Operating expenditures*	(33.6)	(41.6)
Other revenue	33.8	57.6
Profit from operations	68.9	66.2

Notes:

- * Selling, general and administrative expenses

CHAIRMAN'S STATEMENT

SUNeVision recorded a net profit of HK\$68.9 million in the first nine months of the financial year 2004/05, up from HK\$66.2 million in the corresponding period of the last financial year.

Turnover from operations in the first nine months of the financial year 2004/05 was HK\$183.0 million, a moderate 7 percent increase as against the corresponding period of the last financial year. Factors behind the change included higher revenue from increased occupancy of the Group's data centre business, and increased project works from the Group's last-mile connectivity businesses. Gross margin for the period was 38 percent, 8 percent higher than in the corresponding period of the last financial year.

Other revenue, being revenue in addition to turnover from operations, was HK\$33.8 million. This amount was significantly lower than that in the corresponding period of the last financial year, which included receiving a one-time payment of an early termination penalty by a customer of the Group's data centre business.

Operating expenditures were HK\$33.6 million, a 19 percent decline from the corresponding period of the last financial year. The Group's expenditures continued to fall as a result of continuous improvements in operations.

The Group's financial position remained strong with approximately HK\$1.39 billion of cash and interest-bearing securities on hand, compared to approximately HK\$1.30 billion on the same balance sheet date of the last financial year.

Despite the relatively slow market environment, during the third quarter of the financial year iAdvantage continued to add customers to its data centres in Hong Kong and mainland China. Overall occupancy was approximately 65 percent, a significant improvement over the approximately 57 percent occupancy in the corresponding period of the last financial year.

Looking forward to the future, iAdvantage will continue to strengthen its market position and work vigorously to raise the occupancy of its data centres in Hong Kong and mainland China. The Group will also continue to strengthen its other businesses. The Group will strive to improve upon last year's recurring profits so that the payment of dividend to shareholders at the end of the financial year may be considered.

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

KWOK Ping-luen, Raymond

Chairman and Chief Executive Officer

Hong Kong, 9 May 2005

MANAGING DIRECTOR'S REPORT

OVERVIEW

SUNeVision continued to be profitable in the first nine months of the financial year 2004/05, recording a net profit of HK\$68.9 million for the nine months ended 31 March 2005.

Turnover in the first nine months of the financial year was HK\$183.0 million, an increase of 7 percent over the corresponding period of the last financial year. The increase in turnover was mainly the result of higher occupancy in the Group's data centre business, and increased project works from the Group's last-mile connectivity businesses. Gross margin for the period was 38 percent, up 8 percent from the corresponding period of the last financial year.

Other revenue was HK\$33.8 million. This amount was significantly lower than that in the corresponding period of the last financial year, which included receiving a one-time payment of an early termination penalty by a customer of the Group's data centre business.

Operating expenditures were HK\$33.6 million, a 19 percent decline from the corresponding period of the last financial year. The Group's expenditures continued to fall as a result of continuous improvements in operations. Net profit for the period was HK\$68.9 million, up 4 percent from the corresponding period of the last financial year.

The Group's financial position remained strong, with approximately HK\$1.39 billion in cash and interest-bearing securities.

DATA INFRASTRUCTURE

iAdvantage

iAdvantage continued to strengthen its position as the leading carrier-neutral data centre services provider in Hong Kong, with additions of local and multinational customers to its data centres in Hong Kong and mainland China. Overall occupancy was approximately 65 percent.

The company continues to develop new channels to access the increasing demand for its services from different sectors, including financial services, public services, and telecommunications.

Super e-Technology

Super e-Technology continued to develop new services for its customers, including content delivery for a major pay-TV operator and the replacement of analogue recorders by digital video recorders for security operations. Two additional Super e-Shooter people-tracking systems were also commissioned.

Super e-Network

Super e-Network's broadband business continued to grow as more value-added services were offered to users. The company introduced a home surveillance service and is currently completing wireless local area networks in fifteen shopping malls.

ENABLING SERVICES

SuperHome

SuperHome continued to serve residents around the clock with its unique blend of on-line and on-site offerings. The company continued to expand coverage of estates under its service.

SuperStreets

SuperStreets' mortgage referral business continued to be profitable in the period under review. The company is expected to benefit from the ongoing improvements in Hong Kong's property market.

Red-Dots

Red-Dots continued to serve its reliable customer base with unique products and value-added services. A new mobile sales section was introduced to satisfy members' needs on the go.

INVESTMENT

Venture Capital

The venture capital group adopts a prudent and conservative approach to investing and will continue to commit funds only where demonstrably attractive returns can be expected. No further provisions were made to the existing investment portfolio during the period under review.

SO Sing-tak, Andrew

Managing Director

Hong Kong, 9 May 2005

QUARTERLY RESULTS

For the period ended 31 March 2005

The Board of Directors (the “Board”) of SUNeVision Holdings Ltd. (the “Company” or “SUNeVision”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 March 2005 together with the comparative unaudited figures for the corresponding periods in 2004 as follows:

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	62,585	56,799	182,975	170,745
Cost of sales		(37,980)	(37,887)	(114,328)	(120,511)
Gross profit		24,605	18,912	68,647	50,234
Other revenue		12,446	16,216	33,808	57,584
		37,051	35,128	102,455	107,818
Selling expenses		1,601	1,906	4,885	6,017
Administrative expenses		8,052	11,252	28,687	35,560
Profit from operations		27,398	21,970	68,883	66,241
Finance costs		–	4	3	16
Profit before taxation		27,398	21,966	68,880	66,225
Taxation	3	–	–	–	(15)
Profit attributable to shareholders		27,398	21,966	68,880	66,210
Earnings per share	4				
– Basic		1.35 cents	1.08 cents	3.40 cents	3.27 cents
– Diluted		1.35 cents	1.08 cents	N/A	3.27 cents

Notes:**1. Basis of Preparation**

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Institute of Certified Public Accountants.

2. Turnover

Turnover represents the aggregate of income from Internet services centres and information technology facilities, installation and maintenance of satellite master antenna television system, communal aerial broadcast distribution, structural cabling and security systems, property rentals and building management services, after elimination of all significant inter-company transactions between group companies.

3. Taxation

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

No provision for the People's Republic of China (the "PRC") income tax has been made in the financial statements as the Group had no estimated assessable profit subject to PRC income tax for the current period.

Tax in other regions of the PRC for the nine months ended 31 March 2004 was calculated at the rates prevailing in those jurisdictions.

4. Earnings Per Share

The calculation of the Group's basic earnings per share for the three months and nine months ended 31 March 2005 is based on the Group's unaudited profit attributable to shareholders of approximately HK\$27,398,000 and HK\$68,880,000 (three months and nine months ended 31 March 2004: approximately HK\$21,966,000 and HK\$66,210,000) and on the weighted average number of 2,026,363,426 and 2,026,252,001 (three months and nine months ended 31 March 2004: 2,026,197,500 and 2,026,197,500) ordinary shares in issue during the respective periods.

The computation of diluted earnings per share for the three months ended 31 March 2005 is based on the Group's unaudited profit attributable to shareholders of approximately HK\$27,398,000 (three months and nine months ended 31 March 2004: approximately HK\$21,966,000 and HK\$66,210,000) and on the weighted average number of 2,026,391,010 (three months and nine months ended 31 March 2004: 2,026,783,415 and 2,026,967,653) shares respectively, after adjusting for the effects of all dilutive potential ordinary shares during the periods.

No diluted earnings per share is presented for the nine months ended 31 March 2005 as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company.

5. Reserves

	Three months ended 31 March					
	2005					2004
	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
At beginning of the period	3,868,367	288	6,233	(1,108,122)	2,766,766	2,722,766
Issue of new shares upon exercise of share options	709	–	–	–	709	–
Net profit for the period	–	–	–	27,398	27,398	21,966
At end of the period	3,869,076	288	6,233	(1,080,724)	2,794,873	2,744,732

	Nine months ended 31 March					
	2005					2004
	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Total HK\$'000
At beginning of the period	3,868,367	288	6,233	(1,149,604)	2,725,284	2,678,522
Issue of new shares upon exercise of share options	709	–	–	–	709	–
Net profit for the period	–	–	–	68,880	68,880	66,210
At end of the period	3,869,076	288	6,233	(1,080,724)	2,794,873	2,744,732

DIVIDEND

The board does not recommend the payment of an interim dividend for the nine months ended 31 March 2005 (2004: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 March 2005, 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	Personal	Child		Equity derivatives (share option)	Total	% of shares in issue
		under 18 or spouse	Others			
Kwok Ping-luen, Raymond	-	-	1,742,500*	484,999	2,227,499	0.10
Kwok Ping-sheung, Walter	-	-	1,070,000*	258,334	1,328,334	0.06
Kwok Ping-kwong, Thomas	-	-	1,070,000*	258,334	1,328,334	0.06
So Sing-tak, Andrew	-	-	-	800,000	800,000	0.03
Chan Kui-yuen, Thomas	-	-	-	290,000	290,000	0.01
Wong Yick-kam, Michael	100,000	-	-	240,000	340,000	0.01
Leung Kui-king, Donald	-	-	-	240,000	240,000	0.01
So Chung-keung, Alfred	416	543	-	440,000	440,959	0.02
Tung Chi-ho, Eric	-	-	-	240,000	240,000	0.01
Wong Chin-wah	-	-	-	440,000	440,000	0.02
Tung Yiu-kwan, Stephen	-	-	-	440,000	440,000	0.02

Note:

- * Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,070,000 shares, 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	Child under 18				Equity derivatives	Total	% of shares in issue
	Personal	or spouse	Corporate	Others	(share option)		
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	304,065	-	1,076,372,214 #	75,000	1,078,652,560	44.92
Chan Kui-yuen, Thomas	-	66,000	126,500	-	75,000	267,500	0.01
Wong Yick-kam, Michael	70,904	-	-	-	75,000	145,904	0
Leung Kui-king, Donald	10,000	-	-	-	36,000	46,000	0
So Chung-keung, Alfred	189,985	6,500	-	-	60,000	256,485	0.01
Tung Chi-ho, Eric	-	-	-	-	60,000	60,000	0
Wong Chin-wah	-	-	-	-	36,000	36,000	0
Tung Yiu-kwan, Stephen	-	-	-	-	24,000	24,000	0

Note:

Of these shares in SHKP, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,056,338,347 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	Child under 18 or spouse	Others	% of shares in issue
Kwok Ping-luen, Raymond	-	2,237,767	0.38
Li On-kwok, Victor	5,000	-	0

- (b) Each of Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas had the following interests in shares of the following Associated Corporations:

Name of associated corporation	Personal	Attributable		Actual holding through corporation	Actual % interests in issued shares
		Attributable holding through corporation	% of shares in issue through corporation		
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-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO. 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 following sub-section 4 and Share Option Schemes section 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 31 March 2005 with respect to their share options granted under the Old Scheme:

Name of director	Number of share options						Balance as at 31.3.2005
	Date of grant	Exercise price HK\$	Balance as at 1.7.2004	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	-	-	-	75,000
Wong Yick-kam, Michael	15.2.2000	70.00	150,000	-	-	150,000	-
	16.7.2001	70.00	75,000	-	-	-	75,000
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	-	-	-	60,000
Tung Chi-ho, Eric	15.2.2000	70.00	120,000	-	-	120,000	-
	16.7.2001	70.00	60,000	-	-	-	60,000
Wong Chin-wah	16.7.2001	70.00	36,000	-	-	-	36,000
Tung Yiu-kwan, Stephen	16.7.2001	70.00	24,000	-	-	-	24,000

Save as disclosed above, as at 31 March 2005, 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 required standard of dealings by Directors as referred to in GEM Listing Rule 5.46.

SHARE OPTION SCHEMES

1. Pre-IPO Share Options

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

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

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

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

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

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

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

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

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

2. SUNeVision Share Options

The Company by shareholders' resolutions passed at its Annual General Meeting held on 3 December 2002, has adopted a share option scheme "SUNeVision Share Options" and terminated the Pre-IPO Share Options. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company's holding company, SHKP, at its general meeting held on the same day. No further options may be offered under the Pre-IPO Share Options. However, the outstanding options granted under the Pre-IPO Share Options, as mentioned in the preceding paragraphs, shall continue to be subject to the provisions of the Pre-IPO Share Options and the provisions of Chapter 23 of the GEM Listing Rules. Since the adoption of the SUNeVision Share Options, the Company had granted one lot of share options at the exercise price of HK\$1.59 per share which may be exercised in accordance with the terms of the relevant scheme as to:

- (i) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (ii) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005;
- (iii) the remaining amount within three years commencing on 29 November 2006; and
- (iv) the options will expire at the close of business on 28 November 2009.

The following shows the outstanding positions of the Directors and Chief Executive as at 31 March 2005 with respect to their Pre-IPO Share Options and SUNeVision Share Options:

Name of director	Number of share options							Balance as at 31.3.2005
	Date of grant	Exercise price HK\$	Balance as at 1.7.2004	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	10.38	503,333	–	–	251,667	251,666	
	7.4.2001	2.34	350,000	–	–	116,667	233,333	484,999
Kwok Ping-sheung, Walter	28.3.2000	10.38	276,667	–	–	138,333	138,334	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	258,334
Kwok Ping-kwong, Thomas	28.3.2000	10.38	276,667	–	–	138,333	138,334	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	258,334
So Sing-tak, Andrew	8.7.2002	1.43	400,000	–	–	–	400,000	
	29.11.2003	1.59	400,000	–	–	–	400,000	800,000
Chan Kui-yuen, Thomas	28.3.2000	10.38	340,000	–	–	170,000	170,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	290,000
Wong Yick-kam, Michael	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	240,000
Leung Kui-king, Donald	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	240,000
So Chung-keung, Alfred	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	
	29.11.2003	1.59	200,000	–	–	–	200,000	440,000
Tung Chi-ho, Eric	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	240,000
Wong Chin-wah	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	
	29.11.2003	1.59	200,000	–	–	–	200,000	440,000
Tung Yiu-kwan, Stephen	28.3.2000	10.38	240,000	–	–	120,000	120,000	
	7.4.2001	2.34	180,000	–	–	60,000	120,000	
	29.11.2003	1.59	200,000	–	–	–	200,000	440,000

3. Share Option Schemes of Subsidiaries

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

4. Arrangement to purchase shares or debentures

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, the long positions of every person, other than a Director or the Chief Executive of the Company, being 10% or more in the interest in shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name	Total number of shares	% of shares in issue
Sunco Resources Limited ¹ ("Sunco")	1,713,613,500	84.55
SHKP ²	1,713,613,500	84.55
HSBC International Trustee Limited ³	1,717,623,249	84.74

Notes:

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

Save as disclosed above, as at 31 March 2005, none of the substantial shareholders were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company that were required to be entered into the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 March 2005, 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

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

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

AUDIT COMMITTEE

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

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

During the nine months ended 31 March 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board

KWOK Ping-luen, Raymond
Chairman & Chief Executive Officer

Hong Kong, 9 May 2005

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