



Annual Report
2006-2007

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) opinions expressed in this report have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

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FINANCIAL HIGHLIGHTS & SUMMARY

FINANCIAL HIGHLIGHTS

For the quarter ended	30 Jun 07	31 Mar 07	31 Dec 06	30 Sep 06
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	86,257	80,826	80,464	75,586
Cost of sales	(48,107)	(44,998)	(44,333)	(45,045)
Gross profit	38,150	35,828	36,131	30,541
Other income	11,977	3,486	13,112	22,692
	50,127	39,314	49,243	53,233
Operating expenditures *	(10,626)	(10,799)	(12,730)	(12,077)
Profit from operations	39,501	28,515	36,513	41,156

* Selling, general and administrative expenses

FINANCIAL SUMMARY

Results	Year ended 30 June				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	323,133	276,332	248,068	227,822	242,770
Profit (loss) for the year	203,766	357,423	146,231	107,247	(357,520)

Assets and Liabilities	As at 30 June				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	2,346,906	3,470,618	3,270,736	3,105,714	2,983,491
Total liabilities	(220,439)	(156,197)	(163,085)	(143,347)	(128,672)
Net assets	2,126,467	3,314,421	3,107,651	2,962,367	2,854,819

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-luen, Raymond (*Chairman*)
Kwok Ping-sheung, Walter
Kwok Ping-kwong, Thomas
So Sing-tak, Andrew (*Chief Executive Officer*)
Chan Kui-yuen, Thomas
Wong Yick-kam, Michael
So Chung-keung, Alfred
Tung Chi-ho, Eric
Wong Chin-wah
Tsim Wing-kit, Alfred (*Chief Financial Officer*)

Non-Executive Director

Cheung Wing-yui

Independent Non-Executive Directors

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

COMPANY SECRETARY

Wong Siu-mun, Katherine, ACIS, ACS

QUALIFIED ACCOUNTANT

Tsim Wing-kit, Alfred

COMPLIANCE OFFICER

Wong Yick-kam, Michael

AUDIT COMMITTEE

Wong Kai-man (*Chairman*)
Li On-kwok, Victor
King Yeo-chi, Ambrose
Cheung Wing-yui

REMUNERATION COMMITTEE

King Yeo-chi, Ambrose (*Chairman*)
Li On-kwok, Victor
Wong Kai-man
Cheung Wing-yui
So Sing-tak, Andrew

NOMINATION COMMITTEE

Li On-kwok, Victor (*Chairman*)
King Yeo-chi, Ambrose
Wong Kai-man
Cheung Wing-yui
So Sing-tak, Andrew

AUTHORISED REPRESENTATIVES

So Sing-tak, Andrew
Wong Siu-mun, Katherine

REGISTERED OFFICE

P.O. Box 309GT, Ugland 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 822, 8th Floor, Office Tower 2
Sun Dong An Plaza
138 Wangfujing Avenue
Dongcheng District
Beijing

LEGAL ADVISERS

As to Hong Kong Law

Woo, Kwan, Lee & Lo

As to Cayman Islands Law

Maples and Calder

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands
British West Indies

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

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
Sumitomo Mitsui Banking Corporation

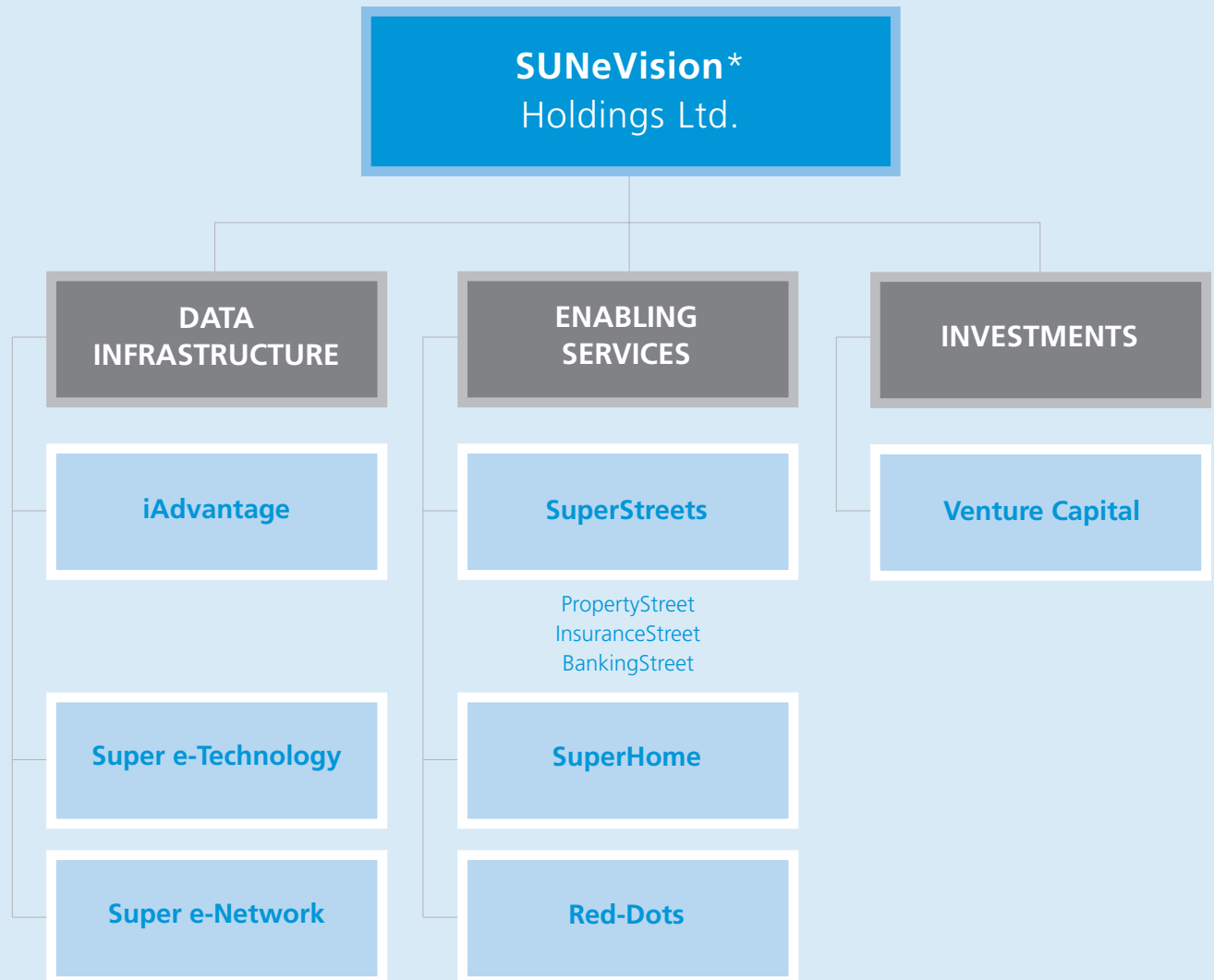
STOCK CODE

8008

WEBSITE

www.sunevision.com

The business portfolio of the Group as at 30 June 2007 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

SUNeVision continued profitable during the financial year 2006-2007, recording a profit attributable to equity holders of the Company of HK\$204.0 million, or HK\$0.10 per share.

FINANCIAL HIGHLIGHTS

Revenue was HK\$323.1 million, a seventeen percent increase over that in the last financial year. Factors contributing to the increase included higher revenues from the Group's data centre and last-mile connectivity businesses. The year's gross profit of HK\$140.7 million was also higher than for the financial year 2005-2006, reflecting price improvements across the Group's businesses. Gross margin for the year was 44 percent, five percentage points higher than that in the last financial year.

Other income, being income in addition to revenue from operations, was HK\$51.3 million. This was substantially lower than that for the last financial year, where other income was made up primarily of a one-time gain upon redemption of several bond holdings, and a higher level of interest income before the payment of the normal and special dividends approved by shareholders at the Annual General Meeting in October 2006.

Operating expenditures were HK\$46.2 million, moderately lower than in the last financial year as a result of continued tight control of costs. Profit from operations was HK\$145.7 million.

Following normal practice, the Group's investment properties were independently revalued as of 30 June 2007 on an open market value basis, leading to a one-time valuation surplus of HK\$99.0 million, which reflected prevailing property market conditions.

During the financial year, the Group reviewed its equity technology investments. Again in line with normal practice, several listed investments were revalued as of 30 June 2007 on an open market value basis. At the same time, impairments were made to one of the investments, reflecting prevailing market conditions and a prudent and conservative view of that investment. As of 30 June 2007, the value of the Group's equity technology investments stood at HK\$86.5 million.

After these adjustments, and allowing for taxation and minority interests, profit attributable to equity holders of the Company was HK\$204.0 million. This was considerably lower than that for last financial year, which included the one-time gain upon redemption of several bond holdings mentioned above, and the higher interest income before payment of the normal and special dividends approved by shareholders at the Annual General Meeting in October 2006. However, the Group's recurring profit remained strong, as evidenced by the increase in gross profit and continued cost control.

After payment of the normal and special dividends of approximately HK\$1.4 billion approved by shareholders at the Annual General Meeting in October 2006, the Group's financial position remained strong with approximately HK\$355 million of cash and interest-bearing securities on hand. As noted in the Third Quarterly Report, the Group's future interest income will be substantially reduced given the payment of dividends to

shareholders. Shareholder funds as of 30 June 2007 stood at HK\$2,120 million, or HK\$1.04 per share.

As a result of the Group's profitability, the directors recommend the payment of a final dividend of HK\$0.045 per share for the year ended 30 June 2007.

BUSINESS REVIEW

During the year, iAdvantage continued to strengthen its leadership position in carrier-neutral data centre facilities and services in Hong Kong and the Mainland. The business continued to meet the needs of global financial services firms, telecommunications providers, IT service providers, multinational corporations, and government authorities with its world-class facilities and services. Overall data centre occupancy was approximately 82 percent, a clear improvement over that in the last financial year. Demand for iAdvantage's facilities and services is anticipated to grow.

During the year, the Group's consumer enabling and property-related technology businesses in Hong Kong and the Mainland continued to deliver value-added services to their customers. Productivity improved and the parent company's strong brand name and property heritage continued to provide valuable leverage.

PROSPECTS

SUNeVision's portfolio of data infrastructure and service provision businesses positions it well for sustained profitability and continued growth. iAdvantage will seek to fill vacancies remaining in its current data centres as well as explore new opportunities for growth. The Group's consumer enabling and property-related technology businesses will carry on leveraging the parent company's significant relationships.

SUNeVision continues to maintain high standards of corporate governance. The full array of Audit, Remuneration, and Nomination Committees of the Board of Directors has been in place since the beginning of the last financial year. The Group believes that by conducting its business in a well-governed and socially responsible manner, its long-term interests and those of its shareholders will be maximized.

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

Hong Kong, 11 September 2007

CHIEF EXECUTIVE OFFICER'S REPORT

OVERVIEW

SUNeVision achieved its fourth consecutive year of profit, generating a profit attributable to equity holders of the Company of HK\$204.0 million in the financial year 2006-2007. Compared to last financial year, revenues of the majority of the Group's business units increased as a result of steady improvements in both demand and pricing. At both Group and business unit levels, costs continued to be vigilantly controlled.

BUSINESS REVIEW

Data Infrastructure

iAdvantage

iAdvantage continued to strengthen its market leadership in carrier-neutral data centre facilities and services in Hong Kong and the Mainland. The company's world-class facilities and services enabled it to meet or exceed customers' stringent requirements for outsourcing, business continuity, and other mission-critical operations. During the year iAdvantage added major multinational and local customers, including global financial services firms, Fortune 500 corporations, and international telecom operators. At the same time, many existing customers expanded their requirements for facilities and services. Overall data centre occupancy reached approximately 82 percent, a clear improvement over that in the last financial year. Demand for iAdvantage's facilities and services is anticipated to grow.

Super e-Technology

Super e-Technology continued to win new business for the installation of ELV and SMATV systems, and for the installation of CCTV DVR (digital video recorder) systems. The company continues to maintain systems for a major pay-TV operator, providing additional programming to more than

80,000 households. The number of deployed Super e-Shooter systems in Hong Kong exceeded 20 during the year, and the company is actively pursuing new contracts for the system on the Mainland.

Super e-Network

Super e-Network continued to expand the deployment of its broadband network and the provision of network-related value-added services. The broadband infrastructure at Manhattan Hill was satisfactorily completed and delivered during the year. The company is actively expanding its WIFI infrastructure at selected developments to provide state-of-the-art WIFI coverage and services.

Enabling Services

SuperStreets

SuperStreets continued to provide competitive and convenient on-line mortgage referrals and other property-related services to home buyers.

SuperHome

SuperHome continued to provide convenient and diversified on-line and on-sites services to residential estates. The company now covers over 40 estates in Hong Kong and will strive to expand its services to additional estates.

Red-Dots

Red-Dots continued to serve its loyal user community with its trusted e-commerce and e-auction platforms. Red-dots China (www.reddots.cn), a new venture in China that provides both B2B and B2C services started up at the beginning of the financial year, saw steady growth in corporate and individual members, registered merchants, and traffic. The company continues to develop its core corporate and merchant networks on the Mainland.

Investments

Venture Capital

During the financial year, the Group reviewed its equity technology investments. Following normal practice, several listed investments were revalued as of 30 June 2007 on an open market value basis. At the same time, impairments were made to one of the investments as a result of prevailing market conditions and a prudent and conservative view of that investment. As of 30 June 2007 the value of the Group's equity technology investments stood at HK\$86.5 million. The Group will maintain a prudent and conservative approach to investments, committing funds only where returns can be reasonably expected and are demonstrably attractive.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practices prudent financial management and has a strong balance sheet, with ample liquidity and financial resources. As of 30 June 2007, the Group had cash and interest-bearing securities of approximately HK\$355 million. The Group's gearing ratio as of the same date (calculated on the basis of net debt to shareholders' funds) was zero.

As of 30 June 2007, the Group had contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other guarantees in the aggregate amount of HK\$106.4 million. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. As of 30 June 2007, the Group had not pledged any of its assets, and there were no material acquisitions or disposals of subsidiaries or affiliated companies during the year under review.

EMPLOYEES

As of 30 June 2007 the Group had 195 full-time employees. The Group is keen to retain and motivate talent and continues to make adjustments in compensation, where appropriate, to recognize employees' contributions and to respond to changes in the employment market. Payroll costs remained stable during the year, and bonuses were paid to selected employees to recognize outstanding performance. Other remuneration and benefits, including medical coverage and provident fund contributions, remained at appropriate levels. Various training and development opportunities continue to be offered to enhance employees' knowledge and skills.

OUTLOOK

Building on its track record, SUNeVision is well positioned for sustained profitability and continued growth. iAdvantage will seek to fill vacancies remaining in its current data centres as well as explore new opportunities for growth. The Group's consumer enabling and property-related technology businesses will continue to leverage the parent company's significant relationships, and seek new ways to grow.

I would like to close by thanking the board for its guidance, every member of staff for their commitment and hard work, and our shareholders for their long-standing trust and support.

So Sing-tak, Andrew
Chief Executive Officer

Hong Kong, 11 September 2007

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

KWOK Ping-luen, Raymond (Age: 54)

Chairman

Mr. Kwok was appointed the Chairman and an Executive Director of the Company on 29 January 2000. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong.

He is a Vice Chairman & Managing Director of Sun Hung Kai Properties Limited ("SHKP"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also Chairman of SmarTone Telecommunications Holdings Limited ("SmarTone"), a Non-Executive Director of Transport International Holdings Limited ("TIH") and USI Holdings Limited ("USI"), and an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong ("REDA"), a member of the General Committee of The Hong Kong General Chamber of Commerce, a member of the Hong Kong Port Development Council and Vice-Chairman of the Council of The Chinese University of Hong Kong. Mr. Kwok is the younger brother of Mr. Kwok Ping-sheung, Walter and Mr. Kwok Ping-kwong, Thomas, both being Executive Directors of the Company.

KWOK Ping-sheung, Walter (Age: 56)

Mr. Kwok was appointed an Executive Director of the Company on 29 January 2000. He holds a Master of Science degree in Civil Engineering from Imperial College of Science and Technology, University of London, and is a member of the Institution of Civil Engineers, U.K. and a member of the Hong Kong Institution of Engineers. He is the Chairman & Chief Executive of SHKP, a Non-Executive Director of TIH and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Co., Ltd.

He is also a Director of REDA 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 member of the Former Directors Committee of the Hong Kong Community Chest. He is also a member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary member of The Court of The Hong Kong University of Science & Technology.

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

KWOK Ping-kwong, Thomas (Age: 55)

Mr. Kwok was appointed an Executive Director of the Company on 29 January 2000. Mr. Kwok is a Vice Chairman & Managing Director of SHKP. He is also Chairman of Route 3 (CPS) Company Limited, Joint Chairman of IFC Development Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited. Mr. Kwok holds a Master degree in Business Administration from The London Business School, University of London and a Bachelor degree in Civil Engineering from Imperial College, University of London.

He is Chairman of the Board of Directors of the Faculty of Business and Economics of The University of Hong Kong and Executive Vice President of REDA. He also serves as a government appointed member of the Exchange Fund Advisory Committee, Construction Industry Council, the Council for Sustainable Development, Business Facilitation Advisory Committee and the Commission on Strategic Development. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past he served as a member of the Economic and Employment Council, the Business Advisory Group, the Land & Building Advisory Committee, the Registered Contractors' Disciplinary Board and the General Chamber of Commerce Industrial Affairs Committee. He was also Chairman of the Property Management Committee of the Building Contractors' Association and a Council member of the Hong Kong Construction Association.

He previously served as a Board member of the Community Chest of Hong Kong, as a member of the Social Welfare Policies & Services Committee, and on the Council of The Open University 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.

SO Sing-tak, Andrew (Age: 42)

Chief Executive Officer and Authorised Representative

Mr. So was appointed an Executive Director of the Company on 26 March 2002. He was appointed as the Managing Director of the Company on 4 December 2004 and was re-designated as the Chief Executive Officer of the Company since 9 September 2005. He has been with the SHKP group since July 2001, as Special Assistant to Vice Chairman and Managing Director of SHKP, and was involved in developing SHKP's IT-related businesses and formulating growth strategies for the Company. Mr. So is also a Non-Executive Director of SmarTone and a Non-Executive Director of RoadShow Holdings Limited.

Mr. So holds both a BA from Harvard University and MBA from Harvard Business School, and he has over sixteen 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 SHKP 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.

CHAN Kui-yuen, Thomas (Age: 61)

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

WONG Yick-kam, Michael (Age: 55)

Compliance Officer

Mr. Wong was appointed an Executive Director of the Company on 29 January 2000. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong. He was appointed an Executive Director of SHKP in 1996 and is currently responsible for the SHKP group's strategic planning, corporate development, infrastructure projects, financial investments and investor relations.

Mr. Wong is Deputy Chairman of RoadShow Holdings Limited and a Non-Executive Director of SmarTone Telecommunications Holdings Limited and USI Holdings Limited.

In community service, Mr. Wong is Chairman of the Hong Kong Youth Hostels Association. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong.

SO Chung-keung, Alfred (Age: 58)

Mr. So was appointed an Executive Director of the Company on 29 January 2000 and joined the SHKP group in 1978. He is currently an Executive Director of Sun Hung Kai Real Estate Agency Limited ("SHKREA"), a subsidiary of SHKP. He is also a Director of Sunco Resources Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. 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 received a Master of Science degree in Mathematics from the University of Toronto.

TUNG Chi-ho, Eric (Age: 48)

Mr. Tung was appointed an Executive Director of the Company on 29 January 2000 and has been with the SHKP group for 20 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 SHKREA, and is also the Chairman of iAdvantage Limited ("iAdvantage"). Mr. Tung is a member of the Hong Kong Institute of Architects and is a Registered Architect in Hong Kong and an Authorised Person (List One) with the Building Department. He is a graduate of the Architectural Programme of The University of Hong Kong.

WONG Chin-wah (Age: 58)

Mr. Wong was appointed an Executive Director of the Company on 29 January 2000 and is the Chief Executive Officer of SUNeVision Super e-Technology Services Limited. His experience in infrastructure network technology commenced in early 1993 when he was appointed as Chief Executive Officer of SUNeVision Super e-Technology Services Limited. In July 1999, then as the Managing Director of Red-Dots, he led a team of IT professionals to develop the SHKP group's first e-commerce site in Hong Kong which was launched in October 1999. He is an Executive Director of SHKREA and had held senior management positions in the DBS Bank and MTR Corporation Limited. Mr. Wong received a Bachelor of Science (Estate Management) degree in 1976 from the National University of Singapore and is a Registered Professional Surveyor and a Registered Professional Housing Manager in Hong Kong. He is also a member of the Singapore Institute of Surveyors and Valuers.

TSIM Wing-kit, Alfred (Age: 44)

Chief Financial Officer and Qualified Accountant

Mr. Tsim was appointed an Executive Director and the Chief Financial Officer on 12 July 2006. He is responsible for the overall financial planning and management of the Company. Prior to joining the Group in February 2000, he worked with international accounting firms, financial institution and major telecommunication operators in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, United Kingdom, CPA Australia and CMA Canada. Mr. Tsim holds a Bachelor of Arts degree from the City University of Hong Kong, a Master of Business Administration degree from the University of Sydney and a Diploma in Management Accounting from The Chinese University of Hong Kong.

NON-EXECUTIVE DIRECTOR

CHEUNG Wing-yui (Age: 57)

Mr. Cheung was appointed a Non-Executive Director of the Company on 29 January 2000. Mr. Cheung is also Non-Executive Director of five other publicly listed companies and an Independent Non-Executive Director of three other publicly listed companies. He is a member of the Board of Review (Inland Revenue Ordinance), Co-Chairman of The Community Chest Corporate Challenge Organising Committee and a member of Campaign Committee of The Community Chest, a Council member of The Open University of Hong Kong and a Fellow member of the Institute of Directors. He was also the Vice Chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong until January 2006 and was a Director of Po Leung Kuk. Mr. Cheung received a Bachelor of Commerce Degree in accountancy from the University of New South Wales, Australia and is a member of the Australian Society of CPAs. He has been a practising solicitor in Hong Kong since 1979 and is a Consultant of the law firm Woo, Kwan, Lee & Lo. He was also admitted as a solicitor in the United Kingdom as an advocate and solicitor in Singapore.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LI On-kwok, Victor (Age: 53)

Professor Li was appointed an Independent Non-Executive Director of the Company on 29 January 2000. He is Associate Dean of Engineering, and the Chair Professor of Information Engineering of the Electrical and Electronic Engineering Department at The University of Hong Kong (HKU). Prior to joining HKU, Professor Li was Professor of Electrical Engineering at the University of Southern California (USC) and Director of the USC Communication Sciences Institute. Professor Li has chaired various committees of international professional organisations such as the Technical Committee on Computer Communications of the Institute of Electrical and Electronic Engineers (IEEE). Professor Li received his bachelor's, master's, engineer's and doctoral degrees in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology in 1977, 1979, 1980 and 1981, respectively. He was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2002.

KING Yeo-chi, Ambrose (Age: 72)

Professor King was appointed as an Independent Non-Executive Director of the Company on 1 January 2007. He is the Emeritus Professor of Sociology at The Chinese University of Hong Kong.

He has been the head of New Asia College (1977-1985), Chair Professor of Sociology (1983-2004), Pro-Vice-Chancellor (1989-2002) and Vice-Chancellor (2002-2004) at The Chinese University of Hong Kong. In addition, he has been the Visiting Fellow at the Centre of International Studies, MIT (1976) and Visiting Professor at University of Heidelberg (1985) and University of Wisconsin (1986). He was elected as Academician, Academia Sinica, Taipei (1994).

Professor King received his BA from National Taiwan University (1957), MA from National Cheng Chi University (1959), and PhD from the University of Pittsburgh (1970).

Professor King has held many advisory positions to the Hong Kong Government such as Independent Commission Against Corruption, The Law Reform Commission, Central Policy Unit, University Grants Committee – Research Grants Council. He is a member of the Board of Directors of Chiang Ching-kuo Foundation for International Scholarly Exchange. Professor King was appointed the Non-Official Justice of Peace in 1994. He was awarded the Silver Bauhinia Star of the Hong Kong Special Administrative Region and the Doctor of Literature, *honoris causa* of the Hong Kong University of Science and Technology in 1998 and the Doctor of Laws, *honoris causa* of The Chinese University of Hong Kong in 2005.

WONG Kai-man (Age: 57)

Mr. Wong was appointed as Independent Non-Executive Director of the Company on 16 January 2007. He is an accountant with 32 years of audit, Initial Public Offer and computer audit experience. He was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. Mr. Wong was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement on 30 June 2005 and is currently the Chief Executive Officer of Li & Fung (1906) Foundation Limited, a charity and a senior advisor to Tricor Services Limited, a provider of business services. He is an Independent Non-Executive Director of Shangri-La Asia Ltd. and SCMP Group Ltd. He serves in a number of government committees and the board of certain non-government organisations.

Mr. Wong obtained his Bachelor of Science in Physics from The University of Hong Kong and Master of Business Administration from The Chinese University of Hong Kong and is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong was appointed as a Justice of the Peace in 2002 and was awarded Bronze Bauhinia Star in 2007 by the Government of the Hong Kong Special Administrative Region.

SENIOR MANAGEMENT

TAM Wing Yiu, Alex (Age: 44)

Chief Executive Officer of iAdvantage

Mr. Tam is responsible for providing overall leadership to the internet infrastructure services of the Group. He has over 21 years experience in telecommunication and Internet related industries. Before joining iAdvantage in October 1999, he worked for major telecommunication operators in Hong Kong, Hutchison Telecommunications and Hongkong Telecom, holding management and professional positions there. Mr. Tam received his Bachelor of Science in Engineering from The University of Hong Kong and Master of Science in Global Business from The Chinese University of Hong Kong.

The Directors present their Report for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries. Particulars of the Company's principal subsidiaries, including their respective activities, are set out in note 32 to the financial statements.

Revenue and contributions to operating results from overseas activities are immaterial. Segment information about the businesses of the Group for the year ended 30 June 2007 is set out in note 6 to the financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 47 of this Report.

DIVIDENDS

The Board of Directors recommended a final dividend of HK\$0.045 per share (2006: HK\$0.045 per share) to the shareholders registered in the Company's Register of Members as at the close of business on 1 November 2007, making a total dividend of HK\$0.045 per share for the full year ended 30 June 2007 (2006: HK\$0.705 per share).

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 30 June 2007 is set out on page 3 of this Report.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 50 of this Report and in note 25 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

PROPERTIES

Particulars of properties held by the Group at 30 June 2007 are set out on page 92 of this Report.

INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2007 and the resulting fair value change of HK\$99,000,000 has been credited to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 15 to the financial statements.

BANK BORROWINGS

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

INTEREST CAPITALISED

The Group has not capitalised 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

So Sing-tak, Andrew

Chan Kui-yuen, Thomas

Wong Yick-kam, Michael

So Chung-keung, Alfred

Tung Chi-ho, Eric

Wong Chin-wah

Tsim Wing-kit, Alfred (*Appointed with effect from 12 July 2006*)

Tung Yiu-kwan, Stephen (*Resigned with effect from 26 October 2006*)

Non-Executive Director:

Cheung Wing-yui

Independent Non-Executive Directors:

Li On-kwok, Victor

King Yeo-chi, Ambrose (*Appointed with effect from 1 January 2007*)

Wong Kai-man (*Appointed with effect from 16 January 2007*)

Kao Kuen, Charles (*Resigned with effect from 1 January 2007*)

Fong Ching, Eddy (*Resigned with effect from 27 October 2006*)

In accordance with Articles 95 and 116 of the Company's Articles of Association, Mr. Kwok Ping-kwong, Thomas, Mr. Chan Kui-yuen, Thomas, Mr. Wong Yick-kam, Michael, Mr. So Sing-tak, Andrew, Mr. Cheung Wing-yui, Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man will retire at the forthcoming Annual General Meeting and, being eligible, would offer themselves for re-election.

1. Directors' Service Contracts

Executive Directors

Other than Mr. Tsim Wing-kit, Alfred, 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.

Non-Executive Directors

The term of office of each of Professor Li On-kwok, Victor and Mr. Cheung Wing-yui is for a period not exceeding three years up to 31 December 2008. The term of office of each of Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man is for a period not exceeding three years up to 31 December 2009.

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 27 "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 consultant 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.

3. Independent Non-Executive Directors

Confirmation of Independence

The Company has received from each of Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the Company still considers the Independent Non-Executive Directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2007, the interests or short positions of Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required, pursuant to the required standard of dealings by Directors as referred to in GEM Listing Rules 5.49 to 5.67, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Number of shares held			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	-	-	1,742,500 ¹	1,742,500	-	1,742,500	0.08
Kwok Ping-sheung, Walter	-	-	1,070,000 ¹	1,070,000	-	1,070,000	0.05
Kwok Ping-kwong, Thomas	-	-	1,070,000 ¹	1,070,000	-	1,070,000	0.05
So Sing-tak, Andrew	326,667	-	-	326,667	133,333 ²	460,000	0.02
Wong Yick-kam, Michael	100,000	-	-	100,000	-	100,000	0
So Chung-keung, Alfred	-	543	-	543	67,000 ²	67,543	0
Wong Chin-wah	-	-	-	-	70,000 ²	70,000	0
Tsim Wing-kit, Alfred	-	-	-	-	50,000 ²	50,000	0
King Yeo-chi, Ambrose	500	-	-	500	-	500	0

Notes:

1. 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 by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
2. These represented the interests in the underlying shares of the Company in respect of the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company. Details of the share options are set out in the section entitled "Share Option Schemes".

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

(a) SHKP

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives		% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests		Total	Total	
Kwok Ping-luen, Raymond	75,000	-	-	1,086,165,895 ¹	1,086,240,895	-	1,086,240,895	43.59
Kwok Ping-sheung, Walter	75,000	-	-	1,084,972,522 ¹	1,085,047,522	-	1,085,047,522	43.54
Kwok Ping-kwong, Thomas	1,976,281	304,065	-	1,083,022,214 ¹	1,085,302,560	-	1,085,302,560	43.55
Chan Kui-yuen, Thomas	-	66,000	126,500 ²	-	192,500	-	192,500	0
Wong Yick-kam, Michael	145,904	-	-	-	145,904	-	145,904	0
So Chung-keung, Alfred	189,985	6,500	-	-	196,485	-	196,485	0
Wong Kai-man	-	-	-	-	-	20,426 ³	20,426	0

Notes:

1. 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 1,062,988,347 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
2. These shares were held by a company obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.
3. Mr. Wong Kai-man was deemed to be interested in these underlying shares of SHKP by virtue of having a security interest in equity derivatives for the purpose of the SFO.

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Family interests (interests of spouse or child under 18)	Other interests	Total			
Kwok Ping-luen, Raymond	–	2,237,767 ¹	2,237,767	–	2,237,767	0.38
Li On-kwok, Victor	5,000	–	5,000	–	5,000	0

Note:

- Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being beneficiary of certain discretionary trust(s) for the purposes of the SFO.

(c) 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	Attributable holding through corporation	Attributable % of shares in issue through corporation	Actual holding through corporation	Actual % interests in issued shares
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note:

- 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. These shares were held by corporations in which we were entitled to control the exercise of one-third or more of the voting rights in the general meetings of those corporations.

Save as disclosed above, as at 30 June 2007, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required, pursuant to the required standard of dealings by Directors as referred to in GEM Listing Rules 5.49 to 5.67, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

The Company had adopted a share option scheme (the "Old Share Option Scheme"), the principal terms of which were summarised in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to the Company's prospectus dated 6 March 2000. By ordinary shareholders' resolutions passed at the annual general meeting held on 3 December 2002, the Company had adopted another share option scheme (the "New Share Option Scheme") and terminated the Old Share Option Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, the Company's holding company, at its general meeting held on the same day.

(A) Old Share Option Scheme

Since the adoption of the Old Share Option Scheme, the Company had granted four lots of share options, of which the options at the exercise price of HK\$10.38 per share expired at the close of business on 30 December 2005. No further options may be offered under the Old Share Option Scheme. However, the outstanding options granted under the Old Share Option Scheme shall continue to be subject to the provisions of the Old Share Option Scheme and the provisions of Chapter 23 of the GEM Listing Rules.

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

- (a) one-third of the options within three years commencing on 15 November 2001;
- (b) a further one-third of the options within three years commencing on 15 November 2002; and
- (c) the remaining one-third of the options within three years commencing on 15 November 2003.

The options expired 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:

- (a) one-third of the options within three years commencing on 20 March 2002;
- (b) a further one-third of the options within three years commencing on 20 March 2003; and
- (c) the remaining one-third of the options within three years commencing on 20 March 2004.

The options expired 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:

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

During the year ended 30 June 2007, no share option was granted under the Old Share Option Scheme.

(B) New Share Option Scheme

The Company had granted two lots of share options under the New Share Option Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share may be exercised in accordance with the terms of the relevant scheme in full at any time within three years from 10 November 2005 and the options will expire at the close of business on 9 November 2008.

During the year ended 30 June 2007, no share options were granted under the New Share Option Scheme.

(C) Share options granted to the Directors

The following shows the outstanding positions of the Directors as at 30 June 2007 with respect to their share options granted under the Old Share Option Scheme and the New Share Option Scheme:

Name of Director	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2007	Weighted average closing price ¹ HK\$
			Balance as at 1.7.2006	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year		
Kwok Ping-luen, Raymond	7.4.2001	2.34	116,666	-	-	116,666	-	N/A
Kwok Ping-sheung, Walter	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
Kwok Ping-kwong, Thomas	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
So Sing-tak, Andrew	8.7.2002	1.43	400,000	-	266,667	133,333	-	1.89
	29.11.2003	1.59	400,000	-	266,667	-	133,333	1.89
	10.11.2005	1.41	1,000,000	-	1,000,000	-	-	1.87
Chan Kui-yuen, Thomas	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
Wong Yick-kam, Michael	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
So Chung-keung, Alfred	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
	29.11.2003	1.59	200,000	-	133,000	-	67,000	67,000
Tung Chi-ho, Eric	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
Wong Chin-wah	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
	29.11.2003	1.59	200,000	-	130,000	-	70,000	70,000
Tung Yiu-kwan, Stephen (resigned with effect from 26 October 2006)	7.4.2001	2.34	60,000	-	-	60,000	-	N/A
	29.11.2003	1.59	200,000	-	133,333	66,667	-	1.86
	10.11.2005	1.41	250,000	-	250,000	-	-	1.86
Tsim Wing-kit, Alfred (appointed with effect from 12 July 2006)	7.4.2001	2.34	45,000	-	-	45,000	-	N/A
	8.7.2002	1.43	150,000	-	100,000	50,000	-	1.91
	29.11.2003	1.59	150,000	-	100,000	-	50,000	1.91
	10.11.2005	1.41	250,000	-	250,000	-	-	50,000

Note:

- This refers to the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised.

(D) Share options granted to the employees of the Company

A summary of the movements during the year ended 30 June 2007 of the share options granted under the Old Share Option Scheme and the New Share Option Scheme 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 of the Company as disclosed above, is set out below:

Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2007	Weighted average closing price ² HK\$
		Balance as at 1.7.2006	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year		
30.11.2000	3.885	345,833	-	-	345,833	-	N/A
7.4.2001	2.340	240,000 ¹	-	-	240,000	-	N/A
8.7.2002	1.430	200,000 ¹	-	100,000	100,000	-	1.86
29.11.2003	1.590	950,000 ¹	-	633,333	-	316,667	1.90
10.11.2005	1.410	1,420,000 ¹	-	1,390,000	30,000	-	1.91
						<u>316,667</u>	

Notes:

1. These numbers of share options do not include the share options that Messrs. Tung Yiu-kwan, Stephen and Tsim Wing-kit, Alfred were entitled to as at 1 July 2006. Mr. Tung resigned as a Director on 26 October 2006 and Mr. Tsim was appointed as a Director on 12 July 2006. Details of their share options are set out in the above sub-section 1(C) entitled "Share options granted to the Directors".
2. This refers to the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised.

Other than the participants as stated above, the Company has not granted since the adoption of the Old Share Options Scheme and the New Share Options Scheme any share options to any other persons as required to be disclosed under GEM Listing Rule 23.07.

2. Share Option Scheme of iAdvantage Limited ("iAdvantage")

In addition to the Old Share Option Scheme and the New Share Option Scheme, the Group operates another share option scheme which was approved for iAdvantage, a wholly-owned subsidiary of the Company, allowing the Board of Directors of the Company the right to grant to the full-time employees and executive directors of iAdvantage or any of its subsidiary options to subscribe for shares of iAdvantage in aggregate up to 10% of its issued capital from time to time (the "iAdvantage Share Option Scheme"). The exercise period of any options granted under the iAdvantage Share Option Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.

3. Major terms of share options schemes

The major terms of the Old Share Option Scheme, the New Share Option Scheme and the iAdvantage Share Option Scheme (collectively the "Schemes") are summarised as follows:

- (i) Upon the passing of an ordinary resolution by the shareholders of the Company approving the adoption of the New Share Option Scheme and the termination of the Old Share Option Scheme at the general meeting on 3 December 2002 and the approval of the shareholders of SHKP on 5 December 2002, no further options may be offered under the Old Share Option Scheme.
- (ii) The purposes of the Schemes are to provide incentives to their respective participants.
- (iii) The participants of the New 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 Old Share Option Scheme include full-time employees of the Company or its subsidiaries including executive directors of the Company or its subsidiaries.

The participants of the iAdvantage Share Option Scheme include full-time employees of iAdvantage or its subsidiaries including executive directors of iAdvantage or its subsidiaries.

- (iv) The total number of shares which may be issued upon exercise of all options to be granted under the Old Share Option Scheme and the New Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue of the Company as at the date of approval of the New Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders of the Company. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old Share Option Scheme and New Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). As at 11 September 2007, the number of shares available for issue in respect thereof was 195,939,750, representing approximately 9.645% of the issued share capital of the Company.

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 in issue of iAdvantage from time to time. The issued share capital of iAdvantage as at 11 September 2007 is HK\$4.00. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.

- (v) Pursuant to New 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 of the Company. As at 11 September 2007, the total number of shares in issue of the Company was 2,031,483,833.

Pursuant to the Old 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 participant's maximum entitlement exceeding 25% of the aggregate number of the shares of the Company for the time being issued and issuable under the respective schemes.

- (vi) An option granted under the New 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 shall not be longer than ten years from the grant date of the Option.

The exercise period of any option granted under the Old 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 in the scheme.

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 in the scheme.

- (vii) Pursuant to the New Share Option Scheme, there are 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 Old Share Option Scheme and the iAdvantage Share Option Scheme, an option may be exercised in accordance with the terms of the respective schemes at any time during a period to be notified by the respective boards to each grantee.

- (viii) 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.

- (ix) The exercise price of an option to subscribe for shares granted pursuant to each of the New Share Option Scheme and the Old Share Option Scheme shall be the highest of:

- the closing price of the shares of the Company 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 of the Company 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 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 of the Company 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 of the Stock Exchange or his or her associate, the subscription price shall be determined on a fair and reasonable basis and shall not be less than the latest audited net tangible assets per share of iAdvantage.

- (x) The New Share Option Scheme shall be valid and effective till 3 December 2012. Both the Old Share Option Scheme and the iAdvantage Share Option Scheme shall be valid and effective till 28 February 2010.

4. Arrangement to purchase shares or debentures

Other than the 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.

GROUP'S EMOLUMENT POLICY**1. General description of the emolument policy and long term incentive schemes of the Group****(a) Emolument Policy**

The philosophy of the emolument policy of the Company is summarised as follows:

- The Company will benchmark periodically with the market to ensure the competitiveness of the overall package
- The Company adopts a performance driven policy so that each individual is motivated to perform to the best he can
- Individual competence, contribution and responsibility are taken into account when considering the remuneration level for each staff
- Different remuneration elements are adopted for different functions, such as commission schemes for sales and special allowances for staff working on shift, to meet the special characteristics of each function
- The Company also offers provident fund, medical insurance and leave benefits to provide basic coverage to staff for sickness, retirement, rest and relaxation reasons
- Share option grants are made from time to time to better link the corporate performance as reflected in the share price performance and the contributions made by the senior staff in the intermediate to longer time frame
- The economic factors and the affordability of the Company are taken into account in coming up with the overall remuneration budget for the Company

(b) Incentive Scheme

To enhance the performance culture, the Company also has adopted a discretionary bonus scheme. A couple of factors, such as the overall financial performance, the affordability of the Company and individual performance, have been taken into account before determining the payout for each individual. The payout of the bonus still remains at the sole discretion of the Company.

2. Basis of determining emolument to Directors

The remuneration philosophy of the Company also applies to the Directors. Apart from benchmarking against the market, the Company also looks into individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Provision in medical, provident fund and leave are made to ensure that the Directors could have basic coverage in sickness and retirement as well as for rest and relaxation. Share options are also granted to gain a better line of sight between the overall performance of the Company in terms of share price and the contributions made by the Directors.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the long positions of every person, other than a Director or 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 by the Company 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	84.35
SHKP ²	1,713,613,500	84.35
HSBC International Trustee Limited ³ ("HSBCIT")	1,717,623,249	84.55

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. HSBCIT is deemed to have interest in the 1,713,613,500 shares of the Company held by SHKP for the purpose of the SFO. Of the shares in SHKP in which HSBCIT was interested, 1,062,988,347 shares were the shares referred to in Note 1 to sub-section 2(a) of the section entitled "Directors' and Chief Executive's Interests".

Save as disclosed above, as at 30 June 2007, 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 30 June 2007, 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 of the Company stated above, there were no other persons with interests recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT SHAREHOLDERS

So far as the Directors are aware, other than Sunco and SHKP as disclosed above, there was no other person during the year 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

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognised leader in the field of information technology development and has been appointed to various positions including consultant and director 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 2007 are disclosed in note 27 to the financial statements.

On 23 May 2005, the Company renewed the agreements governing the Transactions Requiring Approval and the Transactions Exempt from Approval (both as defined and in more particularly described in the announcement of the Company dated 23 May 2005 (the "Announcement")), with SHKP each for a term of three years commencing 1 July 2005 and ending on 30 June 2008. It is also expected that the Lease Arrangements (as defined and in more particularly described in the Announcement) may continue for the period from 1 July 2005 to 30 June 2008.

Details of the Transactions Requiring Approval, the Transactions Exempt from Approval and the Lease Arrangements (together "the Continuing Connected Transactions") for the year ended 30 June 2007 are as follows:

1. Transactions Requiring Approval

At the extraordinary general meeting of the Company held on 23 June 2005, the Ordinary Resolution approving the Transactions Requiring Approval (as defined and in more particularly described in the Circular of the Company to its shareholders dated 7 June 2005) was duly passed by the independent shareholders, in respect of the following renewed continuing connected transactions subject to the caps for the respective periods as stated below.

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

SUNeVision Super e-Network Limited ("Super e-Network") and SUNeVision Super e-Technology Services Limited ("Super e-Tech"), both being the wholly-owned subsidiaries of the Company, have been providing and will continue to provide, and other members of the Group may in the future provide, services to members of the SHKP group in connection with the design, installation, operation and provision of SMATV/CABD and other security systems and laying of network cabling system (such as voice and data network, building services access, and power supply), optical fiber network, broadband network and other IT infrastructure network in buildings owned and/or managed by the SHKP group (the "Networking Arrangement"). The Group charges and will continue to charge the relevant members of the SHKP group service fees for the provision of such services.

The annual cap for service fees in respect of the Networking Arrangement to be received by the Group during the three financial years ending 30 June 2008 is HK\$45,000,000.

During the year ended 30 June 2007, the aggregate service fees in respect of the Network Arrangement received by the Group from the SHKP group was approximately HK\$30,330,000.

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

Super e-Network and Super e-Tech have been engaged and will continue to be engaged, and other members of the Group may in the future be engaged, by certain members of the SHKP group to carry out maintenance and repair works for SMATV/CABD and other security systems and cabling systems (such as voice and data network, building services access, and power supply), optical fiber network, broadband network, computer systems and other IT infrastructure networks in buildings owned and/or managed by the SHKP group (the "Maintenance Arrangement"). The Group charges and will continue to charge fees for services provided under the Maintenance Arrangement after the expiry of the warranty periods of the cable, broadband, computer systems and other IT infrastructure networks and security systems provided, installed or laid by the Group.

The annual cap for service fees in respect of the Maintenance Arrangement to be received by the Group during the three financial years ending 30 June 2008 is HK\$56,000,000.

During the year ended 30 June 2007, the aggregate service fees in respect of the Maintenance Arrangement received by the Group from the SHKP group was approximately HK\$43,983,000.

2. Transactions Exempt from Approval

Transactions of each category of the Transactions Exempt from Approval and the Lease Arrangements constitute non-exempt continuing connected transactions of the Company and are subject to the reporting and announcement requirements under the GEM Listing Rules.

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

Members of the SHKP group have been using, and will continue to use, the Group's internet services whereby they place advertisements on or conduct promotion activities via various internet websites operated by members of the Group, such as superhome.net, superstreets.net, red-dots.com and reinsurancemall.com (the "Advertising Transactions"). Members of the Group also provide, and will continue to provide, internet-related services to members of the SHKP group which services 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 campaigns (the "e-Commerce Transactions" and together with the Advertising Transactions are collectively referred to as the "Advertising and e-Commerce Transactions"). The Group charges, and will continue to charge, the relevant members of the SHKP group service fees for the provision of such services.

The annual cap for the aggregate service fees in respect of the Advertising Transactions and e-Commerce Transactions receivable by the Group during the three financial years ending 30 June 2008 is HK\$7,000,000.

During the year ended 30 June 2007, the aggregate service fees in respect of the Advertising Transactions and e-Commerce Transactions received by the Group from the SHKP group was approximately HK\$2,130,000.

(b) Space and rack rental

Members of the SHKP group has been renting and will continue to rent spaces and racks located in the Group's data centres (the "Space and Rack Rental Arrangement"). The Group charges and will continue to charge the relevant members of the SHKP group rent at rates no less favourable to the Group than the rates at which the Group charges other independent third party customers of the Group taking into account the area of space and/or number of racks rented and the rental term.

The annual cap for rental in respect of the Space and Rack Rental Arrangement to be received by the Group during the three financial years ending 30 June 2008 is HK\$3,700,000.

During the year ended 30 June 2007, the aggregate rental in respect of the Space and Rack Rental Arrangement received by the Group from the SHKP group was approximately HK\$1,110,000.

(c) Provision of property management services by the SHKP group to the Group

Kai Shing Management Services Limited, a wholly-owned subsidiary of SHKP, is the manager of both Kodak House II at North Point, Hong Kong and Millennium City at Kwun Tong, Kowloon. The building manager is appointed by the owners of the buildings, and performs duties for the benefit of all owners of the respective buildings in accordance with the terms of the relevant deeds of mutual covenant. As the Group owns certain units of these two buildings, the relevant members of the Group pay property management fees to the relevant building manager, which is on the same basis as the other owners of the buildings in accordance with the relevant deeds of mutual covenant (the "Building Management Services").

Members of the SHKP group also provide and will continue to provide cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to data centres owned by iAdvantage, a wholly-owned subsidiary of the Company. Such data centres include ONE-iAdvantage in Millennium City at Kwun Tong, Kowloon, Jumbo-iAdvantage at Tsuen Wan, New Territories and MEGA-iAdvantage at Chai Wan, Hong Kong. iAdvantage pays monthly service fee to the SHKP group for the services provided at the same rates to those chargeable by the SHKP group to other owners/tenants requesting for the same types of services (the "Extra Management Services" and arrangements under the Building Management Services are collectively referred to as the "Property Management Arrangement").

The annual cap for service fees in respect of the Property Management Arrangement payable by the Group to the SHKP group during the three financial years ending 30 June 2008 is HK\$9,000,000.

During the year ended 30 June 2007, the aggregate service fees paid by the Group to the SHKP group was approximately HK\$8,525,000.

3. The Lease Arrangements

CST iAdvantage Co. Ltd. ("CST iAdvantage"), a subsidiary of the Company, has been leasing and will continue to lease from members of the SHKP group certain premises in the PRC, Information regarding such leases is set out below.

(a) Units 809 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the People's Republic of China ("PRC")

Date of agreements: 30 June 2000 – original lease agreement
6 November 2002 – surrender agreement (see remarks below)

Landlord: Beijing Sun Dong An Company Limited, a jointly controlled entity in which SHKP is interested in 50%

Tenant: CST iAdvantage

Term: Six years commencing on 1 May 2000 (with five renewal options for a term of three years each)

Rental: The rental was US\$9,273 per month for the period from 9 June 2003 to 30 April 2004, US\$10,116 per month for the period from 1 May 2004 to 30 June 2005; and

in relation to the remainder of the term, the rental is US\$10,116 per month for the period from 1 July 2005 to 30 April 2006; if the option to renew is exercised, the rental for the period from 1 May 2006 to 30 April 2009 will be at open market rent (subject to a cap of $\pm 35\%$ of the rent of the sixth year of the term), and will be at open market rent for the period from 1 May 2009 to 30 April 2021 (four renewal options for a term of three years each (subject to government regulation)); and

all rental being exclusive of air-conditioning, management fees and other outgoings

Rent free periods:	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
Air-conditioning and property management charges:	RMB26,976 per month for the period up to 30 April 2006 (during the rent free periods, 50% of the aforesaid monthly charges), and the charges after 30 April 2006 will be determined by the parties in accordance with the agreement
User:	This property is used by the Group as its office premises and data centre
Remarks:	CST iAdvantage surrendered part of Room 809 with an area of 266 square meters to the landlord on 30 October 2002. There has been no change in the rent per square meter as agreed under the original lease agreement. However, due to a reduction in the area leased by CST iAdvantage, the monthly rental payable by CST iAdvantage from 1 November 2002 to 30 April 2004 has been reduced from US\$12,199 to US\$9,273 and from 1 May 2004 to 30 April 2006 has been reduced from US\$13,308 to US\$10,116

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

Date of agreement:	1 April 2000
Landlord:	Shanghai Central Plaza Property Co. Limited, a subsidiary of SHKP in which SHKP has a 75% interest
Tenant:	CST iAdvantage
Term:	Six years commencing on 1 April 2000 (with five renewal options for a term of three years each)
Rental:	The rental is US\$20,542.15 per month from 9 June 2003 to 30 June 2005, and

in relation to the remainder of the term, the rental will be US\$20,542.15 per month from 1 July 2005 to 31 March 2006; and if the option to renew is exercised, the rental for the period from 1 April 2006 to 31 March 2009 will be at open market rent subject to a cap of $\pm 35\%$ of the rental for the sixth year, and if any of the four further options to renew are exercised, the rental for the period from 1 April 2009 to 31 March 2021 will be at an open market rent; and

all rental being exclusive of air-conditioning, management fees and other outgoings

Rent free periods:	Six months being 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
Air-conditioning and property management charges:	RMB24,372.90 per month up to 31 March 2006 and the charges after 31 March 2006 will be determined by the parties in accordance with the agreement
User:	This property is used by the Group as its office premises and data centre

During the year ended 30 June 2007, the aggregate rental paid to the SHKP group was approximately HK\$4,300,000.

The 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; and (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 Auditors of the Company have confirmed that the Continuing Connected Transactions (a) were approved by the Board; (b) were in accordance with the pricing policies of the Company, if any; (c) were entered into in accordance with the relevant agreement governing the transactions; and (d) did not exceed the cap as disclosed in the Announcement.

The Company confirms that the Continuing Connected Transactions as disclosed above fall under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that the Company has complied with the relevant disclosure requirements.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT CONTRACTS

During the year, the Group had certain transactions with SHKP and its affiliates other than members of the Group. Details of these transactions are set out in note 27 "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

During the year, the five largest suppliers of the Group accounted for about 29% of its operating costs and the largest suppliers, being SHKP Group, accounted for about 19% of the total operating costs.

During the year, the five largest customers of the Group accounted for about 41% of the turnover of the Group and the largest customer, being SHKP Group, accounted for about 24% of the total turnover.

As at 30 June 2007, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas had maintained equity interests in SHKP Group as stated in detail in the Directors' and Chief Executive's Interests section.

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 2007.

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.

PENSION SCHEME

With effect from 1 December 2000, the Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its employees 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\$1,552,707 (2006: HK\$1,142,730).

All Executive Directors of the Company 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 2007 amounted to HK\$147,024 and is used to offset future contributions during 2007. There is no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out from pages 38 to 45 of this Report.

On behalf of the Board

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 11 September 2007

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Group's goals. The Group believes that by conducting its business in a socially responsible and honest manner, the long-term interests of the Group can be best achieved and the shareholders' interests can be maximised.

CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved and further instill confidence of shareholders and the public in the Group. Throughout the financial year ended 30 June 2007, the Group has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The Board of Directors has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

THE BOARD OF DIRECTORS

Composition

The Board of Directors, which comprised 14 Directors as at 30 June 2007, is responsible for supervising the Management of the Group. The composition of the Board of the Company is set out in the Directors' Report from pages 10 to 15. All Directors give sufficient time and attention to the affairs of the Group.

The presence of four Non-Executive Directors, of whom three are independent, is considered by the Board to be a reasonable balance between Executive and Non-Executive Directors, and the Board is of the opinion that such balance has and shall continue to provide adequate checks and balances for safeguarding the interests of shareholders and the Group. The Non-Executive Directors provide to the Group a wide range of expertise and experience and play an important role in the work of the Board of Directors, as well as ensure that the interests of all shareholders are taken into account. They contribute to the development of the Group's strategy and policies through their informed comments and criticism. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on Audit, Nomination and Remuneration Committees, and scrutinising the Group's performance and reporting. Through their participation, they give to the Board (and the Committees they serve on) the benefit of their skills, expertise and background experience, and the management process can be critically reviewed and controlled.

In full compliance with GEM Listing Rules 5.05(1) and (2), the Company has appointed three Independent Non-Executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Group has received from each Independent Non-Executive Director an annual confirmation of his independence, and the Group considers such Directors to be independent in accordance with each and every guideline set out in GEM Listing Rule 5.09. No Independent Non-Executive Director has served the Group for more than nine years.

All Independent Non-Executive Directors are identified as such in all corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond (the Chairman of the Group), Mr. Kwok Ping-sheung, Walter (Executive Director of the Group) and Mr. Kwok Ping-kwong, Thomas (Executive Director of the Group) are brothers. Besides the above, there is no family or other material relationship among members of the Board.

Board Meetings

The full Board regularly meets in person and met four times for the financial year ended 30 June 2007. At least 14 days notice of all Board Meetings were given to all Directors, who were all given an opportunity to include matters in the agenda for discussion. The Company Secretary assists the Chairman in preparing the agenda for the meeting, and ensures that all applicable rules and regulations regarding the meetings are observed. The finalised agenda and accompanying Board papers are then sent to all Directors at least three days prior to the meeting.

For the financial year ended 30 June 2007, four Board meetings were held and the following is an attendance record of the meetings by each Director:

Directors	Number of meetings Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond	4/4
Kwok Ping-sheung, Walter	0/4
Kwok Ping-kwong, Thomas	0/4
So Sing-tak, Andrew	4/4
Chan Kui-yuen, Thomas	3/4
Wong Yick-kam, Michael	4/4
So Chung-keung, Alfred	3/4
Tung Chi-ho, Eric	1/4
Wong Chin-wah	4/4
Tsim Wing-kit, Alfred (<i>appointed on 12 July 2006</i>)	4/4
Tung Yiu-kwan, Stephen (<i>resigned on 26 October 2006</i>)	1/1
Non-Executive Director	
Cheung Wing-yui	4/4
Independent Non-Executive Directors	
Li On-kwok, Victor	4/4
King Yeo-chi, Ambrose (<i>appointed on 1 January 2007</i>)	2/2
Wong Kai-man (<i>appointed on 16 January 2007</i>)	2/2
Kao Kuen, Charles (<i>resigned on 1 January 2007</i>)	0/2
Fong Ching, Eddy (<i>resigned on 27 October 2006</i>)	1/1

During regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Group, monitor financial performances and discuss the annual, interim and quarterly results, set annual budgets, as well as discuss and decide on other significant matters. Execution of daily operational matters is delegated to management.

The Company Secretary records the proceedings of each Board meeting in detail by keeping detailed minutes. Drafts of Board minutes are circulated to all Directors for comment as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director.

All Directors have access to relevant and timely information at all times as the Chairman will ensure that management will supply the Board and its Committees with all relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible to the Board of Directors for providing Directors with Board papers and related materials, and ensuring that all proper Board procedures are followed and that all applicable laws and regulations are complied with. If considered to be necessary and appropriate by the Directors, they may retain independent professional advice at the Group's expense.

In case where a conflict of interest may arise involving a substantial shareholder or a Director, such matter will be discussed through an actual meeting and will not be dealt with by written resolutions. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

The Board Committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee, have all adopted the applicable practices and procedures used in Board meetings for all Committee meetings.

Chairman of the Group

The Chairman of the Group is Mr. Kwok Ping-luen, Raymond and the Chief Executive Officer of the Group is Mr. So Sing-tak, Andrew. The roles of Chairman and Chief Executive Officer are separate and not performed by the same individual to avoid power being concentrated in any one individual. The Chairman of the Group is primarily responsible for management of the Board, whereas the Chief Executive Officer is primarily responsible for the day-to-day management of the Group.

The Chairman is responsible for leading the Board and ensuring the Board functions effectively and smoothly. In doing so, the Chairman will ensure that good corporate governance practices and procedures are established and followed, and that all Directors are properly briefed and received all relevant information prior to each meeting.

The Chairman will also encourage all Directors, including the Independent Non-Executive Directors, to actively participate in all Board and Committee meetings.

Training and Support for Directors

All Directors, including Non-Executive Director and Independent Non-Executive Directors, should keep abreast of their collective responsibilities as Directors and of the business and activities of the Group. As such, the Group provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group also continuously updates all Directors on latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

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

The Group adopted the required standard of dealings set out in GEM Listing Rules 5.48 to 5.67 as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the period from the dates of appointment to 30 June 2007 (in case of Directors appointed during the year ended 30 June 2007) or the year ended 30 June 2007 (in case of other Directors), he has fully complied with the required standard of dealings and there is no event of non-compliance.

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. The Chairman of the Committee is Professor King Yeo-chi, Ambrose, an Independent Non-Executive Director of the Company, and other members include Professor Li On-kwok, Victor, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. So Sing-tak, Andrew, the majority also being Independent Non-Executive Directors of the Company.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Executive Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. The Committee will consult with the Chairman and/or the Chief Executive Officer on its proposals and recommendations, and also have access to professional advice if deemed necessary by the Remuneration Committee. The Committee is also provided with other resources enabling it to discharge its duties. The specific terms of reference of the Remuneration Committee is posted on the Group's website.

For the financial year ended 30 June 2007, the Remuneration Committee held two meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
King Yeo-chi, Ambrose (<i>Chairman</i>) (<i>appointed on 1 January 2007</i>)	1/1
Li On-kwok, Victor	2/2
Wong Kai-man (<i>appointed on 16 January 2007</i>)	1/1
Cheung Wing-yui	2/2
So Sing-tak, Andrew	2/2
Kao Kuen, Charles (<i>resigned on 1 January 2007</i>)	0/1
Fong Ching, Eddy (<i>resigned on 27 October 2006</i>)	1/1

In the year ended 30 June 2007, the Remuneration Committee reviewed matters relating to remuneration and share options for Directors and senior management, as well as discussed the remuneration policy of the Group. The Group's emoluments policy is set out in the Directors' Report on page 28.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

Nomination Committee

The Nomination Committee was established in 2005. The Chairman of the Committee is Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, and other members include Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Cheung Wing-yui and Mr. So Sing-tak, Andrew, the majority also being Independent Non-Executive Directors of the Company.

The Nomination Committee is responsible for formulating nomination policy, and making recommendations to the Board on nomination and appointment of Directors and Board succession. The Committee develops selection procedures of candidates for nomination, reviews the size, structure and composition of the Board, as well as assesses the independence of Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to discharge its duties. The specific terms of reference of the Nomination Committee is posted on the Group's website.

Nomination procedures include identification and nomination of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee will evaluate potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

For the financial year ended 30 June 2007, the Nomination Committee held two meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
Li On-kwok, Victor (<i>Chairman</i>)	2/2
King Yeo-chi, Ambrose (<i>appointed on 1 January 2007</i>)	N/A
Wong Kai-man (<i>appointed on 16 January 2007</i>)	N/A
Cheung Wing-yui	1/2
So Sing-tak, Andrew	2/2
Kao Kuen, Charles (<i>resigned on 1 January 2007</i>)	1/2
Fong Ching, Eddy (<i>resigned on 27 October 2006</i>)	1/1

In the year ended 30 June 2007, the Nomination Committee discussed and reviewed the structure, size and composition of the Board as well as other related matters, among other things, making recommendation to the Board with respect to (i) the retirement and re-election of directors at general meeting and (ii) the nomination of Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man as Independent Non-Executive Directors of the Company to fill the vacancies arising from the resignation of Dr. Fong Ching, Eddy and Professor Kao Kuen, Charles.

Term of Appointment and Re-election

All Non-Executive Directors are appointed for a specific term of not more than three years. All Directors, including the Executive and Non-Executive Directors, would retire from office by rotation and are subject to re-election at annual general meeting once every three years.

According to the Company's Articles of Association, Directors appointed to fill casual vacancy shall hold office only until the next following general meeting after their appointment, and shall be subject to re-election by shareholders.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledged their responsibility for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis, and other price-sensitive announcements and other financial disclosures. Management provides all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures.

In full compliance with GEM Listing Rules 5.28, the Audit Committee, established in 2000, is currently chaired by Mr. Wong Kai-man, an Independent Non-Executive Director, and the other members are Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Cheung Wing-yui, with the majority being Independent Non-Executive Directors of the Company.

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee's primary duties include ensuring the Group's financial statements, annual, interim and quarterly reports, and the auditors' report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial control, internal control and risk management systems; and reviewing the Group's financial and accounting policies and practices. Other duties of the Audit Committee are set out in its specific terms of reference, which is posted on the Group's website. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

The Company Secretary keeps minutes of all Audit Committee meetings. In line with practices consistent with Board meetings and meetings of the Remuneration Committee and the Nomination Committee, draft and final versions of Audit Committee meeting minutes are circulated to all members of the Audit Committee as soon as practicable after each meeting.

For the financial year ended 30 June 2007, the Audit Committee held four meetings. The individual attendance record of each member is as follows:

Committee Members	Number of meetings Attended/Total
Wong Kai-man (<i>Chairman</i>) (<i>appointed on 16 January 2007</i>)	2/2
Li On-kwok, Victor	4/4
King Yeo-chi, Ambrose (<i>appointed on 1 January 2007</i>)	2/2
Cheung Wing-yui	4/4
Kao Kuen, Charles (<i>resigned on 1 January 2007</i>)	1/2
Fong Ching, Eddy (<i>resigned on 27 October 2006</i>)	2/2

During the year ended 30 June 2007, the Audit Committee reviewed the final, first quarterly, interim and third quarterly results of the Group as well as discussed and approved financial and other reports for the year. The Committee also reviewed and discussed the Group's internal audit activities and audit plans for the upcoming year.

The level of fees provided by the external auditors to the Company for the year ended 30 June 2007 is set out on page 67 of this annual report.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems for the Group to safeguard the Group's assets and shareholders' interests, as well as for reviewing such systems' effectiveness. Such systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

The systems include a well-established organisational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

For the year ended 30 June 2007, the Board has, through the Audit Committee with the assistance of the Internal Auditor, conducted a review of the Group's internal control system, including without limitation financial control, operational control, compliance control and risk management functions. The Board is of the view that the internal control systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

The Board assesses the effectiveness of internal controls by considering reviews performed by the Audit Committee, executive management and both internal and external auditors.

The Internal Auditor follows a risk-and-control-based approach. An audit plan would be formulated in a risk-weighted manner so that priorities and appropriate audit frequency could be given to areas with higher risks. He performs regular financial and operational reviews on the Group. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit Committee. He monitors the follow-up actions agreed upon in response to its recommendations.

DELEGATION BY THE BOARD

The Board is responsible for decision in relation to the overall strategic development of the Group's business. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to Management. The Board gives clear directions as to the powers of Management, and periodically reviews all delegations to Management to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

All Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the powers and responsibilities of the respective Committees. All Committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

SHAREHOLDERS RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. This commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The annual general meeting ("AGM") of the Company provides an excellent opportunity for the Board to meet and communicate with the Company's shareholders. All the Directors of the Company make a special effort to attend the AGM so that they may answer any questions from the Company's shareholders.

The Chairman is also involved in organising the AGM and personally chairs it, to ensure that shareholders' views are communicated to the Board. Members of the Audit Committee, the Remuneration Committee and the Nomination Committee also attend the AGM to answer questions that shareholders may have. A separate resolution is proposed by the Chairman in respect of each separate issue at the AGM.

The proceedings of the AGM are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The AGM circular, which is circulated to all shareholders at least 21 days prior to the AGM, sets out details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the Chairman again explains the procedures for demanding and conducting a poll. The Chairman indicates (except those where a poll is required) to the meeting the level of proxies lodged on each resolution, and the balance for and against such resolution. Results of votes are made available on the Company's website as soon as practicable and on the same day.

The Company also communicates to its shareholders through its annual, interim and quarterly reports. All such reports can also be accessed via the Company's website. The Directors, Company Secretary or other appropriate members of senior management also respond to inquiries from shareholders and investors promptly.

INVESTOR RELATIONS

To strengthen its relationship with investors, the Group meets regularly with analysts and participates frequently in other conferences and presentations.

Deloitte.

德勤

TO THE SHAREHOLDERS OF SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunevision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 91, which comprise the consolidated and Company balance sheets as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 11 September 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2007

		2007	2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	5	323,133	276,332
Cost of sales		(182,483)	(167,527)
Gross profit		140,650	108,805
Other income	7	51,267	180,748
Selling expenses		(10,066)	(7,242)
Administrative expenses		(36,166)	(40,944)
Increase in fair value of investment properties		99,000	141,000
Impairment loss on equity technology investments		(15,868)	–
Profit before tax		228,817	382,367
Deferred tax expense	8	(25,051)	(24,944)
Profit for the year	9	203,766	357,423
Attributable to:			
Equity holders of the Company		204,019	339,262
Minority interests		(253)	18,161
		203,766	357,423
Dividends:	11		
Final dividend proposed		91,417	91,203
Special dividend proposed		–	1,337,642
		91,417	1,428,845
Earnings per share	12		
– Basic		10.05 cents	16.74 cents

CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Notes	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Investment properties	15	813,000	714,000
Property, plant and equipment	16	1,019,979	991,676
Investments	17	185,272	169,163
		2,018,251	1,874,839
Current assets			
Investments	17	–	23,379
Inventories	18	3,685	2,862
Trade and other receivables	19	57,781	49,744
Amounts due from customers for contract work		10,438	7,075
Bank balances and deposits	20	256,751	1,512,719
		328,655	1,595,779
Current liabilities			
Trade and other payables	21	120,346	100,785
Deferred revenue		8,034	4,961
Amounts due to customers for contract work		197	169
		128,577	105,915
Net current assets		200,078	1,489,864
Total assets less current liabilities		2,218,329	3,364,703
Non-current liabilities			
Deferred tax liabilities	22	57,116	32,065
Deferred revenue		29,325	12,796
Amounts due to minority shareholders of subsidiaries	23	5,421	5,421
		91,862	50,282
		2,126,467	3,314,421
Capital and reserves			
Share capital	24	203,148	202,673
Reserves		1,916,528	3,105,121
Equity attributable to equity holders of the Company		2,119,676	3,307,794
Minority interests		6,791	6,627
Total equity		2,126,467	3,314,421

Directors:

Kwok Ping-luen, Raymond
So Sing-tak, Andrew

BALANCE SHEET

At 30 June 2007

		2007	2006
	Notes	HK\$'000	HK\$'000
Non-current assets			
Investments in subsidiaries	13	104,286	–
Amounts due from subsidiaries	13	2,085,714	–
		2,190,000	–
Current assets			
Amounts due from subsidiaries	13	105,948	3,621,477
Bank balance		44	12
		105,992	3,621,489
Current liabilities			
Other payables		527	1,482
Amounts due to fellow subsidiaries	14	1,353	–
		1,880	1,482
Net current assets		104,112	3,620,007
		2,294,112	3,620,007
Capital and reserves			
Share capital	24	203,148	202,673
Reserves	25	2,090,964	3,417,334
Total equity		2,294,112	3,620,007

Directors:

Kwok Ping-luen, Raymond

So Sing-tak, Andrew

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	Share capital	Share premium	Exchange reserve	Property revaluation reserve	Investments revaluation reserve	Share-based payment transactions reserve	Accumulated losses	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2005	202,673	3,869,076	336	98	(4,522)	812	(949,027)	3,119,446	(11,795)	3,107,651
Change in fair value of investments	-	-	-	-	279	-	-	279	-	279
Exchange differences arising from translation of operations outside Hong Kong	-	-	88	-	-	-	-	88	234	322
Net income recognised directly in equity	-	-	88	-	279	-	-	367	234	601
Release upon redemption/disposals of investments	-	-	-	-	3,882	-	(65,112)	(61,230)	-	(61,230)
Profit for the year	-	-	-	-	-	-	339,262	339,262	18,161	357,423
Total recognised income for the year	-	-	88	-	4,161	-	274,150	278,399	18,395	296,794
Recognition of equity settled share-based payment	-	-	-	-	-	1,152	-	1,152	-	1,152
Capital injection	-	-	-	-	-	-	-	-	27	27
Dividend paid	-	-	-	-	-	-	(91,203)	(91,203)	-	(91,203)
At 30 June 2006 and 1 July 2006	202,673	3,869,076	424	98	(361)	1,964	(766,080)	3,307,794	6,627	3,314,421
Change in fair value of investments	-	-	-	-	31,900	-	-	31,900	-	31,900
Exchange differences arising from translation of operations outside Hong Kong	-	-	506	-	-	-	-	506	417	923
Net income recognised directly in equity	-	-	506	-	31,900	-	-	32,406	417	32,823
Release upon redemption of investments	-	-	-	-	1,086	-	(403)	683	-	683
Profit (loss) for the year	-	-	-	-	-	-	204,019	204,019	(253)	203,766
Total recognised income for the year	-	-	506	-	32,986	-	203,616	237,108	164	237,272
Recognition of equity settled share-based payment	-	-	-	-	-	8	-	8	-	8
Special dividend paid	-	(1,340,779)	-	-	-	-	-	(1,340,779)	-	(1,340,779)
Final dividend paid	-	-	-	-	-	-	(91,417)	(91,417)	-	(91,417)
Issue of new shares upon exercise of share options	475	6,487	-	-	-	-	-	6,962	-	6,962
Transfer to share premium upon exercise of share options	-	1,249	-	-	-	(1,249)	-	-	-	-
Cancellation of share options	-	-	-	-	-	(236)	236	-	-	-
At 30 June 2007	203,148	2,536,033	930	98	32,625	487	(653,645)	2,119,676	6,791	2,126,467

Note: In the previous year, the Group presented the proposed dividend as a separate reserve. In the current year, the Group has reclassified the opening proposed dividend reserve of HK\$1,428,845,000 (prior year: HK\$91,203,000) as part of the accumulated losses for the purpose of the presentation of reserves in the consolidated statement of changes in equity.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Operating activities		
Profit before tax	228,817	382,367
Adjustments for:		
Interest income	(40,303)	(67,836)
Gain on disposal of property, plant and equipment	(21)	(79)
Increase in fair value of investment properties	(99,000)	(141,000)
Loss (gain) on redemption/disposal of investments	683	(61,230)
Distribution income from equity technology investments	(7,170)	(52,459)
Impairment loss on investments	15,868	–
Exchange loss	–	222
Depreciation of property, plant and equipment	44,565	45,978
Share-based payment expense	8	1,152
Operating cash flows before movements in working capital	143,447	107,115
(Increase) decrease in inventories	(823)	692
(Increase) decrease in trade and other receivables	(13,058)	3,296
Increase in amounts due from customers for contract work	(3,363)	(547)
Increase (decrease) in trade and other payables	19,561	(18,207)
Increase in deferred revenue	19,602	11,695
Increase (decrease) in amounts due to customers for contract work	28	(240)
Cash generated from operations and net cash from operating activities	165,394	103,804
Investing activities		
Purchase of property, plant and equipment	(72,130)	(27,315)
Interest received	45,324	74,531
Proceeds from redemption/disposal of investments	23,302	619,577
Proceeds from disposal of property, plant and equipment	56	133
Distribution income received	7,170	102,932
Net cash from investing activities	3,722	769,858
Financing activities		
Dividends paid	(1,432,196)	(91,203)
Proceeds from issue of shares	6,962	–
Repayment to minority shareholders of subsidiaries	–	(25,080)
Capital injection by minority shareholders	–	27
Net cash used in financing activities	(1,425,234)	(116,256)
Net (decrease) increase in cash and cash equivalents	(1,256,118)	757,406
Cash and cash equivalents at beginning of the year	1,512,719	755,442
Effect of foreign exchange rate changes	150	(129)
Cash and cash equivalents at end of the year, represented by bank balances and deposits	256,751	1,512,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands and its shares 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 and the immediate holding company is Sunco Resources Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. SHKP together with its subsidiaries, other than members of the Group, are hereinafter referred to as the "SHKP Group".

The consolidated financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 32.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's and Company's financial year beginning on 1 July 2006. The adoption of the new HKFRSs has no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group and the Company have not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group and the Company.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions ⁴
HK(IFRIC)-Int 12	Service Concession Arrangements ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern.

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 up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's share in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of discounts and related taxes. Revenue is recognised 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 recognised ratably over the terms of the agreement while other service income is recognised when such services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

Installation revenue is recognised 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 recognised on a time basis over the terms of the contract.

(iii) **Rental income**

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

(iv) **Building management service income**

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

(v) **Interest income**

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i. e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollar) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property, plant and equipment**

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses at the balance sheet date.

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

Leasehold properties	Over the prevailing lease term
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 $\frac{1}{3}$ %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gain or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the differences between the net proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when an entity of the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's and the Company's financial assets are classified into two categories, loans and receivables and available-for-sale financial assets. The accounting policies adopted in respect of each category of financial assets are set out below.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from customers for contract work, amounts due from subsidiaries and bank balances and deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as loans and receivable. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses for available-for-sale financial assets will not be reversed in profit or loss in subsequent periods except for available-for-sale debt securities, in which case impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by an entity of the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to customers for contract work, amounts due to minority shareholders of subsidiaries and amounts due to fellow subsidiaries) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Deferred revenue

Lump sum income in respect of long term contracts for the set-up of facilities is treated as deferred revenue which is taken to the income statement based on the lease terms.

Equity settled share-based payment transactions

Share options granted to directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period with a corresponding increase in equity (share-based payment transactions reserve). At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss with a corresponding adjustment to share-based payment transactions reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment transactions reserve will be transferred to share premium. When the share options are forfeited or lapsed, the amount previously recognised in share-based payment transactions reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

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

Inventories

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight line basis.

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those 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 recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered service entitling them to the contributions.

4. FINANCIAL RISK MANAGEMENT

4a. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from subsidiaries, bank balances and deposits and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to manage these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has formulated policies for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and available-for-sale debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk has been significantly reduced.

The credit risk on the Group's bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Interest rate risk

The Group's available-for-sale debt investments had an effective interest rate of approximately 6% per annum. All of the Group's bank balances and deposits were short term with an effective interest rate of approximately 3% – 5% per annum. Available-for-sale investments and bank deposits at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Currency risk

Certain bank deposits and available-for-sale investments of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

4. FINANCIAL RISK MANAGEMENT (Continued)**4a. Financial risk management objectives and policies** (Continued)**Price risk**

The majority of the Group's available-for-sale equity investments are measured at fair value at each balance sheet date. The Group is therefore exposed to price risk. The management manages this exposure by maintaining a portfolio of equity investments with different risk profiles.

4b. Fair value

The fair value of available-for-sale investments with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.

The fair value of other financial assets and financial liabilities are determined based on discounted cash flows analysis using market related interest rates.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. REVENUE

Revenue represents revenue generated from the following activities:

	2007	2006
	HK\$'000	HK\$'000
Income from Internet services centre and IT facilities (including service income of HK\$42,530,000 (2006: HK\$32,647,000))	204,718	166,632
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems	79,448	77,348
Property rentals and building management services	38,967	32,352
	323,133	276,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

6. 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 centre, 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 investment properties which generate rental and other related income.

Segment information about these businesses is presented below:

For the year ended 30 June 2007

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE					
External	204,718	79,448	38,967	–	323,133
Inter-segment	8,774	784	2,288	(11,846)	–
Total	213,492	80,232	41,255	(11,846)	323,133
RESULTS					
Segment results	61,761	16,517	129,752	–	208,030
Unallocated corporate expenses					(12,754)
Interest income					40,303
Impairment loss on equity technology investments					(15,868)
Loss on redemption of investments					(683)
Distribution income from equity technology investments					7,170
Other income					2,619
Profit before tax					228,817
Deferred tax expense					(25,051)
Profit for the year					203,766

Inter-segment sales are charged at prevailing market rates.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

At 30 June 2007

	Internet services centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	1,083,228	36,674	817,522	–	1,937,424
Unallocated corporate assets					409,482
Consolidated total assets					2,346,906
LIABILITIES					
Segment liabilities	125,004	11,363	14,850	–	151,217
Unallocated corporate liabilities					12,106
Deferred tax liabilities					57,116
Consolidated total liabilities					220,439
Other information:					
Capital additions	71,245	866	–	19	72,130
Depreciation of property, plant and equipment	43,308	1,236	–	21	44,565
Share-based payment expense	37	12	–	(41)	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

For the year ended 30 June 2006

	Internet services centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External	166,632	77,348	32,352	–	276,332
Inter-segment	8,278	823	2,250	(11,351)	–
Total	174,910	78,171	34,602	(11,351)	276,332
RESULTS					
Segment results	33,966	17,341	164,934	–	216,241
Unallocated corporate expenses					(15,399)
Interest income					67,836
Gain on redemption/disposal of investments					61,230
Distribution income from equity technology investments					52,459
Profit before tax					382,367
Deferred tax expense					(24,944)
Profit for the year					357,423

Inter-segment sales are charged at prevailing market rates.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)**Business segments** (Continued)

At 30 June 2006

	Internet services centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	1,031,163	37,805	719,310	–	1,788,278
Unallocated corporate assets					1,682,340
Consolidated total assets					3,470,618
LIABILITIES					
Segment liabilities	76,728	17,684	14,300	–	108,712
Unallocated corporate liabilities					15,420
Deferred tax liabilities					32,065
Consolidated total liabilities					156,197
Other information:					
Capital additions	26,542	727	–	46	27,315
Depreciation of property, plant and equipment	44,684	1,240	–	54	45,978
Share-based payment expense	334	130	–	688	1,152

Geographical segments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

7. OTHER INCOME

	2007 HK\$'000	2006 HK\$'000
Interest income	40,303	67,836
(Loss) gain on redemption/disposal of investments	(683)	61,230
Distribution income from equity technology investments	7,170	52,459
Miscellaneous	4,477	(777)
	51,267	180,748

8. DEFERRED TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
Deferred tax		
Current year	25,051	23,437
Underprovision in respect of prior years	–	1,507
	25,051	24,944

No tax is payable on the profit for both years arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

The deferred tax expense can be reconciled to the profit per the income statement as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before tax	228,817	382,367
Tax at Hong Kong Profits Tax rate of 17.5%	40,043	66,914
Tax effect of expenses not deductible for tax purpose	1,260	3,290
Tax effect of income not taxable for tax purpose	(11,468)	(30,622)
Tax effect of utilisation of deferred tax assets previously not recognised	(4,784)	(16,145)
Underprovision in respect of prior years	–	1,507
Deferred tax expense for the year	25,051	24,944

Details of deferred tax liabilities are set out in note 22.

9. PROFIT FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Retirement benefit scheme contributions	1,553	1,143
Staff costs including directors' emoluments (<i>note 10</i>)	49,392	44,840
Total staff costs	50,945	45,983
Auditors' remuneration	1,005	742
Depreciation of property, plant and equipment	44,565	45,978
Minimum lease payments paid under operating leases in respect of land and buildings	5,045	3,842
and after crediting:		
Property rental income, net of outgoings of HK\$2,294,000 (2006: HK\$1,747,000)	30,138	24,359
Gain on disposal of property, plant and equipment	21	79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments, pension and compensation arrangements paid/payable to the directors and past directors of the Company for their services for the year ended 30 June 2007 and 2006 were as follows:

Name of director	Fees	Basic salaries and allowances	Discretionary bonuses	Retirement benefit scheme contributions	Share-based compensation costs	Total emoluments for the year ended 30 June 2007	Total emoluments for the year ended 30 June 2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors							
Kwok Ping-luen, Raymond	30	-	-	-	-	30	30
Kwok Ping-sheung, Walter	20	-	-	-	-	20	20
Kwok Ping-kwong, Thomas	20	-	-	-	-	20	20
So Sing-tak, Andrew	25	1,636	774	9	14	2,458	1,886
Chan Kui-yuen, Thomas	20	12	-	-	-	32	32
Wong Yick-kam, Michael	20	12	-	-	-	32	32
Leung Kui-King, Donald (Resigned on 1 January 2006)	-	-	-	-	-	-	16
So Chung-keung, Alfred	20	12	-	-	7	39	60
Tung Chi-ho, Eric	20	12	-	-	-	32	32
Wong Chin-wah	20	12	-	-	7	39	404
Tsim Wing-kit, Alfred (Appointed on 12 July 2006)	20	1,493	267	75	5	1,860	-
Tung Yiu-kwan, Stephen (Resigned on 26 October 2006)	6	1,867	-	-	7	1,880	1,851
Non-Executive Director							
Cheung Wing-yui	120	-	-	-	-	120	120
Independent Non-Executive Directors							
Li On-kwok, Victor	120	-	-	-	-	120	120
King Yeo-chi, Ambrose (Appointed on 1 January 2007)	60	-	-	-	-	60	-
Wong Kai-man (Appointed on 16 January 2007)	55	-	-	-	-	55	-
Kao Kuen, Charles (Resigned on 1 January 2007)	60	-	-	-	-	60	120
Fong Ching, Eddy (Resigned on 27 October 2006)	38	-	-	-	-	38	120
Total 2007	674	5,056	1,041	84	40	6,895	4,863
Total 2006	705	3,712	-	-	446		

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 3 (2006: 2) were directors of the Company whose emoluments are included above. The emoluments of the remaining 2 (2006: 3) individuals were as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Salaries and allowances	2,377	3,451
Retirement benefit scheme contributions	119	173
Discretionary bonus	581	511
Share-based compensation costs	7	191
	3,084	4,326

Their emoluments were within the following bands:

	2007 <i>Number of employees</i>	2006 <i>Number of employees</i>
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	2
	2	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

11. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Dividend paid and recognised as distribution during the year in respect of the previous financial year		
Final dividend of HK\$0.045 (2006: HK\$0.045) per share	91,417	91,203
Special dividend of HK\$0.66 (2006: nil) per share	1,340,779	–
	1,432,196	91,203
Dividend proposed in respect of the current financial year		
Final dividend of HK\$0.045 (2006: HK\$0.045) per share	91,417	91,203
Special dividend (2006: HK\$0.66 per share)	–	1,337,642
	91,417	1,428,845

At a meeting held on 11 September 2007, the Directors recommend the declaration of a final dividend of HK\$0.045 per share for the year ended 30 June 2007. This proposed dividend is not included as a dividend payable in the consolidated balance sheet as at 30 June 2007.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	204,019	339,262

	2007 <i>Number of shares</i>	2006 <i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,030,423,725	2,026,730,833

No diluted earnings per share has been presented for both years because the exercise price of the Company's share options was higher than the average market price of the shares of the Company during the years.

13. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2007 HK\$'000	2006 HK\$'000
Unlisted shares, at cost	–	–
Deemed capital contribution	104,286	–
	104,286	–
Amounts due from subsidiaries		
– Non-current assets	2,085,714	–
– Current assets	105,948	3,621,477
	2,191,662	3,621,477

At 30 June 2007, the amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, HK\$2,085,714,000 (2006: nil) will not be repaid within twelve months of the balance sheet date and they are therefore shown as non-current.

Particulars of the Company's principal subsidiaries at 30 June 2007 are set out in note 32.

14. AMOUNTS DUE TO FELLOW SUBSIDIARIES

THE COMPANY

The amounts due to fellow subsidiaries are unsecured, interest-free and are repayable on demand.

15. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
At 1 July 2005	573,000
Fair value changes recognised in income statement	141,000
	<hr/>
At 30 June 2006 and 1 July 2006	714,000
Fair value changes recognised in income statement	99,000
	<hr/>
At 30 June 2007	813,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

15. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties at 30 June 2007 has been determined with reference to a valuation on market value basis carried out by DTZ Debenham Tie Leung Limited, independent qualified professional surveyors not connected with the Group. The valuation has been arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of capitalising the rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the properties.

All of the Group's property interests that are held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying amount of investment properties is as follows:

	THE GROUP	
	2007	2006
	HK\$'000	HK\$'000
Properties in Hong Kong held under:		
– long leases	391,000	315,000
– medium-term leases	422,000	399,000
	813,000	714,000

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties <i>HK\$'000</i>	Internet services centre facilities <i>HK\$'000</i>	SMATV equipment <i>HK\$'000</i>	Computers, networks and related equipment <i>HK\$'000</i>	Office equipment, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
COST							
At 1 July 2005	675,461	637,482	23,118	28,837	16,111	1,930	1,382,939
Additions	–	25,846	110	773	447	139	27,315
Disposals	–	(150)	(1,548)	(45)	(692)	(200)	(2,635)
Exchange re-alignment	–	856	–	–	–	–	856
At 30 June 2006 and 1 July 2006	675,461	664,034	21,680	29,565	15,866	1,869	1,408,475
Additions	–	71,007	–	691	270	162	72,130
Disposals	–	(2,024)	(2,292)	(54)	(42)	(51)	(4,463)
Exchange re-alignment	–	1,520	–	17	2	–	1,539
At 30 June 2007	675,461	734,537	19,388	30,219	16,096	1,980	1,477,681
DEPRECIATION AND IMPAIRMENT LOSS							
At 1 July 2005	187,968	119,412	21,333	27,180	15,174	1,930	372,997
Provided for the year	13,645	30,246	473	851	735	28	45,978
Eliminated on disposals	–	(102)	(1,548)	(39)	(692)	(200)	(2,581)
Exchange re-alignment	–	405	–	–	–	–	405
At 30 June 2006 and 1 July 2006	201,613	149,961	20,258	27,992	15,217	1,758	416,799
Provided for the year	14,027	28,876	340	925	311	86	44,565
Eliminated on disposals	–	(1,993)	(2,292)	(54)	(38)	(51)	(4,428)
Exchange re-alignment	–	760	–	6	–	–	766
At 30 June 2007	215,640	177,604	18,306	28,869	15,490	1,793	457,702
CARRYING VALUE							
At 30 June 2007	459,821	556,933	1,082	1,350	606	187	1,019,979
At 30 June 2006	473,848	514,073	1,422	1,573	649	111	991,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying value of properties shown above comprises:

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Properties in Hong Kong held under		
– long leases	325,094	335,752
– medium-term leases	134,727	138,096
	459,821	473,848

As the cost of the leasehold properties cannot be allocated reliably between the lease payments for the land portion and the cost of the building, leasehold land is included in property, plant and equipment.

17. INVESTMENTS

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Available-for-sale:		
Listed debt securities, at fair value		
– in Hong Kong	–	15,612
– outside Hong Kong	98,714	97,105
Unlisted debt securities, at fair value	–	7,767
Listed equity technology investments, at fair value		
– in Hong Kong	30,250	14,096
– outside Hong Kong	48,298	34,084
Unlisted equity technology investments, at cost less impairment	8,010	23,878
	185,272	192,542
Carrying amount analysed for reporting purposes as:		
Current (debt securities maturing within one year)	–	23,379
Non-current	185,272	169,163
	185,272	192,542

17. INVESTMENTS (Continued)

As at the balance sheet date, all investments are stated at fair value, except for unlisted equity technology investments. Fair values of the listed investments have been determined by reference to bid prices quoted in active liquid markets. The unlisted equity technology investments are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The debt securities carry fixed interest at 5% to 7% (2006: 5% to 8%) per annum and mature between 2008 and 2013 (2006: 2006 and 2013). As at the balance sheet date, debt and equity securities listed outside Hong Kong are denominated in United States Dollars ("USD").

18. INVENTORIES

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Raw materials	2,145	1,236
Work in progress	1,344	1,626
Finished goods	196	–
	3,685	2,862

19. 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	
	2007 HK\$'000	2006 HK\$'000
Up to 60 days	30,889	31,645
61 – 90 days	1,658	2,578
Over 90 days	890	1,195
Trade receivables	33,437	35,418
Other receivables and prepayments	24,344	14,326
	57,781	49,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

20. BANK BALANCES AND DEPOSITS

THE GROUP

Bank balances and deposits comprise cash and short-term deposits held by the Group. The Group's bank balances and deposits carry interest at approximately 3% to 5% (2006: 5%) per annum and mature within 3 months. As at the balance sheet date, bank deposits of HK\$167,000,000 (2006: HK\$1,303,000,000) are denominated in USD.

21. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Up to 60 days	8,396	2,282
Over 60 days	62	52
Trade payables	8,458	2,334
Other payables	111,888	98,451
	120,346	100,785

22. DEFERRED TAX LIABILITIES

THE GROUP

The deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting years are as follows:

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 July 2005	(8,312)	(64,456)	65,437	210	(7,121)
Charge to income statement for the year	(16,100)	(1,511)	(7,259)	(74)	(24,944)
At 30 June 2006 and 1 July 2006	(24,412)	(65,967)	58,178	136	(32,065)
Charge to income statement for the year	(13,300)	(4,946)	(6,769)	(36)	(25,051)
At 30 June 2007	(37,712)	(70,913)	51,409	100	(57,116)

22. DEFERRED TAX LIABILITIES (Continued)**THE GROUP** (Continued)

At the balance sheet date, the Group has unrecognised tax losses and deductible temporary differences of HK\$827,250,000 (2006: HK\$873,467,000), of which HK\$29,854,000 (2006: HK\$52,889,000) will expire at various dates up to 31 December 2011. HK\$22,032,000 of unrecognised tax losses expired during the year. Recognition of these unrecognised tax losses depends on future taxable profits available and losses eventually agreed with the relevant tax authorities.

23. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES**THE GROUP**

The amounts due to minority shareholders of subsidiaries are unsecured and interest free. The minority shareholders of the subsidiaries have agreed not to demand payment within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current in the balance sheet.

24. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 30 June 2006 and 30 June 2007	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2005 and 30 June 2006	2,026,730,833	202,673
Issue of new shares upon exercise of share options	4,753,000	475
At 30 June 2007	2,031,483,833	203,148

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

25. RESERVES

	Share premium <i>HK\$'000</i>	Share-based payment transactions reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY				
At 1 July 2005	3,869,076	812	(461,656)	3,408,232
Profit for the year and total recognised income for the year	–	–	99,153	99,153
Dividend paid	–	–	(91,203)	(91,203)
Recognition of equity settled share-based payment	–	1,152	–	1,152
At 30 June 2006 and 1 July 2006	3,869,076	1,964	(453,706)	3,417,334
Profit for the year and total recognised income for the year	–	–	99,331	99,331
Recognition of equity settled share-based payment	–	8	–	8
Issue of new shares upon exercise of share options	6,487	–	–	6,487
Transfer to share premium upon exercise of share options	1,249	(1,249)	–	–
Cancellation of share options	–	(236)	236	–
Special dividend paid	(1,340,779)	–	–	(1,340,779)
Final dividend paid	–	–	(91,417)	(91,417)
At 30 June 2007	2,536,033	487	(445,556)	2,090,964

The Company's reserves available for distribution represent the share premium and share-based payment transactions reserve less accumulated losses of HK\$2,090,964,000 (2006: HK\$3,417,334,000). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the payment of distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution.

In the previous year, the Company presented the proposed dividend as a separate reserve. In the current year, the Company has reclassified the opening proposed dividend reserve of HK\$1,428,845,000 (prior year: HK\$91,203,000) as part of the accumulated losses for the purpose of the presentation of reserves.

26. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme (the “Old Share Option Scheme”), the principal terms of which were summarised in the section headed “Statutory and General Information Share Option Schemes” in Appendix 5 to the Company’s prospectus dated 6 March 2000. Upon the passing of an ordinary resolution by the Shareholders at the general meeting approving the adoption of the SUNeVision Share Option Scheme (the “New Share Option Scheme”) and termination of the Old 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 Old Share Option Scheme. However, the outstanding options granted under the Old Share Option Scheme, as detailed on pages 21 and 22 of the annual report, shall continue to be subject to the provisions of the Old Share Option Scheme 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”).

As at 30 June 2007, the number of shares in respect of which options had been granted and remained outstanding under the Schemes were:

	Remained outstanding		Representing % of the shares in issue	
	2007	2006	2007	2006
Old Share Option Scheme	–	1,927,500	–	0.0951
New Share Option Scheme	637,000	5,020,000	0.0314	0.2477
Total	637,000	6,947,500	0.0314	0.3428

Share Option Schemes of subsidiaries

In addition to the Schemes, the Group operates another share option scheme which was approved for iAdvantage Limited, a wholly-owned subsidiary of the Company, allowing the Board of Directors of the Company the right to grant to the full-time employees and executive directors of iAdvantage Limited or any of its subsidiary options to subscribe for shares of iAdvantage Limited 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

3,330,000 share options were granted under the New Share Option Scheme on 10 November 2005. The estimated fair value of the options granted on that date was HK\$822,000 which has been calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$1.41
Exercise price	HK\$1.41
Expected volatility	25.84%
Expected life	3 years
Risk-free rate	4.42%
Expected dividend yield	3.19%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised a total expense of HK\$8,000 (2006: HK\$1,152,000) for the year ended 30 June 2007 in relation to share options granted by the Company. Total consideration received during the year ended 30 June 2006 from the directors and employees for taking up the options granted amounted to HK\$27.

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

A summary of the total movements during the year of the share options held by directors and employees granted under the Old Share Option Scheme is as follows:

For the year ended 30 June 2006

Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.6.2006
		Balance as at 1.7.2005	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	
Directors:						
28.3.2000	10.38	1,418,334	–	–	(1,418,334)	–
7.4.2001	2.34	1,313,333	–	–	(716,667)	596,666
8.7.2002	1.43	400,000	–	–	–	400,000
		3,131,667	–	–	(2,135,001)	996,666
Employees:						
28.3.2000	10.38	486,666	–	–	(486,666)	–
30.11.2000	3.885	825,000	–	–	(479,167)	345,833
7.4.2001	2.34	590,000	–	–	(304,999)	285,001
8.7.2002	1.43	900,000	–	–	(600,000)	300,000
		2,801,666	–	–	(1,870,832)	930,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

For the year ended 30 June 2007

Date of grant	Exercise price HK\$	Number of share options					Balance as at 30.6.2007
		Balance as at 1.7.2006	Transfer	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	
Directors:							
7.4.2001	2.34	596,666	45,000	–	–	(641,666)	–
8.7.2002	1.43	400,000	100,000	–	(366,667)	(133,333)	–
		996,666	145,000	–	(366,667)	(774,999)	–
Employees:							
30.11.2000	3.885	345,833	–	–	–	(345,833)	–
7.4.2001	2.34	285,001	(45,000)	–	–	(240,001)	–
8.7.2002	1.43	300,000	(100,000)	–	(100,000)	(100,000)	–
		930,834	(145,000)	–	(100,000)	(685,834)	–

The closing price of the Company's shares at the date of exercise of the 466,667 share options was approximately HK\$1.86-1.91.

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

A summary of the total movements during the year of the share options held by directors and employees granted under the New Share Option Scheme is as follows:

For the year ended 30 June 2006

Date of grant	Exercise price HK\$	Number of share options				
		Balance as at 1.7.2005	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	Balance as at 30.6.2006
Directors:						
29.11.2003	1.59	1,000,000	–	–	–	1,000,000
10.11.2005	1.41	–	1,250,000	–	–	1,250,000
		1,000,000	1,250,000	–	–	2,250,000
Employees:						
29.11.2003	1.59	1,400,000	–	–	(300,000)	1,100,000
10.11.2005	1.41	–	2,080,000	–	(410,000)	1,670,000
		1,400,000	2,080,000	–	(710,000)	2,770,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

26. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

For the year ended 30 June 2007

Date of grant	Exercise price HK\$	Number of share options					Balance as at 30.6.2007
		Balance as at 1.7.2006	Transfer	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	
Directors:							
29.11.2003	1.59	1,000,000	150,000	–	(763,000)	(66,667)	320,333
10.11.2005	1.41	1,250,000	250,000	–	(1,500,000)	–	–
		2,250,000	400,000	–	(2,263,000)	(66,667)	320,333
Employees:							
29.11.2003	1.59	1,100,000	(150,000)	–	(633,333)	–	316,667
10.11.2005	1.41	1,670,000	(250,000)	–	(1,390,000)	(30,000)	–
		2,770,000	(400,000)	–	(2,023,333)	(30,000)	316,667

The closing price of the Company's shares at the date of exercise of the 4,286,333 share options was approximately HK\$1.90.

The options at the exercise price of HK\$1.59 per share 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; and
- (iii) the remaining amount within three years commencing on 29 November 2006.

The options will expire at the close of business on 28 November 2009.

27. RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions with related parties during the year, and significant balances with them at the balance sheet date, are as follows:

(A) Transactions with the SHKP Group

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advertising and e-commerce income	2,129	2,933
Income from installation, operation and provision of cable networking	30,320	28,176
Income from maintenance and repair of network infrastructure and security systems	43,982	42,204
Non-core value added service income	370	900
Space and rack rental income	1,106	2,275
Cable and network rental charges	881	1,300
Estate agency fees paid	955	804
Insurance service charges paid	1,171	1,428
Maintenance and repair charges of network infrastructure and security system	1,753	–
Management fee charges	2,000	2,000
Network infrastructure and security system installation charges	1,458	–
Outsourcing fee paid	960	960
Promotion service charges	291	800
Property management service fees paid	8,524	8,459
Rent paid	5,651	4,508
Retrofitting service charges	122	121
Technical service charge paid	1,144	1,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

27. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(B) Balances with the SHKP Group

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

	2007 HK\$'000	2006 HK\$'000
Trade and other receivables	17,629	23,247
Amounts due from customers for contract work	10,607	6,692
Trade and other payables	9,385	17,862
Amounts due to customers for contract work	197	–

The trading balances are unsecured, interest-free and repayable on demand.

(C) Transaction with a director

During the year, the Group paid professional fees of HK\$190,000 (2006: HK\$34,000) 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 consultant of Messrs. Woo, Kwan, Lee & Lo.

(D) Compensation of key management personnel

The directors' emoluments set out in note 10 represent the compensation paid/payable to the key management personnel.

The remuneration of directors and key executives is reviewed by the remuneration committee having regard to the performance of individuals and market trends.

28. 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:

	2007 HK\$'000	2006 HK\$'000
Within one year	4,907	5,041
In the second to fifth year inclusive	3,712	8,535
	8,619	13,576

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

28. OPERATING LEASE COMMITMENTS (Continued)**The Group as lessor**

Rental income, includes those from Internet services centre and properties holding, earned during the year was HK\$182,588,000 (2006: HK\$150,340,000). All of the properties held have committed tenants for one to ten years (2006: one to seven years). Some leases include provisions for rental revision during the lease period.

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

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	145,156	95,346
In the second to fifth year inclusive	401,156	158,619
Over five years	154,735	7,023
	701,047	260,988

29. CAPITAL COMMITMENTS

	THE GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for but not provided in the consolidated financial statements		
– Acquisition of property, plant and equipment	38,783	4,404

30. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all its employees 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 consolidated income statement as incurred.

In addition, the Group also participates in a defined contribution 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 Group and employees at rates ranging from 5% to 10% on the employees' salaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

30. RETIREMENT BENEFITS SCHEMES (Continued)

During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$1,552,707 (2006: HK\$1,143,000), net of forfeited contributions of HK\$147,024 (2006: HK\$57,000).

There were no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

31. CONTINGENT LIABILITIES THE GROUP AND THE COMPANY

The Group and the Company have contingent liabilities in respect of guarantees for general banking facilities utilised by group subsidiaries and other performance guarantees in the aggregate of HK\$106 million (2006: HK\$106 million).

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2007 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, laying, cabling of SMATV/CABD and security surveillance system, and building access, voice, data, power supply systems and network, and other infrastructure networks, and provision of related repair and maintenance services

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
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
Sunevision PropertyStreet (H.K.) Limited*	HK\$2	100%	Provision of add-value 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 customised banking related services for property buyers
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2007

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
CST iAdvantage Co. Ltd.#	RMB30,100,000	75%	Operation of Internet service 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
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

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

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 on 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.

33. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements set out on pages 47 to 91 were approved and authorised for issue by the Board of Directors on 11 September 2007.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 30 June 2007

Particulars	Use	Lease term	Lot no.
Land and buildings			
MEGA-iAdvantage 399 Chai Wan Road and 1 Sun Yip Street Chai Wan Hong Kong	Industrial/office building(s)	Long term (Note)	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
JUMBO-iAdvantage 145-159 Yeung Uk Road Tsuen Wan New Territories	Industrial	Medium term	Lot No. 476 in Demarcation District No. 443
Investment properties			
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
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

Note: The property is held from the Government for a term of 75 years from 1 January 1963 renewable for a further term of 75 years.

SUNeVision Holdings Ltd.

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