



SUNeVision Holdings Ltd.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock code 股份代號: 8008)



Half-year Report

2007 - 2008

半年度業績報告

Results for the six months ended 31 December 2007
截至2007年12月31日止六個月業績



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This document, for which the directors (the “Directors”) of SUNeVision Holdings Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (i) the information contained in this document 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 document misleading; and (iii) opinions expressed in this document have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- SUNeVision continued to be profitable in the first half of the financial year 2007/08, recording a net profit of HK\$68.4 million for the six months ended 31 December 2007.
- Turnover in the first half of the financial year 2007/08 was HK\$189.6 million, HK\$33.6 million higher than in the same period of last financial year, driven by the Group's data centre, last-mile connectivity, and property rental businesses.
- Other income, being income in addition to turnover from operations, was HK\$10.9 million. This was substantially lower than the HK\$35.8 million in the same period of last financial year, where other income consisted primarily of a higher level of interest income before the payment of the one-off special dividend approved by shareholders at the Annual General Meeting in October 2006.
- The Group's financial position continued to be strong, with approximately HK\$370 million of cash and interest-bearing securities on hand.

	Jul to Dec 2007 HK\$'M	Jul to Dec 2006 HK\$'M
Revenue	189.6	156.0
Gross profit	88.5	66.7
– as a % of revenue	46.7%	42.7%
Operating expenditures *	(21.3)	(24.8)
Other income	10.9	35.8
Profit before taxation and minority interests	78.1	77.7
Deferred tax expense	(10.2)	(4.6)
Minority interests	0.5	0.9
Profit attributable to the Company's shareholders	68.4	74.0

* Selling, general and administrative expenses

CHAIRMAN'S STATEMENT

SUNeVision continued to be profitable in the first half of the financial year 2007/08, recording a net profit of HK\$68.4 million for the six months ended 31 December 2007.

Turnover in the first half of the financial year 2007/08 was HK\$189.6 million, HK\$33.6 million higher than in the same period of last financial year. Factors contributing to the increase included higher revenues from the Group's data centre, last-mile connectivity, and property rental businesses. Compared to the same period of last financial year, gross margin improved four percentage points to 46.7 percent, largely as a result of increased revenues and the continuously improving cost of sales.

Other income, being income in addition to turnover from operations, was HK\$10.9 million. This was substantially lower than in the same period of last financial year, where other income consisted primarily of a higher level of interest income before the payment of the one-off special dividend approved by shareholders at the Annual General Meeting in October 2006. Operating expenditures were HK\$21.3 million, moderately lower than in the same period of last financial year as a result of continuous cost control.

Profit attributable to equity holders of the Company was HK\$68.4 million. This was moderately lower than in the same period of last financial year, due largely to the aforementioned higher level of interest income before the payment of the one-off special dividend approved by shareholders at the Annual General Meeting in October 2006. Nevertheless, the Group's recurring profit remained strong, as evidenced by the increase in gross profit and reduction in operating expenditures.

The Group's financial position continued to be strong, with approximately HK\$370 million of cash and interest-bearing securities on hand.

During the period, iAdvantage continued to win new business and renew existing relationships with top-tier multinational and local firms. Overall data centre occupancy was approximately 83 percent, a marked improvement over the approximate 74 percent occupancy in the same period of last financial year. During the period, the Group's other business units continued to strengthen their market positions or trim costs.

Looking to the second half of the financial year, iAdvantage will seek to fill vacancies remaining in its current data centres in Hong Kong and the Mainland 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. The Group will seek to improve upon the previous year's recurring profit so that payment of a dividend to shareholders at the end of the financial year may be considered.

Finally, I would like to thank the board, management, and every member of staff for their ongoing dedication and hard work, and our shareholders for their continued trust and support.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 4 February 2008

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

SUNeVision's momentum continued in the first half of financial year 2007/08, generating a profit attributable to equity holders of the Company of HK\$68.4 million for the six months ended 31 December 2007. Compared to the same period of last financial year, revenues of the majority of the Group's business units increased as a result of improvements in both demand and pricing. At both Group and business unit levels, costs continued to be tightly managed.

Business Review

Data Infrastructure

iAdvantage

iAdvantage continued to strengthen its market leadership in carrier-neutral data centre services in Hong Kong and the Mainland, winning new business and renewing existing relationships with multinational and local corporations. Overall occupancy during the period was approximately 83 percent, a clear improvement over the 74 percent recorded in the same period of last financial year.

iAdvantage continues to attract and meet the demand for data centre facilities and services from the financial services, telecommunications, high-tech, general industry, and public administration sectors. The company continues to seek expansion opportunities to meet growing market demand.

Super e-Technology

Super e-Technology continued to win tenders for the installation of ELV and SMATV systems at major developments. During the period the company won contracts to upgrade Communal Aerial Broadcast Distribution (CABD) systems to receive Digital Terrestrial Television broadcasts. The company has successfully entered the PRC market with the first commission of its Super e-Shooter system at a major development.

Super e-Network

Super e-Network continued to grow its broadband network coverage and value-added services. During the period the company won new contracts to provide high quality WIFI coverage at large shopping malls. The company continues to upgrade and expand its existing WIFI networks to capture new business opportunities arising from the increasing popularity of WIFI service.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

Enabling Services

SuperHome

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

SuperStreets

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

Red-Dots

Red-Dots Hong Kong continued to serve its user community with its trusted e-commerce and e-auction platform. During the period, the prospects of Red-Dots China were reviewed and the business was restructured as a result of persistent and increasing challenges in market conditions.

Investment

Venture Capital

The venture capital group stayed with its prudent and conservative approach to investing and continues to evaluate investment opportunities carefully. Funds will only be committed where there are potentially attractive returns. No further provisions were made to the existing investment portfolio during the period under review.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

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 31 December 2007, the Group had cash and interest-bearing securities of approximately HK\$370 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 31 December 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\$105 million. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. As of 31 December 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 period under review. There have been no material changes in the composition of the Group's equity technology investment portfolio since 30 June 2007.

Employees

As of 31 December 2007 the Group had 178 full-time employees. The Group is keen to motivate and retain talent and continues to offer career progression opportunities and make adjustments in compensation, when necessary, 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 continued to be offered to enhance employees' capabilities. The Group also offers a share-option scheme to recognize employees who make significant contributions, particulars of which are set out in the relevant sections of this report.

In closing, I would like to thank the board for its guidance, every member of staff for their commitment and hard work, and our shareholders for their continued trust and support.

So Sing-tak, Andrew

Chief Executive Officer

Hong Kong, 4 February 2008

CONSOLIDATED INCOME STATEMENT*For the three and six months ended 31 December 2007*

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2007 HK\$'000	2006 <i>HK\$'000</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Revenue		97,037	80,464	189,603	156,050
Cost of sales		(52,409)	(44,333)	(101,061)	(89,378)
Gross profit		44,628	36,131	88,542	66,672
Other income	3	5,098	13,112	10,910	35,804
Selling expenses		(1,680)	(2,599)	(3,850)	(5,056)
Administrative expenses		(9,183)	(10,131)	(17,457)	(19,751)
Profit before tax		38,863	36,513	78,145	77,669
Deferred tax expense	4	(5,517)	(2,606)	(10,224)	(4,586)
Profit for the period	5	33,346	33,907	67,921	73,083
Attributable to:					
Equity holders of the Company		33,700	34,258	68,442	73,959
Minority interests		(354)	(351)	(521)	(876)
		33,346	33,907	67,921	73,083
Earnings per share – Basic	6	1.66 cents	1.69 cents	3.37 cents	3.64 cents

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Notes	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
NON-CURRENT ASSETS			
Investment properties		813,000	813,000
Property, plant and equipment	7	1,057,343	1,019,979
Investments	8	141,472	185,272
		<u>2,011,815</u>	<u>2,018,251</u>
CURRENT ASSETS			
Investments	8	38,994	–
Inventories		4,653	3,685
Trade and other receivables	9	65,265	57,781
Amounts due from customers for contract work		9,601	10,438
Bank balances and deposits		275,884	256,751
		<u>394,397</u>	<u>328,655</u>
CURRENT LIABILITIES			
Trade and other payables	10	156,878	120,346
Deferred revenue		15,114	8,034
Amounts due to customers for contract work		197	197
		<u>172,189</u>	<u>128,577</u>
NET CURRENT ASSETS		<u>222,208</u>	<u>200,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,234,023</u>	<u>2,218,329</u>

CONSOLIDATED BALANCE SHEET (Continued)

At 31 December 2007

Notes	(Unaudited) 31 December 2007 HK\$'000	(Audited) 30 June 2007 HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	67,340	57,116
Deferred revenue	61,541	29,325
Amounts due to minority shareholders of subsidiaries	5,421	5,421
	134,302	91,862
	2,099,721	2,126,467
CAPITAL AND RESERVES		
Share capital	203,148	203,148
Reserves	1,889,991	1,916,528
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
	2,093,139	2,119,676
MINORITY INTERESTS	6,582	6,791
TOTAL EQUITY	2,099,721	2,126,467

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007

	2007									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 July 2007	203,148	2,536,033	930	98	32,625	487	(653,645)	2,119,676	6,791	2,126,467
Change in fair value of investments	-	-	-	-	(3,773)	-	-	(3,773)	-	(3,773)
Exchange differences arising from translation of operations outside Hong Kong	-	-	372	-	-	-	-	372	312	684
Net expenses recognised directly in equity	-	-	372	-	(3,773)	-	-	(3,401)	312	(3,089)
Release upon disposal of investments	-	-	-	-	(161)	-	-	(161)	-	(161)
Profit for the period	-	-	-	-	-	-	68,442	68,442	(521)	67,921
Total recognised income for the period	-	-	372	-	(3,934)	-	68,442	64,880	(209)	64,671
Dividend paid	-	-	-	-	-	-	(91,417)	(91,417)	-	(91,417)
Cancellation of share options	-	-	-	-	-	(37)	37	-	-	-
At 31 December 2007	203,148	2,536,033	1,302	98	28,691	450	(676,583)	2,093,139	6,582	2,099,721

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 31 December 2007

	2006									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 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	-	-	-	-	12,307	-	-	12,307	-	12,307
Net income recognised directly in equity	-	-	-	-	12,307	-	-	12,307	-	12,307
Release upon redemption of investments	-	-	-	-	300	-	(403)	(103)	-	(103)
Profit for the period	-	-	-	-	-	-	73,959	73,959	(876)	73,083
Total recognised income for the period	-	-	-	-	12,607	-	73,556	86,163	(876)	85,287
Recognition of equity settled share-based payment	-	-	-	-	-	8	-	8	-	8
Dividend paid	-	(1,340,779)	-	-	-	-	(91,416)	(1,432,195)	-	(1,432,195)
Issue of new shares upon exercise of share options	475	7,736	-	-	-	(1,249)	-	6,962	-	6,962
Cancellation of share options	-	-	-	-	-	(185)	185	-	-	-
At 31 December 2006	203,148	2,536,033	424	98	12,246	538	(783,755)	1,968,732	5,751	1,974,483

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007

	(Unaudited) Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Net cash from operating activities	163,705	69,538
Net cash (used in) from investing activities	(53,299)	28,502
Net cash used in financing activities	(91,417)	(1,425,234)
Net increase (decrease) in cash and cash equivalents	18,989	(1,327,194)
Cash and cash equivalents at 1 July	256,751	1,512,719
Effect of foreign exchange rate changes	144	–
Cash and cash equivalents at 31 December	275,884	185,525

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis except for investment properties and certain financial investments, which are measured at fair values.

The principal accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 30 June 2007. The financial statements are unaudited but have been reviewed by the Audit Committee.

2. 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.

Satellite master antenna television system (“SMATV”), communal aerial broadcast distribution (“CABD”), structural cabling and security systems comprise installation and maintenance services for the respective systems.

Properties holding refers to the Group’s interests in investment properties which generate rental and other related income.

2. Business and Geographical Segments (Continued)

Business segments (Continued)

Segment information about these businesses is presented below:

For the six months ended 31 December 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	126,607	40,549	22,447	–	189,603
Inter-segment	967	436	1,067	(2,470)	–
Total	<u>127,574</u>	<u>40,985</u>	<u>23,514</u>	<u>(2,470)</u>	<u>189,603</u>
RESULTS					
Segment results	<u>47,444</u>	<u>9,572</u>	<u>18,522</u>	–	75,538
Unallocated corporate expenses					(7,189)
Interest income					9,639
Gain on disposal of investments					157
Profit before tax					78,145
Deferred tax expense					(10,224)
Profit for the period					<u>67,921</u>

2. Business and Geographical Segments (Continued)

Business segments (Continued)

For the six months ended 31 December 2006

	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	97,546	40,604	17,900	–	156,050
Inter-segment	878	391	1,139	(2,408)	–
Total	98,424	40,995	19,039	(2,408)	156,050
RESULTS					
Segment results	28,231	7,874	14,266	–	50,371
Unallocated corporate expenses					(7,240)
Interest income					31,816
Gain on redemption of debts securities					103
Other income					2,619
Profit before tax					77,669
Deferred tax expense					(4,586)
Profit for the period					73,083

Inter-segment sales are charged at prevailing market rates.

Geographical segments

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

3. Other Income

	Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Interest income	9,639	31,816
Others	1,114	1,266
Gain on redemption/disposal of investments	157	103
Exchange gain	–	2,619
	10,910	35,804

4. Deferred Tax Expense

	Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Taxation relating to origination and reversal of temporary differences	10,224	4,586

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

5. Profit for the Period

	Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Profit for the period has been arrived at after charging: Depreciation of property, plant and equipment	27,065	21,796

6. Earnings Per Share

The calculation of basic earnings per share is based on the unaudited profit attributable to equity holders of the Company for the three months and six months ended 31 December 2007 of HK\$33,700,000 and HK\$68,442,000 (three months and six months ended 31 December 2006: HK\$34,258,000 and HK\$73,959,000) and the weighted average number of 2,031,483,833 and 2,031,483,833 (three months and six months ended 31 December 2006: 2,031,426,152 and 2,029,380,902) ordinary shares in issue during the periods.

No diluted earnings per share is presented for the three months and six months ended 31 December 2007 and 2006 as the exercise price of the Company's share options was higher than the average market price of the shares of the Company during the periods.

7. Property, Plant and Equipment

During the period, additions to fixed assets amounted to HK\$64,003,000 and net book value of fixed assets disposed amounted to HK\$149,000.

8. Investments

	31 December 2007 HK\$'000	30 June 2007 HK\$'000
Available-for-sale:		
Debt securities	100,338	98,714
Equity technology investments	80,128	86,558
	180,466	185,272
Carrying amount analysed for reporting purpose as:		
Current (debt securities maturing within one year)	38,994	–
Non-current	141,472	185,272
	180,466	185,272

9. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK\$45,391,000 (as at 30 June 2007: HK\$33,437,000), of which 92% aged less than 60 days, 4% between 61 to 90 days and 4% more than 90 days (as at 30 June 2007: 92%, 5% and 3% respectively).

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

10. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$9,902,000 (as at 30 June 2007: HK\$8,458,000), of which 98% aged less than 60 days and 2% more than 60 days (as at 30 June 2007: 99% and 1% respectively).

11. 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.

12. Related Party Transactions

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

(A) Transactions with Sun Hung Kai Properties Group

	Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Advertising and e-commerce income	1,537	1,274
Income from installation, operation and provision of cable networking	15,023	14,885
Income from maintenance and repair of network infrastructure and security systems	22,602	22,873
Non-core value added service income	103	200
Space and rack rental income	446	648
Cable and network rental charges	398	484
Estate agency fees paid	595	411
Insurance service charges paid	510	536
Maintenance and repair charges of network infrastructure and security systems	1,164	–
Management fee charges	1,000	1,000
Network infrastructure and security systems installation charges	166	–
Outsourcing fee paid	480	480
Promotion service charges	–	291
Property management service fees paid	4,378	4,208
Rent paid	3,165	2,874
Technical service charge paid	397	581

(B) Transaction with a director

During the period, the Group did not pay (2006: HK\$180,000) any professional fee to Messrs. Woo, Kwan, Lee & Lo, a firm of solicitors which provided day to day professional services to the Group. Mr. Cheung Wing Yui, a director of the Company, is a consultant of Messrs. Woo, Kwan, Lee & Lo.

(C) Compensation of key management personnel

	Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Fees, salaries and other benefits	2,466	2,726
Share-based compensation cost	–	35
	<u>2,466</u>	<u>2,761</u>

13. Capital Commitments

	31 December 2007 HK\$'000	30 June 2007 HK\$'000
Contracted for but not provided in the consolidated financial statements		
– Acquisition of property, plant and equipment	76,106	38,783

14. Contingent Liabilities

As at 31 December 2007, the Group and the Company had contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other performance guarantees in the aggregate of HK\$105 million (as at 30 June 2007: HK\$106 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2007 (2006: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 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 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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

Notes:

- 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.
- 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 to the Directors in the capacity as beneficial owners under the share option schemes of 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) Sun Hung Kai Properties Limited ("SHKP")

Name of Director	Number of shares held					Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Total				
Kwok Ping-luen, Raymond	75,000	-	-	1,086,165,895 ¹	1,086,240,895	-	1,086,240,895	42.36	
Kwok Ping-sheung, Walter	75,000	-	-	1,084,972,522 ¹	1,085,047,522	-	1,085,047,522	42.31	
Kwok Ping-kwong, Thomas	1,976,281	304,065	-	1,083,022,214 ¹	1,085,302,560	-	1,085,302,560	42.32	
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	

Notes:

- 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.
- These shares were held by a company which obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

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

Name of Director	Number of shares held				Total	% of shares in issue
	Family interests (interests of spouse or child under 18)	Other interests	Total	Number of underlying shares held under equity derivatives		
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 they were entitled to control the exercise of one-third or more of the voting rights in the general meetings of those corporations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS *(Continued)*

Save as disclosed above, as at 31 December 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 prices of HK\$10.38 per share, HK\$3.885 per share and HK\$2.34 per share expired at the close of business on 30 December 2005, 14 November 2006 and 19 March 2007 respectively. 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.

SHARE OPTION SCHEMES *(Continued)*

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 six months ended 31 December 2007, no share options were 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 six months ended 31 December 2007, no share options were granted under the New Share Option Scheme.

SHARE OPTION SCHEMES (Continued)

(C) Share options granted to the Directors

The following shows the outstanding positions of the Directors as at 31 December 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 31.12.2007
			Balance as at 1.7.2007	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	
So Sing-tak, Andrew	29.11.2003	1.59	133,333	-	-	-	133,333
So Chung-keung, Alfred	29.11.2003	1.59	67,000	-	-	-	67,000
Wong Chin-wah	29.11.2003	1.59	70,000	-	-	-	70,000
Tsim Wing-kit, Alfred	29.11.2003	1.59	50,000	-	-	-	50,000

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

A summary of the movements during the six months ended 31 December 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 as below:

Date of grant	Exercise price HK\$	Number of share options				Balance as at 31.12.2007
		Balance as at 1.7.2007	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	
29.11.2003	1.59	316,667	-	-	50,000	266,667

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

SHARE OPTION SCHEMES *(Continued)*

2. Share Option Schemes 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 subsidiaries options to subscribe for shares of iAdvantage in aggregate up to 10% of its issued capital from time to time (the “iAdvantage Share Option Scheme”). The exercise period of any options granted under the iAdvantage Share Option Scheme shall commence on the date of grant of the option and expire on such date as determined by the board of directors of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein. No share options have been granted to any person under the iAdvantage Share Option Scheme since its adoption.

3. Arrangement to purchase shares or debentures

Other than the share option schemes as mentioned above, at no time during the six months ended 31 December 2007 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS *(Continued)*

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 31 December 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 in the register kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF OTHER PERSONS

As at 31 December 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 six months ended 31 December 2007 who was directly or indirectly interested in 5% or more of the shares of the Company then in issue and who was able, as a practical matter, to direct or influence the management of the Company.

INTERESTS IN COMPETING BUSINESS

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognized leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and business. These institutions and business entities may be in competition with the Group.

Save as disclosed in this section, none of the Directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules have any interest in any business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose and one Non-Executive Director, Mr. Cheung Wing-yui, with terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the draft of this Report for the six months ended 31 December 2007 and has provided advice and comments thereon.

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

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

The Company 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 Company's specific enquiry, each Director has confirmed that he complied with the required standard of dealings during the six months ended 31 December 2007.

CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 31 December 2007, the Company complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

On behalf of the Board

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 4 February 2008

As at the date of this document, the Board of Directors comprises ten Executive Directors, being 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 and TSIM Wing-kit, Alfred; one Non-Executive Director, being CHEUNG Wing-yui; and three Independent Non-Executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose and WONG Kai-man.

SUNeVision Holdings Ltd.

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