



SUNeVision Holdings Ltd.

新意網集團有限公司

Stock code 股份代號：8008

2006-2007

First Quarterly Report

第一季度業績報告

Results for the three months ended 30 September 2006
截至2006年9月30日止三個月業績



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

HIGHLIGHTS

- SUNeVision continued profitable as it entered the financial year 2006/07, recording a net profit of HK\$39.7 million for the quarter ended 30 September 2006 compared to HK\$31.2 million in the first quarter of last financial year.
- Turnover in the first quarter of the financial year 2006/07 was HK\$75.6 million, a 15 percent increase over that in the first quarter of last financial year. Factors behind the increase included higher revenues from the Group's data centre and last-mile connectivity businesses.
- After the payment of normal and special dividends of approximately HK\$1.4 billion, the Group's financial position remained strong with approximately HK\$200 million of cash and interest-bearing securities on hand.

	Jul to Sep 2006 <i>HK\$'M</i>	Jul to Sep 2005 <i>HK\$'M</i>
Turnover	75.6	65.7
Gross profit	30.5	25.8
– as a percentage of turnover	40.4%	39.4%
Operating expenditures*	(12.1)	(10.2)
Other revenue	22.7	17.0
Profit from operations	41.1	32.6

* *Selling, general and administrative expenses*

CHAIRMAN'S STATEMENT

SUNeVision continued profitable as it entered the financial year 2006/07, recording a net profit of HK\$39.7 million for the quarter ended 30 September 2006 compared to HK\$31.2 million in the first quarter of last financial year.

Turnover in the first quarter of the financial year 2006/07 was HK\$75.6 million, a 15 percent increase over that in the first quarter of last financial year. Factors behind the increase included higher revenues from the Group's data centre and last-mile connectivity businesses. Compared to the first quarter of last financial year, gross margin improved slightly to 40 percent, as a result of the increase in revenue and continuous improvement in cost of sales.

Other revenue, being revenue in addition to turnover from operations, was HK\$22.7 million. This amount was moderately higher than that in the first quarter of last financial year largely due to an increase in interest income.

Operating expenditures were HK\$12.1 million, moderately higher than that of the first quarter of last financial year largely due to additional costs incurred for the launch of the Red-Dots business in mainland China. Net profit for the quarter was HK\$39.7 million.

After the payment of the normal and special dividends of approximately HK\$1.4 billion approved by shareholders at the Annual General Meeting in October, the Group's financial position remains strong with approximately HK\$200 million of cash and interest-bearing securities on hand. After the payment of the dividends, the Group's interest income in future will be substantially reduced.

During the quarter, iAdvantage continued to add customers to its data centres in Hong Kong and the mainland. Overall occupancy was approximately 74 percent, a satisfactory improvement over the approximately 67 percent occupancy in the first quarter of last financial year. During the quarter, the Group's other businesses continued to strengthen their market positions and trim costs.

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

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

KWOK Ping-luen, Raymond
Chairman

Hong Kong, 8 November 2006

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

SUNeVision continued profitable as it entered the financial year 2006/07, posting a net profit of HK\$39.7 million for the quarter ended 30 September 2006 compared to HK\$31.2 million in the first quarter of last financial year. Turnover in the first quarter of the financial year 2006/07 was HK\$75.6 million, a 15 percent increase over the same period last year. The increase arose mainly from higher revenues from the Group's data centre and last-mile connectivity businesses. Gross margin improved slightly to 40 percent over the same period last year as a result of the increase in revenue and continuous improvement in cost of sales.

Other revenue, being revenue in addition to turnover from operations, was HK\$22.7 million. This amount was moderately higher than that in the same period last year largely due to an increase in interest income. Operating expenditures were HK\$12.1 million, moderately higher than that of the first quarter of last financial year largely due to additional costs incurred for the launch of the Red-Dots business in mainland China.

After the payment of the normal and special dividends of approximately HK\$1.4 billion approved by shareholders at the Annual General Meeting in October, the Group's financial position remains strong with approximately HK\$200 million of cash and interest-bearing securities on hand.

Business Review

Data Infrastructure

iAdvantage

iAdvantage continued to strengthen its market leadership in carrier-neutral data centre services in Hong Kong and the mainland, adding new customers and accommodating expansion requests of existing customers. Overall occupancy was approximately 74 percent, a satisfactory improvement over the 67 percent recorded in the same period last year. The company's world-class data centre facilities and service quality enables it to meet or exceed customers' stringent requirements time and again.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

iAdvantage continues to stay ahead of new customer requirements and technological developments. The company continues to attract and meet the growing demand for data centre facilities and services from the financial, telecommunications, high-tech, general industry, and public administration sectors.

Super e-Technology

Super e-Technology made a positive start to the new financial year by winning four contracts for the installation of ELV and SMATV systems at prestigious property developments. In addition, the demand for CCTV DVR (digital video recorders) continued to increase as more customers became aware of the benefits of the technology. To meet growing market demand the company has increased its range of DVR products to match customers' new and variable requirements.

Super e-Network

Super e-Network continued to grow its broadband installation and service provision business. The broadband installation works at Manhattan Hill is proceeding to plan, and the company continues to look for new opportunities to stimulate broadband adoption and utilization in the estates.

Enabling Services

SuperHome

SuperHome continued to provide convenient and diversified on-line and on-site services to residential estates in Hong Kong and Southern China.

SuperStreets

SuperStreets continued to provide profitable mortgage referral and other property-related services to home buyers.

Red-Dots

Red-Dots continued to serve its user community with its trusted e-auction and e-commerce platform. To seek new growth in mainland China's expanding e-commerce market, Red-Dots China (www.reddots.cn) was launched in June 2006 in conjunction with local strategic partners, and the business continues to develop its core merchant network and membership.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

Investment

Venture Capital

The venture capital group stayed with its prudent and conservative approach to investing and will continue 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.

In closing, I would like to thank all our 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, 8 November 2006

QUARTERLY RESULTS

For the period ended 30 September 2006

(UNAUDITED)

The Board of Directors (the "Board") of SUNeVision Holdings Ltd. (the "Company" or "SUNeVision") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2006 together with the comparative unaudited figures for the corresponding period in 2005 as follows:

	Notes	Three months ended 30 September	
		2006 HK\$'000	2005 HK\$'000
Revenue	2	75,586	65,685
Cost of sales		(45,045)	(39,835)
Gross profit		30,541	25,850
Other income		22,692	16,974
Selling expenses		(2,457)	(1,646)
Administrative expenses		(9,620)	(8,539)
Profit before taxation		41,156	32,639
Income tax expense	3	(1,980)	(1,441)
Profit for the period		39,176	31,198
Attributable to:			
Equity holders of the Company		39,701	31,198
Minority interests		(525)	–
		39,176	31,198
Earnings per share	4		
Basic		1.96 cents	1.54 cents
Diluted		1.96 cents	1.54 cents

NOTES

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

2. Revenue

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

3. Income tax expense

	Three months ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Deferred taxation relating to the origination and reversal of temporary differences	1,980	1,441

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.

4. 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 ended 30 September 2006 of HK\$39,701,000 (three months ended 30 September 2005: HK\$31,198,000) and the weighted average number of 2,027,335,652 (three months ended 30 September 2005: 2,026,730,833) shares in issue during the period.

The computation of diluted earnings per share is based on the unaudited profit attributable to equity holders of the Company for the three months ended 30 September 2006 of HK\$39,701,000 (three months ended 30 September 2005: HK\$31,198,000) and the weighted average number of 2,027,386,391 (three months ended 30 September 2005: 2,026,739,861) shares, after adjusting for the effects of all dilutive potential ordinary shares during the period.

5. Reserves

	Three months ended 30 September							Total HK\$'000
	2006						2005	
	Share premium HK\$'000	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Shared-based payment transactions reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	
	(Note)					(Note)		
At beginning of the period	3,869,076	424	98	(361)	1,964	(766,080)	3,105,121	2,916,773
Issue of new shares upon exercise of share options	5,710	-	-	-	(893)	-	4,817	-
Cancellation of share options	-	-	-	-	(185)	185	-	-
Employee share options benefits	-	-	-	-	4	-	4	83
Release upon disposals of investments	-	-	-	-	-	-	-	(405)
Change in fair value on investments	-	-	-	6,347	-	-	6,347	622
Profit for the period	-	-	-	-	-	39,701	39,701	31,198
At end of the period	3,874,786	424	98	5,986	890	(726,194)	3,155,990	2,948,271

Note:

At a meeting held on 6 September 2006, the Directors recommended the declaration of a final dividend of HK\$0.045 per share for the year ended 30 June 2006. This proposed dividend is not included as a dividend payable in the consolidated balance sheet as at 30 September 2006.

The Directors also recommended the declaration of a special dividend of HK\$0.66 per share. This proposed special dividend is not included as a dividend payable in the consolidated balance sheet as at 30 September 2006, but will be accounted for as an appropriation of share premium account for the year ending 30 June 2007.

DIVIDEND

The board does not recommend the payment of an interim dividend for the three months ended 30 September 2006 (2005: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 September 2006, the interests and short positions of Directors and Chief Executive in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its Associated Corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") were as follows:

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

Name of director	Personal	Child under 18 or spouse	Others	Equity derivatives (share option)	Total	% of shares in issue
Kwok Ping-luen, Raymond	-	-	1,742,500*	116,666	1,859,166	0.09
Kwok Ping-sheung, Walter	-	-	1,070,000*	60,000	1,130,000	0.05
Kwok Ping-kwong, Thomas	-	-	1,070,000*	60,000	1,130,000	0.05
So Sing-tak, Andrew	200,000	-	-	860,000	1,060,000	0.05
Chan Kui-yuen, Thomas	-	-	-	60,000	60,000	0
Wong Yick-kam, Michael	100,000	-	-	60,000	160,000	0
So Chung-keung, Alfred	-	543	-	127,000	127,543	0
Tung Chi-ho, Eric	-	-	-	60,000	60,000	0
Wong Chin-wah	-	-	-	130,000	130,000	0
Tung Yiu-kwan, Stephen (resigned with effect from 26 October 2006)	-	-	-	126,667	126,667	0
Tsim Wing-kit, Alfred	-	-	-	95,000	95,000	0

Note:

- * Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,070,000 shares 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. Long positions in shares and underlying shares of Sun Hung Kai Properties Limited

Name of director	Child under 18			Others	Equity derivatives	Total	% of shares in issue
	Personal	or spouse	Corporate		(share option)		
Kwok Ping-luen, Raymond	75,000	-	-	1,082,165,895 [#]	-	1,082,240,895	43.43
Kwok Ping-sheung, Walter	75,000	-	-	1,080,972,522 [#]	-	1,081,047,522	43.38
Kwok Ping-kwong, Thomas	1,976,281	304,065	-	1,079,022,214 [#]	-	1,081,302,560	43.39
Chan Kui-yuen, Thomas	-	66,000	126,500	-	-	192,500	0
Wong Yick-kam, Michael	145,904	-	-	-	-	145,904	0
So Chung-keung, Alfred	189,985	6,500	-	-	-	196,485	0
Wong Chin-wah	-	-	-	-	-	-	0

Note:

- # Of these shares in SHKP, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,058,988,347 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.

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

- (a) SmarTone Telecommunications Holdings Limited:

Name of director	Child under 18 or spouse	Others	% of shares in issue
Kwok Ping-luen, Raymond	-	2,237,767	0.38
Li On-kwok, Victor	5,000	-	0

3. Long positions in shares and underlying shares of other Associated Corporations (*continued*)

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

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

Note:

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

The interests of the Directors and the Chief Executive in the share options (being regarded for the time being as unlisted physically settled equity derivatives) of the Company and its Associated Corporations are stated in detail in the following sub-section 4 and Share Option Schemes section below.

4. Sun Hung Kai Properties Limited Share Options

SHKP once adopted a share option scheme on 20 November 1997 (the "Old Scheme"). Since its adoption, SHKP had granted two lots of share options on 15 February 2000 and 16 July 2001 which expired on 14 February 2005 and 15 July 2006 respectively.

4. Sun Hung Kai Properties Limited Share Options (*continued*)

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

The following shows the outstanding positions of the Directors and the Chief Executive as at 30 September 2006 with respect to their share options granted under the Old Scheme:

Name of director	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.9.2006
			Balance as at 1.7.2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Kwok Ping-luen, Raymond	16.7.2001	70.00	75,000	-	75,000	-	0
Kwok Ping-sheung, Walter	16.7.2001	70.00	75,000	-	75,000	-	0
Kwok Ping-kwong, Thomas	16.7.2001	70.00	75,000	-	75,000	-	0
Chan Kui-yuen, Thomas	16.7.2001	70.00	75,000	-	75,000	-	0
Wong Yick-kam, Michael	16.7.2001	70.00	75,000	-	75,000	-	0
Wong Chin-wah	16.7.2001	70.00	18,000	-	18,000	-	0

Save as disclosed above, as at 30 September 2006, none of the Directors and the Chief Executive of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its Associated Corporations, that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in GEM Listing Rule 5.46.

SHARE OPTION SCHEMES

1. Pre-IPO Share Options

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

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

- (a) one-third of the options within three years commencing on 31 December 2000;
- (b) a further one-third of the options within three years commencing on 31 December 2001;
- (c) the remaining one-third of the options within three years commencing on 31 December 2002; and
- (d) the options had expired at the close of business on 30 December 2005.

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

- (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;
- (c) the remaining one-third of the options within three years commencing on 15 November 2003; and
- (d) the options will expire at the close of business on 14 November 2006.

1. Pre-IPO Share Options (*continued*)

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;
- (c) the remaining one-third of the options within three years commencing on 20 March 2004; and
- (d) the options will expire at the close of business on 19 March 2007.

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

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

2. SUNeVision Share Options

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

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;
- (c) the remaining amount within three years commencing on 29 November 2006; and
- (d) 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.

2. SUNeVision Share Options (continued)

The following shows the outstanding positions of the Directors and Chief Executive as at 30 September 2006 with respect to their Pre-IPO Share Options and SUNeVision Share Options:

Name of director	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30.9.2006
			Balance as at 1.7.2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Kwok Ping-luen, Raymond	7.4.2001	2.34	116,666	-	-	-	116,666
Kwok Ping-sheung, Walter	7.4.2001	2.34	60,000	-	-	-	60,000
Kwok Ping-kwong, Thomas	7.4.2001	2.34	60,000	-	-	-	60,000
So Sing-tak, Andrew	8.7.2002	1.43	400,000	-	266,667	133,333	0
	29.11.2003	1.59	400,000	-	-	-	400,000
	10.11.2005	1.41	1,000,000	-	540,000	-	460,000
							860,000
Chan Kui-yuen, Thomas	7.4.2001	2.34	60,000	-	-	-	60,000
Wong Yick-kam, Michael	7.4.2001	2.34	60,000	-	-	-	60,000
So Chung-keung, Alfred	7.4.2001	2.34	60,000	-	-	-	60,000
	29.11.2003	1.59	200,000	-	133,000	-	67,000
							127,000
Tung Chi-ho, Eric	7.4.2001	2.34	60,000	-	-	-	60,000
Wong Chin-wah	7.4.2001	2.34	60,000	-	-	-	60,000
	29.11.2003	1.59	200,000	-	130,000	-	70,000
							130,000
Tung Yiu-kwan, Stephen (resigned with effect from 26 October 2006)	7.4.2001	2.34	60,000	-	-	-	60,000
	29.11.2003	1.59	200,000	-	133,333	-	66,667
	10.11.2005	1.41	250,000	-	250,000	-	0
							126,667
Tsim Wing-kit, Alfred	7.4.2001	2.34	45,000	-	-	-	45,000
	8.7.2002	1.43	150,000	-	100,000	50,000	0
	29.11.2003	1.59	150,000	-	100,000	-	50,000
	10.11.2005	1.41	250,000	-	250,000	-	0
							95,000

3. Share Option Schemes of Subsidiaries

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

4. Arrangement to purchase shares or debentures

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2006, the long positions of every person, other than a Director or the Chief Executive of the Company, being 10% or more in the interest in shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name	Total number of shares	% of shares in issue
Sunco Resources Limited ¹ ("Sunco")	1,713,613,500	84.40
SHKP ²	1,713,613,500	84.40
HSBC International Trustee Limited ³	1,717,623,249	84.60

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. HSBC International Trustee Limited is deemed to have interest in the 1,713,613,500 shares of the Company held by SHKP. Of the shares in SHKP in which HSBC International Trustee Limited was interested, 1,058,988,347 shares were the shares referred to in Note to sub-section 2 of the section on "Directors' and Chief Executive's Interests".

Save as disclosed above, as at 30 September 2006, 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 September 2006, other than the interests in shares and underlying shares of the Company and its Associated Corporations held by the Directors, Chief Executive and substantial shareholders stated above, there were no other persons with interests recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT SHAREHOLDERS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

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

AUDIT COMMITTEE

The Audit Committee has reviewed the draft of this Report and has provided advice and comments thereon at the Audit Committee Meeting held.

Upon the resignation of Dr. Fong Ching, Eddy as an Independent Non-Executive Director with effect from 27 October 2006, the audit committee has three members comprising two Independent Non-Executive Directors, Professor Kao Kuen, Charles (Chairman) and Professor Li On-kwok, Victor and one Non-Executive Director, Mr. Cheung Wing-yui, with terms of reference in compliance with the GEM Listing Rules. The Board has been looking for a suitable candidate to fill the vacancy within three months as required by Gem Listing Rules 5.05, 5.06, 5.28 and 5.33.

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

During the three months ended 30 September 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board

KWOK Ping-luen, Raymond

Chairman

Hong Kong, 8 November 2006

SUNeVision Holdings Ltd.

MEGATOP, Mega-iAdvantage

399 Chai Wan Road, Chai Wan, Hong Kong

新意網集團有限公司

香港柴灣柴灣道399號

MEGATOP, Mega-iAdvantage

www.sunevision.com