



SUNeVision Holdings Ltd.

新意網集團有限公司

Stock code 股份代號：8008

2006-2007

Interim Report

中期業績報告

Results for the six months ended 31 December 2006
截至2006年12月31日止六個月業績



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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

- Profit attributable to the Company's shareholders for the six months ended 31 December 2006 was HK\$74.0 million.
- Turnover in the first half of the financial year 2006/07 was HK\$156.1 million, HK\$23.7 million higher than in the first half of last financial year, driven by the Group's data centre and last-mile connectivity businesses.
- Gross margin improved by 2.6 percent to 42.7 percent, as compared to 40.1 percent in the first half of last financial year.
- Gross profit increased by HK\$13.6 million to HK\$66.7 million when compared to the same period of last financial year.
- Operating expenditures moderately increased by HK\$4.4 million to HK\$24.8 million primarily as a result of new business launched on the mainland.
- Other revenue decreased by HK\$60.3 million largely due to the one-time gain upon redemption of several bond holdings in the same period last year.
- The Group's financial position remains strong with approximately HK\$300 million of cash and interest-bearing securities on hand.

	Jul to Dec 2006 HK\$M	Jul to Dec 2005 HK\$M
Turnover	156.1	132.4
Gross profit	66.7	53.1
– as a percentage of turnover	42.7%	40.1%
Operating expenditures*	(24.8)	(20.4)
Other revenue	35.8	96.1
Profit before taxation and minority interests	77.7	128.8
Deferred taxation	(4.6)	(3.5)
Minority interests	0.9	–
Profit attributable to the Company's shareholders	74.0	125.3

* Selling, general and administrative expenses

CHAIRMAN'S STATEMENT

SUNeVision continued profitable in the first half of the financial year 2006/07, recording a net profit of HK\$74.0 million for the six months ended 31 December 2006.

Turnover in the first half of the financial year 2006/07 was HK\$156.1 million, HK\$23.7 million higher than in the first half of last financial year. Factors contributing to the increase included higher revenues from the Group's data centre and last-mile connectivity businesses. Compared to the first half of last financial year, gross margin improved 2.6 percent to 42.7 percent, largely as a result of the increase in revenues and continuous improvement in cost of sales.

Other revenue, largely being interest income from cash and bond holdings, was HK\$35.8 million. This was substantially lower than in the first half of last financial year, which had benefited primarily from a one-time gain upon redemption of several bond holdings.

Operating expenditures were HK\$24.8 million. This was moderately higher than in the first half of last financial year, due largely to additional costs incurred by the launch of the Red-Dots business on the mainland.

Net profit attributable to equity holders of the Company for the period was HK\$74.0 million. This was substantially lower than the HK\$125.3 million in the first half of last financial year, due largely to the aforementioned one-time gain upon redemption of several bond holdings. However, the Group's recurring profit remained strong, evidenced by the increase in gross profit and continued tight control of costs.

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 2006, the Group's financial position remains strong with approximately HK\$300 million of cash and interest-bearing securities on hand. As noted in the report for the first quarter of the current financial year, after the payment of the dividends the Group's interest income in future will be substantially reduced.

During the second quarter of the financial year, iAdvantage continued to win new business from top-tier multinational and local firms. Overall data centre occupancy was approximately 74 percent, a satisfactory improvement over the approximate 68 percent occupancy in the first half of last financial year. During the period, the Group's other business units continued to strengthen their market positions and trim costs.

CHAIRMAN'S STATEMENT *(Continued)*

During the second quarter of the financial year, both Professor Charles Kao and Dr. Eddy Fong resigned from the Board as Independent Non-executive Directors, due to retirement and to assumption of new responsibilities respectively. I would like to thank them for their distinguished contributions over the years. Beginning in January 2007, Professor Ambrose King and Mr. Wong Kai-man have joined the Board as Independent Non-executive Directors. I look forward to their valuable guidance.

Looking forward to the second half of the financial year, iAdvantage will continue to strengthen its market position and strive to increase the occupancy of its data centres in Hong Kong and the mainland. As noted in the report for the first quarter of the current financial year, the Group aims to improve upon last year's recurring profit so that the payment of dividend to shareholders may be considered at the end of the financial year.

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 loyalty and confidence.

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 12 February 2007

CHIEF EXECUTIVE OFFICER'S REPORT

Overview

SUNeVision continued profitable in the first half of the financial year 2006/07, recording a net profit of HK\$74.0 million for the six months ended 31 December 2006.

Turnover in the first half of the financial year 2006/07 was HK\$156.1 million, HK\$23.7 million higher than in the first half of last financial year. Factors contributing to the increase included higher revenues from the Group's data centre and last-mile connectivity businesses. Compared to the first half of last financial year, gross margin improved 2.6 percent to 42.7 percent, largely as a result of the increase in revenues and continuous improvement in cost of sales.

Other revenue, largely being interest income from cash and bond holdings, was HK\$35.8 million. This was substantially lower than in the first half of last financial year, which had benefited primarily from a one-time gain upon redemption of several bond holdings.

Operating expenditures were HK\$24.8 million. This was moderately higher than in the first half of last financial year due largely to additional costs incurred by the launch of the Red-Dots business on the mainland. Net profit attributable to equity holders of the Company for the period was HK\$74.0 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 2006, the Group's financial position remains strong with approximately HK\$300 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.

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 from top-tier multinational and local firms and accommodating expansions of existing customers. Overall occupancy was approximately 74 percent, a satisfactory improvement over the 68 percent recorded in the same period last year. The company's world-class data centre facilities and service quality enable it to meet or exceed customers' stringent requirements time and again.

iAdvantage continues to attract and meet the demand for data centre facilities and services from the financial, telecommunications, high-tech, general industry and public administration sectors. To meet growing market demand, the company is actively seeking expansion opportunities in world-class data centre infrastructure to serve new multinational and local customers.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

Super e-Technology

Super e-Technology continued to win tenders, including three new contracts for the installation of ELV and SMATV systems at important developments. In addition, the company was awarded a contract to install an advanced biometric "Facial Recognition System" for a prestigious property management company's headquarters and its site offices. During the period the demand for the company's CCTV DVR (digital video recorder) solutions continued to grow steadily.

Super e-Network

Super e-Network continued to grow its broadband network deployment and service provision business. The broadband installation work at Manhattan Hill is proceeding on schedule. 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 competitive and convenient mortgage referrals 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. The development of Red-dots China (www.reddots.cn) is proceeding on schedule, with steady growth in the number of active members, registered merchants and traffic. The premier e-commerce business continues to develop its core merchant and membership networks in order to capture B2B and B2C opportunities in the mainland's expanding e-commerce market.

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.

CHIEF EXECUTIVE OFFICER'S REPORT *(Continued)*

Other Financial Discussion And Analysis

The Group practises prudent financial management and has a strong balance sheet with ample liquidity and financial resources. As of 31 December 2006, the Group had cash and interest-bearing securities of approximately HK\$300 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 2006, 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\$105.5 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 2006, 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 2006.

Employees

As of 31 December 2006, the Group had 198 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 all our staff for their commitment and hard work, the Board for its guidance, and shareholders for their continued trust and support.

So Sing-tak, Andrew

Chief Executive Officer

Hong Kong, 12 February 2007

CONSOLIDATED INCOME STATEMENT

For the three and six months ended 31 December 2006

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue		80,464	66,698	156,050	132,383
Cost of sales		(44,333)	(39,458)	(89,378)	(79,293)
Gross profit		36,131	27,240	66,672	53,090
Other income	3	13,112	79,127	35,804	96,101
Selling expenses		(2,599)	(1,624)	(5,056)	(3,270)
Administrative expenses		(10,131)	(8,593)	(19,751)	(17,132)
Profit before taxation		36,513	96,150	77,669	128,789
Income tax expense	4	(2,606)	(2,015)	(4,586)	(3,456)
Profit for the period	5	33,907	94,135	73,083	125,333
Attributable to:					
Equity holders of the Company		34,258	94,135	73,959	125,333
Minority interests		(351)	–	(876)	–
		33,907	94,135	73,083	125,333
Earnings per share					
– Basic	6	1.69 cents	4.64 cents	3.64 cents	6.18 cents

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	Notes	(Unaudited) 31 December 2006 HK\$'000	(Audited) 30 June 2006 HK\$'000
NON-CURRENT ASSETS			
Investment properties		714,000	714,000
Property, plant and equipment	7	977,610	991,676
Investments	8	181,501	169,163
		1,873,111	1,874,839
CURRENT ASSETS			
Investments	8	15,582	23,379
Inventories		4,593	2,862
Trade and other receivables	9	76,776	49,744
Amounts due from customers for contract work		7,524	7,075
Bank balances and deposits		185,525	1,512,719
		290,000	1,595,779
CURRENT LIABILITIES			
Trade and other payables	10	146,359	118,542
Amounts due to customers for contract work		197	169
		146,556	118,711
NET CURRENT ASSETS			
		143,444	1,477,068
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,016,555	3,351,907
NON-CURRENT LIABILITIES			
Deferred tax liabilities		36,651	32,065
Amounts due to minority shareholders of subsidiaries		5,421	5,421
		42,072	37,486
		1,974,483	3,314,421
CAPITAL AND RESERVES			
Share capital	11	203,148	202,673
Reserves		1,765,584	3,105,121
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		1,968,732	3,307,794
MINORITY INTERESTS		5,751	6,627
TOTAL EQUITY		1,974,483	3,314,421

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2006

	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 on investments	-	-	-	-	12,307	-	-	12,307	-	12,307
Net income recognised directly in equity	-	-	-	-	12,307	-	-	12,307	-	12,307
Profit for the period	-	-	-	-	-	-	73,959	73,959	(876)	73,083
Total recognised income for the period	-	-	-	-	12,307	-	73,959	86,266	(876)	85,390
Recognition of equity settled share-based payment	-	-	-	-	-	8	-	8	-	8
Issue of new shares upon exercise of share options	475	7,736	-	-	-	(1,249)	-	6,962	-	6,962
Release upon redemption of investments	-	-	-	-	300	-	(403)	(103)	-	(103)
Cancellation of share options	-	-	-	-	-	(185)	185	-	-	-
Dividend paid	-	(1,340,779)	-	-	-	-	(91,416)	(1,432,195)	-	(1,432,195)
At 31 December 2006	203,148	2,536,033	424	98	12,246	538	(783,755)	1,968,732	5,751	1,974,483
	2005									
	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 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 on investments	-	-	-	-	(488)	-	-	(488)	-	(488)
Net expenses recognised directly in equity	-	-	-	-	(488)	-	-	(488)	-	(488)
Profit for the period	-	-	-	-	-	-	125,333	125,333	-	125,333
Total recognised income for the period	-	-	-	-	(488)	-	125,333	124,845	-	124,845
Recognition of equity settled share-based payment	-	-	-	-	-	439	-	439	-	439
Release upon redemption/ disposals of investments	-	-	-	-	(2,216)	-	(62,340)	(64,556)	-	(64,556)
Dividend paid	-	-	-	-	-	-	(91,203)	(91,203)	-	(91,203)
At 31 December 2005	202,673	3,869,076	336	98	(7,226)	1,251	(977,237)	3,088,971	(11,795)	3,077,176

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2006

	(Unaudited)	
	Six months ended	
	31 December	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	69,538	71,295
Net cash from investing activities	28,502	577,135
Net cash used in financing activities	(1,425,234)	(91,203)
Net (decrease) increase in cash and cash equivalents	(1,327,194)	557,227
Cash and cash equivalents at 1 July	1,512,719	755,442
Cash and cash equivalents at 31 December	185,525	1,312,669

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 2006. 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 rental properties.

2. Business and Geographical Segments (Continued)

Business segments (Continued)

Segment information about these businesses is presented below:

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 debt securities					103
Exchange gain					2,619
Profit before taxation					77,669
Income tax expense					(4,586)
Profit for the period					73,083

2. Business and Geographical Segments (Continued)

Business segments (Continued)

For the six months ended 31 December 2005

	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	78,842	37,537	16,004	–	132,383
Inter-segment	680	378	1,121	(2,179)	–
Total	79,522	37,915	17,125	(2,179)	132,383
RESULTS					
Segment results	19,418	9,234	11,870	–	40,522
Unallocated corporate expenses					(7,320)
Interest income					30,544
Gain on redemption/disposal of debt securities					65,043
Profit before taxation					128,789
Income tax expense					(3,456)
Profit for the period					125,333

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	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Interest income	31,816	30,544
Exchange gain	2,619	–
Others	1,266	514
Gain on redemption/disposal of debt securities	103	65,043
	35,804	96,101

4. Income Tax Expense

	Six months ended 31 December	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Deferred taxation relating to origination and reversal of temporary differences	4,586	3,456

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	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	21,796	22,833

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 2006 of HK\$34,258,000 and HK\$73,959,000 (three months and six months ended 31 December 2005: HK\$94,135,000 and HK\$125,333,000) and the weighted average number of 2,031,426,152 and 2,029,380,902 (three months and six months ended 31 December 2005: 2,026,730,833) ordinary shares in issue during the periods.

No diluted earnings per share is presented for the three months and six months ended 31 December 2006 and 2005 as the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company during the periods.

7. Property, Plant and Equipment

During the period, additions to fixed assets amounted to HK\$7,765,000 and net book value of fixed assets disposed amounted to HK\$35,000.

8. Investments

	31 December 2006 HK\$'000	30 June 2006 HK\$'000
Available-for-sale:		
Debt securities	115,311	120,484
Equity technology investments	81,772	72,058
	197,083	192,542
Carrying amount analysed for reporting purpose as:		
Current (debt securities redeemable within one year)	15,582	23,379
Non-current	181,501	169,163
	197,083	192,542

9. Trade and Other Receivables

Included in trade and other receivables are trade receivables of HK\$37,626,000 (as at 30 June 2006: HK\$35,418,000), of which 90% aged less than 60 days, 3% between 61 to 90 days and 7% more than 90 days (as at 30 June 2006: 89%, 7% and 4% 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\$7,566,000 (as at 30 June 2006: HK\$2,334,000), of which 97% aged less than 60 days, 3% more than 60 days (as at 30 June 2006: 98% and 2% respectively).

11. Share Capital

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$ 0.1 each		
Authorised:		
At 30 June 2006 and 31 December 2006	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	<u>4,753,000</u>	<u>475</u>
At 31 December 2006	<u>2,031,483,833</u>	<u>203,148</u>

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	
	2006	2005
	HK\$'000	HK\$'000
Advertising and e-commerce income	1,274	1,431
Income from installation, operation and provision of cable networking	14,885	13,085
Income from maintenance and repair of network infrastructure and security systems	22,873	20,878
Non-core value added service income	200	426
Space and rack rental income	648	1,204
Cable and network rental charges	484	788
Estate agency fees paid	411	374
Insurance service charges paid	536	500
Management fee charges	1,000	1,000
Outsourcing fee paid	480	480
Promotion service charges	291	473
Property management service fees paid	4,208	4,272
Rent paid	2,874	2,068
Technical service charge paid	581	508

(b) *Transaction with a Director*

During the period, the Group paid professional fee of HK\$180,000 (2005: HK\$4,200) 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.

12. Related Party Transactions *(Continued)*

(c) *Compensation of key management personnel*

	Six months ended 31 December	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Fees, salaries and other benefits	2,726	2,150
Share-based compensation cost	35	172
	2,761	2,322

13. Capital Commitments

	31 December 2006 <i>HK\$'000</i>	30 June 2006 <i>HK\$'000</i>
Contracted for but not provided in the consolidated financial statements		
– Acquisition of property, plant and equipment	38,509	4,404

14. Contingent Liabilities

As at 31 December 2006, the Company had contingent liabilities in respect of guarantees for general banking facilities utilized by group subsidiaries and other guarantees in the aggregate of HK\$106 million (as at 30 June 2006: HK\$106 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2006 (2005: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 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	326,667	-	-	133,333	460,000	0.02
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	Personal	Child		Others	Equity derivatives (share option)	Total	% of shares in issue
		under 18 or spouse	Corporate				
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	43.39
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 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*	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 31 December 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 31.12.2006
			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 31 December 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 had expired 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 31 December 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 31.12.2006	Weighted average closing price HK\$*
			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	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	0	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	-	0	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	1.89
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	1.89
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	-	0	1.86
Tsim Wing-kit, Alfred	7.4.2001	2.34	45,000	-	-	-	45,000	N/A
	8.7.2002	1.43	150,000	-	100,000	50,000	0	1.91
	29.11.2003	1.59	150,000	-	100,000	-	50,000	1.91
	10.11.2005	1.41	250,000	-	250,000	-	0	1.91

Note:

- * The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised.

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

A summary of the movements during the period ended 31 December 2006 of the share options granted under the Pre-IPO Share Options and the SUNeVision Share Options to the employees of the Company working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance, other than the Directors and Chief Executive as disclosed above, is as follows:

Date of grant	Exercise price HK\$	Number of share options					Balance as at 31.12.2006	Weighted average closing price HK\$**
		Balance as at 1.7.2006	Balance as at 12.7.2006*	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		
28.3.2000	10.380	-	-	-	-	-	-	N/A
30.11.2000	3.885	345,833	345,833	-	-	345,833	-	N/A
7.4.2001	2.340	285,001	240,001	-	-	-	240,000	N/A
8.7.2002	1.430	300,000	150,000	-	100,000	50,000	-	1.86
29.11.2003	1.590	1,100,000	950,000	-	633,333	-	316,667	1.90
10.11.2005	1.410	1,670,000	1,420,000	-	1,390,000	30,000	566,667	1.91

Notes:

* Mr. Tsim Wing-kit, Alfred was formerly an employee of the Company immediately before the date of his appointment as the Executive Director and Chief Financial Officer of the Company with effect from 12 July 2006. The outstanding positions during the period from 12 July 2006 to 31 December 2006 with respect to his Pre-IPO Share Options and SUNeVision Share Options are stated in detail in the Directors’ and Chief Executive’s Interests and Share Option Scheme sections above.

** The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised.

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

4. Valuation of options granted during the period

During the six months ended 31 December 2006, neither the Company nor any of its subsidiaries granted any share options.

5. 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.

6. 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 31 December 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	84.35
SHKP ²	1,713,613,500	84.35
HSBC International Trustee Limited ³	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. 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 31 December 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 31 December 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 Director of the Company, Professor Li On-kwok, Victor, is 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 have any interest in any business which may compete with the business of the Group.

AUDIT COMMITTEE

Upon the resignation of Professor Kao Kuen, Charles as an Independent Non-executive Director with effect from 1 January 2007 and the subsequent appointments of two Independent Non-executive Directors on 1 and 16 January 2007, the Audit Committee has four members comprising three Independent Non-executive Directors, Mr. Wong Kai-man (Chairman), 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 and has provided advice and comments thereon.

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

During the six months ended 31 December 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with The GEM Listing Rules 5.48 to 5.67 (where applicable) concerning securities transactions by Directors throughout the accounting period covered by this Report and all Directors have complied with the required standard of dealings set out therein.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices throughout the accounting period covered by this Report.

By Order of the Board

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 12 February 2007

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