



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



2016-2017
Third Quarterly Report
第三季度業績報告

Results for the nine months ended 31 March 2017
截至2017年3月31日止九個月業績



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This report, 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This report is now available in printed form in English and in Chinese, and on the website of the Company at www.sunevision.com and the GEM website at www.hkgem.com.

If registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited ("Computershare"), by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at sunevision@computershare.com.hk; or (b) in the case of noteholders, the Company's registrar in respect of the convertible notes, Tricor Investor Services Limited ("Tricor"), by post to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

For registered shareholders/noteholders who wish to change their choice of language or means of receipt of the Company's future corporate communications free of charge, they could at any time notify (i) in the case of registered shareholders, Computershare, by post or by email (at the address or email address mentioned above); or (ii) in the case of noteholders, Tricor, by post or by email (at the address or email address mentioned above).

Highlights

- SUNeVision reported a profit attributable to owners of the Company of HK\$410.4 million for the nine months ended 31 March 2017, an increase of 9% over the same period last year.
- Revenue for the period was HK\$847.2 million, a 15% growth over the same period last year. This was due principally to higher revenue of the Group's data centre operations.
- Gross profit for the period increased to HK\$517.6 million, with gross margin at 61%. Cost of sales for the period rose from HK\$263.7 million to HK\$329.6 million, mainly due to higher rental expenses for additional new floors taken up for the final phase of revitalization of the MEGA Two during the period.
- Operating expenditure for the period increased to HK\$50.8 million. This was mainly due to the expansion of sales and marketing resources in anticipation of the new data centre capacities upon completion of the revitalization of MEGA Two and the new MEGA Plus (Tseung Kwan O) facilities in the next few months.
- The Group's financial position remained strong, with approximately HK\$1,014.6 million in cash and interest-bearing securities on hand. As at 31 March 2017, the Group had a medium-term bank borrowing of HK\$995.8 million.

	Jul 2016 to Mar 2017 HK\$'M	Jul 2015 to Mar 2016 HK\$'M
Revenue	847.2	736.5
Gross profit	517.6	472.8
Other income	24.3	14.8
Operating expenditure*	(50.8)	(38.4)
Profit before taxation	491.1	449.2
Income tax expense	(79.0)	(73.0)
Profit for the period	412.1	376.2
Attributable to:		
Owners of the Company	410.4	376.2
Non-controlling interests	1.7	–
	412.1	376.2

* Selling, general and administrative expenses

Chairman's Statement

SUNeVision attained a profit attributable to owners of the Company of HK\$410.4 million for the nine months ended 31 March 2017 in the 2016/17 financial year, an increase of 9% over the same period last year.

Revenue for the period rose 15% to HK\$847.2 million, largely attributable to higher revenue of the Group's data centre operations. This was due to new customer contracts for MEGA Two (Sha Tin), which is completing its full revitalization, and rental reversions of existing customers at MEGA-i. During the period, iAdvantage continued to win new business and renew existing contracts with major multinational and local customers, and successfully attracted high growth customers especially in the cloud service segment. There was an increase of 25% in cost of sales for the period, mainly due to higher rental expenses for additional new floors taken up in the final phase of revitalization at MEGA Two. Gross profit amount rose 9% to HK\$517.6 million with gross margin for the period at 61%.

Operating expenditure for the period increased from HK\$38.4 million to HK\$50.8 million. This was mainly due to the expansion of sales and marketing resources in anticipation of the new data centre capacities upon completion of the revitalization of MEGA Two and new MEGA Plus (Tseung Kwan O) facilities in the next few months.

The Group's financial position remained healthy with approximately HK\$1,014.6 million in cash and interest-bearing securities on hand as of 31 March 2017. The Group's net position remained positive despite having a medium-term bank borrowing of HK\$995.8 million. Therefore, the Group has sufficient liquidity and financial resources to meet its funding requirements in near future.

Looking ahead, the Group will continue to enhance its assets and service quality. The transformation of the entire MEGA Two facility into a top-tier data centre is already in the final phase. Once completed, the whole building will be dedicated to data centre use, ensuring world-class security, network connectivity and facility management for customers. At the same time, the construction of the brand-new MEGA Plus facility in Tseung Kwan O is due for completion and ready for service in the second half year of 2017. MEGA Plus will be the first purpose-built, Tier-4 ready facility on land dedicated to data centre use, which distinguishes it from nearby data centre sites in the industrial estate that have restrictions on usage. These investments in new capacity will provide the Group with a good foundation for growth to satisfy the growing demand for top-tier, premium-service data centres. Along with building new facilities, the Group is investing to enhance its existing data centres and ensure they remain state-of-the-art facilities. In particular, the optimization project to upgrade the power capacity of MEGA-i has already commenced in order to cater for the increasing demand from fast-growing customers with higher power density requirements.

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 28 April 2017

Chief Executive Officer's Report

OVERVIEW

SUNeVision reported its unaudited results for the nine months ended 31 March 2017 of the 2016/17 financial year with a profit attributable to owners of the Company of HK\$410.4 million, an increase of HK\$34.2 million over the same period last year.

BUSINESS REVIEW

iAdvantage

iAdvantage secured new orders from another leading global cloud service provider during the period and anticipates further expansion plan from this player as well as various telecommunication service provider customers. Works on several major enhancement and expansion projects to maintain iAdvantage's position as a leading data centre operator in Hong Kong are progressing well. The optimization of the flagship MEGA-i facility, one of the most highly regarded data centres in the region, will enhance both power capacity and density in meeting the increasing loading requirements from new and existing customers. The transformation of the entire MEGA Two facility into a dedicated data centre building is attracting prospects from the market, especially among global cloud service providers and major telecommunications operators. The transformation has proven to be a strong attraction to customers with high standards for mission-critical operations.

Construction of the new MEGA Plus flagship facility in Tseung Kwan O is moving into the final stage and is solidly on track for completion in the third quarter of 2017. Interest from prospects has been encouraging. Leveraging on the Group's rich data centre operation experience, the facility was designed with an understanding of the latest customer needs and is being built for flexibility to meet varying levels of resilience and power density requirements. Upon completion, MEGA Plus will meet environmental friendly requirements with high-efficiency power usage to achieve best-in-class energy saving. It will also be the only data centre built on dedicated land in the Tseung Kwan O area without restrictions on usage.

In addition to investing in the expansion of new capacity, there are continuous improvements to existing data centres and expanded sales and marketing resources underway to strengthen capacity to serve customers.

Super e-Technology

Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK\$19 million during the first nine months of the 2016/17 financial year.

Super e-Technology maintains a positive outlook for the security surveillance and SMATV sectors for the last quarter of the financial year and is constantly pursuing opportunities to expand its service offerings.

Super e-Network

Super e-Network continues to capture new business providing wireless LAN infrastructure in shopping malls and is proactively seeking opportunities to bid for new projects and to expand its client base.

INVESTMENT

SUNeVision maintained its prudent approach to financial management. At the same time, it is also committed to continued investment in existing and new infrastructure to enhance further business development.

I would like to close by thanking the members of the Board for their support and guidance, all members of our staff for their dedication and commitment, and our shareholders and customers for their continued confidence and support.

Yan King-shun, Peter

Chief Executive Officer

Hong Kong, 28 April 2017

Quarterly Results

For the period ended 31 March 2017 (Unaudited)

The Board of Directors of SUNeVision Holdings Ltd. (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 March 2017 together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

Consolidated Income Statement

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	2	289,963	253,412	847,235	736,459
Cost of sales		(111,070)	(91,583)	(329,633)	(263,705)
Gross profit		178,893	161,829	517,602	472,754
Other income	3	6,435	6,089	24,298	14,809
Selling expenses		(5,229)	(1,853)	(12,784)	(5,901)
Administrative expenses		(12,214)	(11,290)	(38,018)	(32,489)
Profit before taxation		167,885	154,775	491,098	449,173
Income tax expense	4	(27,171)	(25,063)	(78,962)	(72,983)
Profit for the period		140,714	129,712	412,136	376,190
Attributable to:					
Owners of the Company		140,714	129,712	410,384	376,190
Non-controlling interests		–	–	1,752	–
		140,714	129,712	412,136	376,190
Earnings per share based on profit attributable to owners of the Company	5				
– Basic (Remark (i))		3.48 cents	3.21 cents	10.15 cents	9.31 cents
– Diluted (Remarks (i) and (ii))		3.48 cents	3.21 cents	10.14 cents	9.31 cents

Remarks:

- (i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Notes(s)", which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share based on profit attributable to owners of the Company. Adjustments are made in respect of shares repurchased.
- (ii) The calculation of diluted earnings per share for the three months and nine months ended 31 March 2017 and 2016 has been taken into account of potential ordinary shares of 5,497,845 (2016: Nil) and 4,631,136 (2016: Nil) shares in existence respectively arising from the share options granted on 8 March 2016.

Details of earnings per share calculation and the Company's share capital are set out in notes 5 and 7 respectively.

Consolidated Statement of Comprehensive Income

	Three months ended 31 March		Nine months ended 31 March	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Profit for the period	140,714	129,712	412,136	376,190
Other comprehensive income/ (expense) for the period				
Items that may be reclassified subsequently to the consolidated income statement:				
Change in fair value of investments	409	4,209	(3,951)	6,889
Exchange differences arising from translation of operations outside Hong Kong	(4)	2	3	(28)
	405	4,211	(3,948)	6,861
Total comprehensive income for the period	141,119	133,923	408,188	383,051
Total comprehensive income attributable to:				
Owners of the Company	140,935	133,876	406,817	383,605
Non-controlling interests	184	47	1,371	(554)
	141,119	133,923	408,188	383,051

Notes to the Quarterly Results

1. BASIS OF PREPARATION

The Group's unaudited financial statements 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 (the "HKICPA"). The principal accounting policies used in the quarterly financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2016.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2016, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

2. REVENUE

Revenue represents the aggregate of income from data centre and information technology facilities, installation and maintenance of satellite master antenna television, 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. OTHER INCOME

	Three months ended 31 March		Nine months ended 31 March	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Interest income	6,004	5,897	18,538	13,758
Investment income (Note)	80	–	4,896	404
Miscellaneous	351	192	864	647
	6,435	6,089	24,298	14,809

Note:

Included in an investment income for the nine months ended 31 March 2017 was a non-recurring income amounting approximately HK\$4,675,000 as a result of the recognition of the distribution of assets from an equity investment.

4. INCOME TAX EXPENSE

	Three months ended 31 March		Nine months ended 31 March	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax	23,832	25,973	72,929	76,190
Deferred tax charge/(credit)	3,339	(910)	6,033	(3,207)
	27,171	25,063	78,962	72,983

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the periods.

5. EARNINGS PER SHARE

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

	Three months ended 31 March		Nine months ended 31 March	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	140,714	129,712	410,384	376,190
	2017 Number of shares	2016 Number of shares	2017 Number of shares	2016 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,042,399,666	4,042,399,666	4,042,399,666	4,042,399,666
Effect of dilutive potential ordinary shares: Share options	5,497,845	–	4,631,136	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,047,897,511	4,042,399,666	4,047,030,802	4,042,399,666

5. EARNINGS PER SHARE (continued)

For the purposes of basic and diluted earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a Convertible Note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 7.

The computation of diluted earnings per share for the three months and nine months ended 31 March 2016 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during the corresponding periods.

Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the three months and nine months ended 31 March 2017 and 2016.

6. RESERVES

	Three months ended 31 March							2016 Total HK\$'000
	2017							
	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Share option reserve HK\$'000	Exchange Reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
At beginning of the period	2,315,239	172,003	2,543	2,946	3,885	594,392	3,091,008	3,024,654
Profit for the period	-	-	-	-	-	140,714	140,714	129,712
Change in fair value of investments	-	-	-	-	409	-	409	4,209
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(188)	-	-	(188)	(45)
Total comprehensive income/ (expense) for the period	-	-	-	(188)	409	140,714	140,935	133,876
Conversion of convertible notes (note 7)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	722	-	-	-	722	220
At end of the period	2,315,239	172,003	3,265	2,758	4,294	735,106	3,232,665	3,158,750

6. RESERVES (continued)

	Nine months ended 31 March							2016 Total HK\$'000
	2017							
	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Share option reserve HK\$'000	Exchange Reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
At beginning of the period	2,315,239	172,003	1,100	2,374	8,245	834,064	3,333,025	3,270,119
Profit for the period	-	-	-	-	-	410,384	410,384	376,190
Change in fair value of investments	-	-	-	-	(3,951)	-	(3,951)	6,889
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	384	-	-	384	526
Total comprehensive income/ (expense) for the period	-	-	-	384	(3,951)	410,384	406,817	383,605
Conversion of convertible notes (note 7)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	2,165	-	-	-	2,165	220
Final dividend and distribution paid	-	-	-	-	-	(509,342)	(509,342)	(495,194)
At end of the period	2,315,239	172,003	3,265	2,758	4,294	735,106	3,232,665	3,158,750

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a "Convertible Note" alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 on the basis of one bonus share for every existing share held by the shareholders of the Company whose names appeared on the register of members of the Company on 1 November 2010.

Reserve arising from issuance of Convertible Notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the period end. The Convertible Notes in the amounts of HK\$300.00 (2016: HK\$150.00) were exercised and converted into 3,000 (2016: 1,500) ordinary shares by noteholders during the nine months ended 31 March 2017. As a result, the Convertible Notes in the amount of HK\$172,002,383.30 (2016: HK\$172,002,683.30) remained outstanding as at 31 March 2017.

The Convertible Notes are unlisted, non-transferable and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the Convertible Notes. The Convertible Notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at anytime after the issue of the Convertible Notes, subject to the terms and conditions of the deed poll constituting the Convertible Notes. The Convertible Notes were recognised as equity and are presented in reserves as "reserve arising from issuance of convertible notes".

7. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2015, 30 June 2016 and 31 March 2017	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2015	2,322,371,333	232,237
Conversion of Convertible Notes (Note)	1,500	–
At 30 June 2016	2,322,372,833	232,237
Conversion of Convertible Notes (Note)	3,000	–
At 31 March 2017	2,322,375,833	232,237

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a Convertible Note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 to the shareholders who were entitled to those bonus shares and did not elect to receive the convertible notes.

Convertible Notes in the amount of HK\$172,029,218.80 were issued to shareholders of the Company who elected for the Convertible Note alternative, and the same amount was capitalised from the Company's share premium account as "reserve arising from issuance of convertible notes". Holders of the Convertible Notes are entitled to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue. Accordingly, Convertible Notes can be converted into ordinary shares of HK\$0.1 each on a one-to-one basis.

7. SHARE CAPITAL (continued)

Note: (continued)

During the nine months ended 31 March 2017, Convertible Notes in the amount of HK\$300.00 (2016: HK\$150.00) were exercised and converted into 3,000 (2016: 1,500) ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	Amount HK\$'000
At 1 July 2015	1,720,028,333	172,003
Conversion of Convertible Notes	(1,500)	–
At 30 June 2016	1,720,026,833	172,003
Conversion of Convertible Notes	(3,000)	–
At 31 March 2017	1,720,023,833	172,003

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,042,399,666 fully paid ordinary shares of HK\$0.1 each.

Details of the bonus issue of shares (with a Convertible Note alternative) are set out in the circular of the Company dated 29 September 2010.

Dividend

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the nine months ended 31 March 2017 (2016: Nil).

Directors' Interests

As at 31 March 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 and 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

1. LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of shares held			Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.03.2017
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	-	-	3,485,000 ¹	3,485,000	-	3,485,000	0.15
Yan King-shun, Peter	-	-	-	-	4,000,000 ²	4,000,000	0.17
Fung Yuk-lun, Allen	-	-	-	-	4,000,000 ²	4,000,000	0.17
Kwok Kai-wang, Christopher	-	-	13,272,658 ^{1&3}	13,272,658	-	13,272,658	0.57
King Yeo-chi, Ambrose	1,000	-	-	1,000	-	1,000	0.00

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the nine months ended 31 March 2017 are set out in the section headed "Share Option Schemes".
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

2. LONG POSITION IN SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATIONS OF THE COMPANY

(a) Sun Hung Kai Properties Limited ("SHKP")

Name of Director	Number of shares held					Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.03.2017
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	188,743	-	-	514,093,186 ¹	514,281,929	-	514,281,929	17.76
Tung Chi-ho, Eric	-	-	-	-	-	100,000 ² (personal interests in share options)	100,000	0.00
Wong Chin-wah	20,000	-	-	-	20,000	-	20,000	0.00
Kwok Kai-wang, Christopher	110,000 ³	60,000 ⁴	-	641,046,601 ¹⁸⁵	641,216,601	-	641,216,601	22.14
David Norman Prince	2,000	-	-	-	2,000	-	2,000	0.00
Siu Hon-wah, Thomas	-	-	-	7,000 ⁶	7,000	-	7,000	0.00
Kwok Kwok-chuen	-	-	-	16,942 ⁷	16,942	-	16,942	0.00

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 514,093,186 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of SHKP held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of these share options and their movements during the nine months ended 31 March 2017 were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at 31.03.2017
				Balance as at 01.07.2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
<i>HK\$</i>								
Tung Chi-ho, Eric	11.07.2014	106.80	11.07.2015 to 10.07.2019	100,000	-	-	-	100,000

The share options of SHKP can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

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

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.03.2017
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	-	4,833,749 ¹	4,833,749	-	4,833,749	0.44
Fung Yuk-lun, Allen	402,841	-	402,841	-	402,841	0.04
Kwok Kai-wang, Christopher	-	11,246,956 ^{1&2}	11,246,956	-	11,246,956	1.03

Notes:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 4,833,749 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
2. Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 6,413,207 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

(c) Each of Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher had the following interests in shares of the following associated corporations of the Company:

Name of associated corporation	Attributable shares held through corporation	Attributable % of shares in issue through corporation as at 31.03.2017	Actual shares held through corporation	Actual % of interests in issued shares as at 31.03.2017
Splendid Kai Limited	2,500	25.00	1,500 ¹	15.00
Hung Carom Company Limited	25	25.00	15 ¹	15.00
Tinyau Company Limited	1	50.00	1 ¹	50.00
Open Step Limited	8	80.00	4 ¹	40.00

Note:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in these shares by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Share Option Schemes

1. SHARE OPTION SCHEMES OF THE COMPANY

By an ordinary resolution of the Company passed at its annual general meeting held on 3 December 2002, the Company adopted a share option scheme (the "Old Scheme"). The Old Scheme became effective on 5 December 2002 following the passing of an ordinary resolution approving the same by the then shareholders of SHKP at its extraordinary general meeting held on the same day.

At the extraordinary general meeting of the Company held on 1 November 2011, an ordinary resolution was passed by the shareholders of the Company (the "Shareholders") in contemplation of the transfer of listing of the shares in the Company to the Main Board of the Stock Exchange then proposed and the termination of the Old Scheme when the Proposed Scheme became effective. Since the Company did not proceed with the application for the transfer of listing of its shares (as announced by the Company on 10 June 2012), not all the conditions to which the Proposed Scheme was subject were fulfilled and the Proposed Scheme therefore did not take effect. Consequently, the Proposed Scheme can no longer be implemented as originally contemplated and no share options have been and will be granted under the Proposed Scheme.

Due to the expiry of the Old Scheme on 3 December 2012, the Shareholders approved the adoption of a new share option scheme (the "2012 Scheme") and the termination of the Old Scheme at the annual general meeting held on 1 November 2012. The adoption of the 2012 Scheme and the termination of the Old Scheme became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the then shareholders of SHKP at its annual general meeting held on 15 November 2012. No share options can be granted under the Old Scheme upon its termination.

During the nine months ended 31 March 2017, no share options have been granted under the 2012 Scheme. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the nine months ended 31 March 2017 were as follows:

Grantees	Date of grant	Exercise price per share	Exercise period	Number of share options				
				Balance as at 01.07.2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.03.2017
				<i>HK\$</i>				
(i) Directors								
Yan King-shun, Peter	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	-	-	-	4,000,000
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	-	-	-	4,000,000
(ii) Other employees								
	08.03.2016	2.45	08.03.2017 to 07.03.2021	6,600,000	-	-	(200,000)	6,400,000
Total				14,600,000	-	-	(200,000)	14,400,000

The share options of the Company can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

Save as disclosed above, there were no outstanding share options granted under the Old Scheme and the 2012 Scheme during the nine months ended 31 March 2017.

2. ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as mentioned above, at no time during the nine months ended 31 March 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Interests of Substantial Shareholders

As at 31 March 2017, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.03.2017
Sunco Resources Limited ("Sunco") ¹	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.07
SHKP ³	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.07

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the convertible notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the deed poll constituting the convertible notes dated 25 November 2010) upon the exercise of the conversion rights attached to the convertible notes.
3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 March 2017, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interests of Other Persons

During the nine months ended 31 March 2017, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interests in Competing Business

Professor Li On-kwok, Victor, an Independent Non-Executive Director, is a well recognised 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 relevant business. These institutions and business entities may be in competition with the Group.

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group or any other conflicts of interest with the Group during the nine months ended 31 March 2017.

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 written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed this report and has provided advice and comments thereon.

Purchase, Sale or Redemption of the Company's Listed Securities

During the nine months ended 31 March 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

On behalf of the Board

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 28 April 2017

As at the date of this report, the Board comprises four Executive Directors, being Kwok Ping-luen, Raymond, Yan King-shun, Peter, Tung Chi-ho, Eric and Wong Chin-wah; five Non-Executive Directors, being Cheung Wing-yui, Fung Yuk-lun, Allen, Kwok Kai-wang, Christopher, David Norman Prince and Siu Hon-wah, Thomas; and five Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen and Lee Wai-kwong, Sunny.

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