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SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant annual caps) of the Continuing Connected Transactions were disclosed in the 2005 Announcement, except the followings: (i) the Estate Agency Arrangement, the Insurance Arrangement and the Technical Services Arrangement; and (ii) the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, both of which were entered into after the 2005 Announcement. Details of the Networking Arrangement and the Maintenance Arrangement were also disclosed in the circular of the Company dated 7 June 2005. At the extraordinary general meeting of the Company held on 23 June 2005, the then Independent Shareholders approved, inter alia, the Networking Arrangement and the Maintenance Arrangement and the annual caps therefor for the three financial years ending 30 June 2008.

It is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Continuing Connected Transactions after 30 June 2008.

As at the date of this announcement, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 84.63% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the GEM Listing Rules for so long as SHKP remains a substantial Shareholder.

On 16 May 2008, the Company entered into the New Agreements with SHKP or SHKI (as the case may be) each for a term of three years commencing on 1 July 2008 and ending on 30 June 2011. Transactions of each category of the Transactions Requiring Approval and the Lease Arrangements will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules, and will be subject to reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to the GEM Listing Rules. Transactions of each category of the Transactions Exempt from Approval will constitute non-exempt continuing connected transactions of the Company, and will only be subject to the reporting and announcement requirements and will be exempt from Independent Shareholders' Approval requirement under the GEM Listing Rules.

The Company will seek the Independent Shareholders' Approval (by way of poll) in relation to each category of the Transactions Requiring Approval and the Lease Arrangements.

A circular containing, among other things, (1) further information on the Transactions

Requiring Approval and the Lease Arrangements; (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval and the Lease Arrangements; (3) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions Requiring Approval and the Lease Arrangements; and (4) notice of the EGM to be convened at which ordinary resolution(s) will be proposed to approve the Transactions Requiring Approval and the Lease Arrangements and all matters contemplated thereunder will be sent to the Shareholders as soon as practicable.

1. BACKGROUND

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant annual caps) of the Continuing Connected Transactions were disclosed in the 2005 Announcement, except the followings: (i) the Estate Agency Arrangement, the Insurance Arrangement and the Technical Services Arrangement; and (ii) the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, both of which were entered into after the 2005 Announcement. Details of the Networking Arrangement and the Maintenance Arrangement were also disclosed in the circular of the Company dated 7 June 2005. At the extraordinary general meeting of the Company held on 23 June 2005, the then Independent Shareholders approved, inter alia, the Networking Arrangement and the Maintenance Arrangement and the annual caps therefor for the three financial years ending 30 June 2008.

2. THE CONTINUATION OF THE CONTINUING CONNECTED TRANSACTIONS

It is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Continuing Connected Transactions after 30 June 2008. On 16 May 2008, the Company entered into the New Agreements with SHKP or SHKI (as the case may be) each for a term of three years commencing from 1 July 2008 and ending on 30 June 2011.

Details of the Transactions Requiring Approval, the Lease Arrangements and the Transactions Exempt from Approval are set out below.

I. TRANSACTIONS REQUIRING APPROVAL

A. *Installation, operation and provision of cable networking on a project basis by the Group for buildings owned and/or managed by the SHKP Group*

Background

Super e-Network and Super e-Tech have been providing and they will continue to provide, and other members of the Group may in the future provide, services to members of the SHKP Group in connection with the design, installation, operation and provision of SMATV/CABD, access control and other security systems and laying of network cabling system (such as voice and data network, building services access, and power supply), optical fiber network, broadband network and other IT infrastructure network in buildings owned and/or managed by the SHKP Group on a project basis (the “**Networking Arrangement**”). The Group has charged and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby the Company had agreed to procure the relevant members of the Group to provide

services contemplated under the Networking Arrangement to members of the SHKP Group for a period from 1 July 2008 to 30 June 2011. This agreement is conditional upon the obtaining of the Independent Shareholders' Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Networking Arrangement. The said principles include that the service to be provided by the Group to the SHKP Group pursuant to the Networking Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group. In particular, with respect to the payment terms for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms to be offered by the Group to the SHKP Group shall be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers for such services. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

The Group has been informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by it and will then select bidders whom it considers are able to offer the most attractive terms for the services concerned taking into account all relevant factors including the price, the quality of work and the schedule of completion offered by the service providers.

Relevant members of the Group and the SHKP Group have entered into and will enter into separate and definitive agreements to provide the detailed terms of each transaction pursuant to the Networking Arrangement. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements.

The historical amounts

Under the Existing Approval, the annual cap for the Networking Arrangement for each of the three financial years ending 30 June 2008 was HK\$45,000,000. The following table sets out the aggregate amount of service fees received by the Group pursuant to the Networking Arrangement during the Relevant Historical Periods :-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	28,180,000
Financial year ended 30 June 2007	30,330,000
Six months period ended 31 December 2007	15,030,000

Proposed annual cap and basis of cap

It is expected that the amount of service fees which may be received by the Group pursuant to the Networking Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$61,000,000. The proposed annual cap is determined by reference to the historical amounts of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees which the Group may charge in respect of such services.

The property market conditions have become more favourable when compared to the previous financial years thus leading to new installations or upgrading of existing systems to improve quality of service. Furthermore, the increase in the demand for

luxurious accommodation raises the demand for the installation of advanced technology facilities in such accommodation. As such, it is expected that the level of demand for the services will increase. On the other hand, it is expected that there will be no material change in the anticipated rates of service fees chargeable by the Group.

The Networking Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that, in view of the fact that the Group has to bid for the projects, the Networking Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors further confirm that in respect of the payment terms for the services provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms have been and will continue to be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers of the Group for such services.

- B. *Maintenance and repair of network infrastructure and security systems on a project basis by the Group for buildings owned and/or managed by the SHKP Group*

Background

Super e-Network and Super e-Tech have been engaged and they will continue to be engaged, and other members of the Group may in the future be engaged, by certain members of the SHKP Group to carry out maintenance and repair works for SMATV/CABD, access control and other security systems and cabling systems (such as voice and data network, building services access, and power supply), optical fiber network, broadband network, computer systems and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the “**Maintenance Arrangement**”). The Group has charged and will continue to charge fees for services provided under the Maintenance Arrangement.

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby the Company had agreed to procure relevant members of the Group to provide services contemplated under the Maintenance Arrangement to members of the SHKP Group for a period commencing on 1 July 2008 and ending on 30 June 2011. This agreement is conditional upon the obtaining of the Independent Shareholders' Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Maintenance Arrangement. The said principles include that the service to be provided by the Group to the SHKP Group pursuant to the Maintenance Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group. In particular, with respect to the payment terms (including, where applicable, any service fee free periods) for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale, the quality and the duration of services required), the payment terms to be offered by the Group to the SHKP Group shall be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

The Group has been informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by it and will then select bidders whom it considers are able to offer the most attractive terms taking into account all relevant factors, including the price, the quality of work and the schedule of completion offered by the service providers.

Relevant members of the SHKP Group and members of the Group have entered into and will enter into separate and definitive agreements to provide the detailed terms of each transaction pursuant to the Maintenance Arrangement. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements.

The historical amounts

Under the Existing Approval, the annual cap for the Maintenance Arrangement for the each of three financial years ending 30 June 2008 was HK\$56,000,000. The following table sets out the aggregate amount of service fees pursuant to the Maintenance Arrangement (before taking into account service fee free periods offered) during the Relevant Historical Periods :-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	42,210,000
Financial year ended 30 June 2007	43,990,000
Six months period ended 31 December 2007	22,610,000

Proposed annual cap and basis of cap

It is expected that before taking into account any service fee free periods which may be offered, the amount of service fees which may be received by the Group pursuant to the Maintenance Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$74,000,000.

The proposed annual cap is determined by reference to the historical value of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees at which the Group may charge in respect of such services. It is expected that the level of demand of such services will increase in light of the anticipated increase in demand of services pursuant to the Networking Arrangement and as a result of fair wear and tear, the frequency and extent of routine maintenance and repair work which may be required on the systems and networks installed are expected to increase. On the other hand, it is expected that there will be no material change in the anticipated rates of service fees chargeable by the Group.

The Maintenance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that in view of the fact that the Group has to bid for the projects under the Maintenance Arrangement as set out above, the Maintenance Arrangement has been and will continue to be negotiated on an arm's length basis, on normal commercial terms. The Directors further confirm that in respect of the payment terms (including, where applicable, any service fee free periods) for the services provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale, the quality and the duration of services required), the payment terms have been and will continue to be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers of the Group for such services.

C. *Sub-contracting of works in connection with the Networking Arrangement*

Background

In connection with the Networking Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Networking Arrangement that the Group needs to sub-contract to others (the “**Networking Sub-contracting Arrangement**”) and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Networking Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of services. For example, where the main contractor agreement specifies that only a particular parking system should be used for the relevant building and such parking system is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide that specific parking system for the relevant building. For the remaining parts of work pursuant to the Networking Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through a tendering process. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP had agreed to procure the relevant members of the SHKP Group to provide services contemplated under the Networking Sub-contracting Arrangement to members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011. This agreement is conditional upon the obtaining of the Independent Shareholders’ Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Networking Sub-contracting Arrangement. Such principles include that the service to be provided by the SHKP Group to the Group pursuant to the Networking Sub-contracting Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms which are no less favourable to the Group than terms that may be offered by the Group to other independent third party service providers. In particular, with respect to the payment terms for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the amount of fees payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those offered by the Group to other independent third party service providers. Relevant members of the Group and SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of each transaction pursuant to such arrangement from time to time.

The historical amounts

The following table sets out the aggregate fees paid by the Group pursuant to the Networking Sub-contracting Arrangement during the Relevant Historical Periods:-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	0
Financial year ended 30 June 2007	1,460,000
Six months period ended 31 December 2007	170,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees which may be payable by the Group pursuant to the Networking Sub-contracting Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$9,400,000. The proposed annual cap is determined by reference to the projected level of demand of such services by members of the Group and the anticipated level of fees at which the SHKP Group may charge in respect of such services. Although it is expected that there will be no material change in the anticipated level of the rate of fee, as mentioned in paragraph 2.I.A above, the level of demand of services pursuant to the Networking Arrangement is expected to increase and as such, it is expected that the level of demand of services pursuant to the Networking Sub-contracting Arrangement will also increase. This gives rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the Networking Sub-contracting Arrangement.

The Networking Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Networking Sub-contracting Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors further confirm that in respect of the payment terms for the services, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms have been and will continue to be no less favourable to the Group than the payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

D. *Sub-contracting of works in connection with Maintenance Arrangement*

Background

In connection with the Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the maintenance and repair works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Maintenance Arrangement that the Group needs to sub-contract to others (the "**Maintenance Sub-contracting Arrangement**") and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Maintenance Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of services. For example, similar to that of the Networking Sub-contracting Arrangement, where the main contractor agreement specifies that only a particular parking system (including its

maintenance services) should be used for the relevant building and such parking system (including its maintenance services) is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide the maintenance and repair services for such parking system for the relevant building. For the remaining parts of work pursuant to the Maintenance Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through quotations. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP had agreed to procure its relevant subsidiaries to provide services contemplated under the Maintenance Sub-contracting Arrangement to members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011. This agreement is conditional upon the obtaining of the Independent Shareholders' Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Maintenance Sub-contracting Arrangement. Such principles include the service to be provided by the SHKP Group to the Group pursuant to the Maintenance Sub-contracting Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms which are no less favourable to the Group than terms that may be offered by the Group to other independent third party service providers. In particular, with respect to the payment terms for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services) the amount of fees payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those offered by the Group to other independent third party service providers. Relevant members of the Group and SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of the service required pursuant to such arrangement from time to time.

The historical amounts

The following table sets out the aggregate fees paid by the Group pursuant to the Maintenance Sub-contracting Arrangement during the Relevant Historical Periods:-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	0
Financial year ended 30 June 2007	1,760,000
Six months period ended 31 December 2007	1,170,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$4,600,000. The proposed annual cap is determined by reference to the projected level of demand of such services by members of the Group and the anticipated level of fees at which the SHKP Group may charge in respect of such services. Although it is expected that there will be no material change in the anticipated level of the rate of fee, as mentioned in paragraph 2.I.B above, the level of demand of services pursuant to the Maintenance Arrangement is expected to increase and as such, it is expected that the level of demand of services pursuant to the Maintenance Sub-contracting

Arrangement will also increase. This gives rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement.

The Maintenance Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Maintenance Sub-contracting Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors further confirm that in respect of the payment terms for the services, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms have been and will continue to be no less favourable to the Group than the payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

II. THE LEASE ARRANGEMENTS

CST iAdvantage has been leasing and will continue to lease from members of the SHKP Group certain premises in the PRC (the "**Lease Arrangements**"). Set out below is information regarding the Beijing Lease and the Shanghai Lease.

A. Beijing Lease

Date of agreements and term:	30 June 2000 – original lease agreement, for the initial term from 1 July 2000 to 30 April 2006 6 November 2002 – surrender agreement 9 June 2006 – renewal agreement, for the term from 1 May 2006 to 30 April 2009 (being the current term), with four renewal options for a term of three years each The next renewal term is from 1 May 2009 to 30 April 2012
Premises:	Portion of Unit 809 and Units 811 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the PRC
Landlord:	Beijing Sun Dong An Company Limited, a wholly-owned subsidiary of SHKP
Tenant:	CST iAdvantage
Rental:	In relation to the three years ending 30 June 2008, the rental was US\$10,116 per month for the period from 1 July 2005 to 30 April 2006 and US\$12,645 per month for the period from 1 May 2006 to 30 June 2008; in relation to the period from 1 July 2008 to 30 April 2009 (i.e. the date on which the current term will end), the rental will be US\$12,645 per month; (if the four further options to renew are exercised)

the rental for each three-year renewal term (i.e. from 1 May 2009 to 30 April 2012, from 1 May 2012 to 30 April 2015, from 1 May 2015 to 30 April 2018 and from 1 May 2018 to 30 April 2021) will be at open market rent; and

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

Air-conditioning and property management charges:

The charges after 30 April 2006 are to be determined by the parties in accordance with the agreement and the aggregate amount of charges at present is RMB26,976 per month

User:

This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties

B. Shanghai Lease

Date of agreements and term:

1 April 2000 – original lease agreement, for the initial term from 1 April 2000 to 31 March 2006

23 March 2006 – renewal agreement, for the term from 1 April 2006 to 31 March 2009 (being the current term), with three renewal options for a term of three years each, subject to laws and regulations

The next renewal term is from 1 April 2009 to 31 March 2012

Premises:

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

Landlord:

Shanghai Central Plaza Property Co. Limited, a subsidiary of SHKP in which SHKP has a 80% interest

Tenant:

CST iAdvantage

Rental:

In relation to the three years ending 30 June 2008, the rental was US\$20,542.15 per month from 1 July 2005 to 31 March 2006 and US\$27,739 per month from 1 April 2006 to 30 June 2008;

in relation to the period from 1 July 2008 to 31 March 2009, the rental will be US\$27,739 per month

(if the three further options to renew are exercised) the rental for each three-year renewal term (i.e. from 1 April 2009 to 31 March 2012, from 1 April 2012 to 31 March 2015 and from 1 April 2015 to 31 March 2018) will be at open market rent; and

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

Air-conditioning and property management charges:

The charges after 31 March 2006 are to be determined by the parties in accordance with the agreement and the aggregate amount of charges at present is RMB24,372.90 per month

User:

This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties

The following table sets out the aggregate rental and air-conditioning and property management charges paid by the Group pursuant to the Beijing Lease and the Shanghai Lease during the two financial years ended 30 June 2007 and the aggregate rental and air-conditioning and property management charges expected to be payable by the Group pursuant to the Lease Arrangements for the financial year ending 30 June 2008 and the period from 1 July 2008 to the respective expiry dates of the current terms of the Beijing Lease and the Shanghai Lease:-

	Approximate amount of rental and air-conditioning and property management charges paid/payable			
	For the financial year ended 30 June 2006 (HK\$)	For the financial year ended 30 June 2007 (HK\$)	For the financial year ending 30 June 2008 (HK\$)	For the period from 1 July 2008 to the end of the current term (HK\$)
Beijing Lease	1,054,000	1,482,000	1,542,000	1,302,000
Shanghai Lease	2,299,000	2,799,000	2,912,000	2,203,000
Total	3,353,000	4,281,000	4,454,000	3,505,000

If the Beijing Lease is renewed for the term from 1 May 2009 to 30 April 2012 and the Shanghai Lease is renewed for the term from 1 April 2009 to 31 March 2012, it is expected that the aggregate rental and air-conditioning and property management charges payable by the Group pursuant to the Lease Arrangements for the period from the respective commencement dates of the next renewal term to 30 June 2009, the two financial years ending 30 June 2011 and the period from 1 July 2011 to the respective expiry dates of the next renewal term will not exceed the following amounts:

	Approximate amount of rental and air-conditioning and property management charges payable			
	From the respective commencement dates of the next renewal term to 30 June 2009 (HK\$)	For the financial year ending 30 June 2010 (HK\$)	For the financial year ending 30 June 2011 (HK\$)	From 1 July 2011 to the respective expiry dates of the next renewal term (HK\$)
Beijing Lease	475,000	2,989,000	3,138,000	2,746,000
Shanghai Lease	1,871,000	7,860,000	8,253,000	6,499,000
Total	2,346,000	10,849,000	11,391,000	9,245,000

The amounts payable in respect of the renewal terms of the Beijing Lease and the Shanghai Lease set out in the above table have been arrived at based on the present level of rental and air-conditioning and property management charges of the Beijing Lease and

the Shanghai Lease, the anticipated increase in the amount of rental and the air-conditioning and property management charges upon renewal of the lease term based on the current and anticipated rental market in Beijing and Shanghai respectively and after taking into account the effect of the anticipated appreciation in RMB.

As disclosed above, the properties under the Lease Arrangements are mostly used for sub-leasing to independent third parties as data centres. Because of the limited market supply of leases of similar data centre, which are distinct from leases for office or residential purposes, several months' time is usually necessary for the sub-tenants to locate other data centre if and when the relevant sub-lease is terminated. In view of the special nature of the Lease Arrangements which the Group requires at least several months' time for negotiation and arrangement of renewal or termination of the sub-leases, disclosure by this announcement is made and the Independent Shareholders' approval will be sought sufficiently in advance of the next renewal dates of the Beijing Lease and the Shanghai Lease which fall in May and April 2009 respectively.

The Directors confirm that the terms of the Beijing Lease and Shanghai Lease were entered into in the ordinary course of business and were negotiated on an arm's length basis and on normal commercial terms. The amounts of rental and air-conditioning and property management charges payable by the Group under the Lease Arrangements were determined at the relevant time by reference to rental and the relevant charges chargeable by the SHKP Group for lease of similar units in the respective buildings for similar periods to third parties for similar transactions. The rental and relevant charges were at market rates at the time the Beijing Lease and the Shanghai Lease were entered into or at the time of renewal of their respective lease terms (as the case may be). The Directors further confirm that the Lease Arrangements have been conducted in accordance with the Beijing Lease and the Shanghai Lease on terms that are fair and reasonable so far as the Shareholders as a whole are concerned.

III. TRANSACTIONS EXEMPT FROM APPROVAL

A. e-Commerce transactions, advertising, and internet-related services provided by the Group to the SHKP Group

Background

Members of the SHKP Group have been using, and will continue to use, the Group's internet services whereby they place advertisements on or conduct promotion activities via various internet websites operated by members of the Group, such as superhome.net, superstreets.net, red-dots.com and reinsurancemall.com (the "**Advertising Transactions**"). Members of the Group also provide, and will continue to provide, internet-related services to members of the SHKP Group which services include the setting-up of e-management systems and resident communities, reservation and booking services, systems maintenance and management services, website development and maintenance services and online marketing campaigns (the "**e-Commerce Transactions**" and together with the Advertising Transactions are collectively referred to as the "**Advertising and e-Commerce Transactions**"). The Group has charged, and will continue to charge, the relevant members of SHKP Group service fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby SHKP had agreed to procure the relevant members of the SHKP Group to enter into the Advertising and e-Commerce Transactions with members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011. This agreement took effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each

transaction to be carried out pursuant to the Advertising and e-Commerce Transactions. Such principles include that the service to be provided by the Group to the SHKP Group pursuant to the Advertising and e-Commerce Transactions shall be on normal commercial terms and the fees payable by the relevant members of the SHKP Group shall be at rates comparable to those at which the Group charges other independent third party customers for similar transactions. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

In determining the rates chargeable to the SHKP Group, the Group will refer to the available rates in local and international markets from time to time. Relevant members of the Group and SHKP Group have entered into and will enter into separate and definitive agreements to provide for the detailed terms of each transaction pursuant to the Advertising and e-Commerce Transactions.

The historical amounts

The annual cap for the Advertising and e-Commerce Transactions for each of the three financial years ending 30 June 2008 as set out in the 2005 Announcement was HK\$7,000,000. The following table sets out the aggregate service fees received by the Group pursuant to the Advertising and e-Commerce Transactions during the Relevant Historical Periods :-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	2,940,000
Financial year ended 30 June 2007	2,130,000
Six months period ended 31 December 2007	1,540,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees that may be received by the Group pursuant to the Advertising and e-Commerce Transactions during each of the three financial years ending 30 June 2011 will not exceed HK\$5,100,000. The proposed annual cap is determined by reference to the historical amount of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees at which the Group may charge in respect of such services. The improvement in the market conditions when compared to the previous financial years has given rooms for the Group to increase the level of service fees. Also, the level of demand of such services is expected to increase gradually in the next three financial years. This gives rise to the projected increase in the maximum amount of service fees that may be received by the Group.

The Advertising and e-Commerce Transactions have been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the service fees charged/to be charged by the Group were and will continue to be based on comparable rates at which the Group charges other independent third party customers and are and will continue to be on normal commercial terms.

B. Space and rack rental

Background

Members of the SHKP Group have been renting and will continue to rent space and racks located in the Group's data centres (the "**Space and Rack Rental Arrangement**"). The Group has charged and will continue to charge the relevant members of the SHKP Group rental at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area

of space and/or number of racks rented and the rental term.

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby the Company has agreed to procure the relevant members of the Group to let space and racks at the Group's data centres to members of the SHKP Group for a period from 1 July 2008 to 30 June 2011. This agreement took effect from the date of signing, and is a master agreement which sets out principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Space and Rack Rental Arrangement. Such principles include that the transactions under the Space and Rack Rental Arrangement shall be on normal commercial terms and the rental payable by the relevant members of the SHKP Group shall be comparable with the rates at which the Group charges independent third party customers of the Group taking into account the area of space and/or number of racks rented and the rental term. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

Relevant members of the SHKP Group and the Group have entered into and will enter into separate lease agreements to provide the detailed terms with respect to the leasing of space/rack pursuant to the Space and Rack Rental Arrangement. Members of the Group will refer to the then available market rates when transactions under the Space and Rack Rental Arrangement are entered into with members of the SHKP Group from time to time.

The historical amounts

The annual cap for the Space and Rack Rental Arrangement for each of the three financial years ending 30 June 2008 as set out in the 2005 Announcement was HK\$3,700,000. The following table sets out the aggregate rental received by the Group pursuant to the Space and Rack Rental Arrangement during the Relevant Historical Periods :-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	2,280,000
Financial year ended 30 June 2007	1,110,000
Six months period ended 31 December 2007	450,000

Proposed annual cap and basis of cap

It is expected that the amount of rental which may be received by the Group pursuant to the Space and Rack Rental Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$2,900,000. The proposed annual cap is determined based on the existing contracts and the newly signed orders and the anticipated rate of rental in the coming years which is expected to increase to match the market situation.

The Space and Rack Rental Arrangement has been and will continue to be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Space and Rack Rental Arrangement has been and will continue to be on normal commercial terms and the rental which the Group has charged/will charge members of the SHKP Group pursuant to such arrangement has been and will continue to be at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area of space and/or number of racks rented and the rental term.

C. *Provision of property management services by the SHKP Group to the Group*

Background

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

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

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide Extra Management Services required by members of the Group for a period from 1 July 2008 to 30 June 2011. This agreement took effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of the provision of the Extra Management Services. Relevant members of the Group shall enter into definitive agreements with detailed terms for the service required from time to time pursuant to such arrangement. Such principles include that the Extra Management Services shall be on normal commercial terms and the amount of service fees payable by the Group to the SHKP Group shall be at rates comparable with those charged by other third party service providers. The new agreement is in essence of the same terms as those under the previous agreement entered into by the parties on 23 May 2005.

It is anticipated that of the total fees expected to be payable under the Property Management Arrangement, approximately 84-85% is attributable to those payable in respect of the Building Management Services and approximately 15-16% is attributable to those payable in respect of the Extra Management Services.

The annual cap for the Property Management Arrangement for each of the three financial years ending 30 June 2008 as set out in the 2005 Announcement was HK\$9,000,000. The following table sets out the aggregate amount of fees paid by the Group pursuant to the Property Management Arrangement during the Relevant Historical Periods :-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	8,460,000
Financial year ended 30 June 2007	8,530,000
Six months period ended 31 December 2007	4,380,000

Proposed annual cap and basis of cap

It is expected that the amount of fees payable by the Group in respect of the Property Management Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$9,930,000. The cap is determined with reference to (1) the management fees in respect of the Building Management Services (which are to be fixed by the owners of the buildings concerned in accordance with the respective deeds of mutual covenants and management agreements), which is expected to increase at the rate of 5% per annum; and (2) the expected increase in the level of the Extra Management Services required.

The Directors confirm that the Property Management Arrangement has been and will continue to be conducted on normal commercial terms (including the payment terms) and in the ordinary and usual course of business of the Group. As mentioned above, the property management fees paid/payable by the relevant members of the Group for the Building Management Services have been and will continue to be on the same basis as those payable by the other owners of the relevant buildings. The Directors confirm that the transactions in relation to the provision of the Extra Management Services have been and will continue to be on normal commercial terms and the fees payable to the SHKP Group have been and will continue to be at market rates.

D. Estate agency services provided by members of the SHKP Group to the Group

Background

The Group has been leasing certain properties owned by the Group, including units of Kodak House II at North Point, Hong Kong and of Millennium City at Kwun Tong, Kowloon, to independent tenants. In connection therewith, the Group has engaged and will continue to engage Sun Hung Kai Real Estate Agency Limited, Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited, all being wholly-owned subsidiaries of SHKP, in providing estate agency, lease administration, billing and rent collection services to relevant members of the SHKP Group (the “**Estate Agency Arrangement**”). The Group pays commission to Sun Hung Kai Real Estate Agency Limited, Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited for leases procured and concluded on behalf of the relevant members of the Group and the provision of the lease administration, billing and rent collection services in respect of the leases. Such commission is payable by the Group on a monthly basis and is determined based on a percentage of the monthly rental in relation to the relevant leases concerned.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide the estate agency and other services mentioned above in connection with the leasing of the Group’s properties. This is a master agreement which sets out principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Estate Agency Arrangement. Such principles include that the terms upon which the services provided pursuant to the Estate Agency Arrangement shall be on normal commercial terms and the commission payable by the relevant members of the Group to the relevant members of SHKP Group shall be at rates comparable with those charged by other independent third party service providers.

Relevant members of the Group have entered into and will enter into separate and definitive agreements with Sun Hung Kai Real Estate Agency Limited, Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited and/or other relevant members of the SHKP Group to provide for the detailed terms for such appointment whenever service is required by the Group pursuant to the Estate Agency Arrangement.

The historical amounts

The following table sets out the aggregate amount of commission paid by the Group pursuant to the Estate Agency Arrangement during the Relevant Historical Periods:-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	810,000
Financial year ended 30 June 2007	960,000
Six months period ended 31 December 2007	600,000

Proposed annual cap and basis of cap

As the office rental in central business districts is expensive, the Directors believe that there will be a greater tendency for tenants to relocate their offices to non-central business districts, like North Point. In view of the aforesaid and the changes in level of rental for units in the Group's premises, the Directors anticipate that both the leasing activities of the Group's premises and the level of rental are likely to increase. As such, it is anticipated that the annual amount of commission which may become payable by the Group to the SHKP Group pursuant to the Estate Agency Arrangement may exceed the de minimis threshold under Rule 20.33(3) of the GEM Listing Rules and the reporting and announcement requirements with respect to non-exempt continuing connected transactions under the GEM Listing Rules will apply.

It is expected that the commission payable by the Group to members of the SHKP Group pursuant to the Estate Agency Arrangement will not exceed HK\$2,700,000 for each of the three financial years ending 30 June 2011. Such annual cap is determined by reference to the historical value of such transactions and the projected level of demand of the Group's premises by potential tenants and the anticipated level of rents for the Group's premises and on the assumption that the rate of commission at which the Group may need to pay for the provision of services pursuant to the Estate Agency Arrangement will be approximately 3% of the monthly rental for the relevant leases. The Directors further confirm that the commission rate mentioned above matches the prevailing market standard at which other third party service providers may charge for the provision of similar services. However, such rates may change due to fluctuations of market conditions from time to time.

The Estate Agency Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Estate Agency Arrangement has been and will continue to be negotiated on an arm's length basis, on normal commercial terms and the commission payable by the Group pursuant to such arrangement has been and will continue to be at comparable market rates taking into account the scope of services provided including letting, lease administration, billing and rent collection.

E. Provision of insurance services by SHKI to the Group

Background

Various members of the Group currently maintain insurance cover with or through SHKI for members of the Group and certain independent third party sub-contractors engaged by them (the “**Insurance Arrangement**”). Due to the stringent requirements in the engineering/construction industry and the increasing insurance premium, it may be difficult for some sub-contractors to arrange by themselves adequate insurance cover to meet the requirements in respect of the sub-contracting works and in those circumstances, the Group may assist them by procuring the extension of the necessary insurance cover to them. The Directors confirm that such arrangement for insurance cover for sub-contractors is not uncommon in the engineering/construction industry.

The New Agreement

On 16 May 2008, the Company and SHKI entered into an agreement pursuant to which the Company appointed SHKI to maintain the insurance coverage for the benefit of the Group and, at the request of the Group, sub-contractors engaged by the Group with or through SHKI. This agreement sets out the principles upon which members of the Group will obtain insurance coverage for themselves and/or sub-contractors engaged by them with or through SHKI. Such principles include that the terms of the insurance policies maintained at the request by the Group with SHKI as the insurer shall be comparable to the terms of the insurance policies maintained by other third parties with SHKI in respect of similar type of risk insured. Prior to taking out the relevant insurance policies, the Group will obtain market rates of insurance premium charged by other independent insurance companies and determine whether the rates of premium offered by SHKI are at market level. Relevant members of the Group and SHKI have entered into and will enter into insurance policies to provide for detailed terms governing the relevant insurance obtained pursuant to such arrangement.

The historical amounts

The following table sets out the aggregate amount of insurance premiums paid by the Group to SHKI pursuant to the Insurance Arrangement during the Relevant Historical Periods:-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	1,730,000
Financial year ended 30 June 2007	1,560,000
Six months period ended 31 December 2007	680,000

Proposed annual cap and basis of cap

Due to more favourable property market condition, the Directors expect that the number of projects, the value of such projects as well as the rate of insurance premium are likely to increase and as such the insurance protection requirement of the Group is likely to increase. Accordingly, the annual amount of premium which may become payable to SHKI pursuant to the Insurance Arrangement may therefore exceed the de minimis threshold under Rule 20.33(3) of the GEM Listing Rules and the reporting and announcement requirements with respect to non-exempt continuing connected transactions under the GEM Listing Rules will apply.

It is expected that the aggregate insurance premiums which may become payable to SHKI pursuant to the Insurance Arrangement will not exceed HK\$2,810,000 for

each of the three financial years ending 30 June 2011. The proposed annual cap is determined by reference to the estimated insurance protection requirement of the Group and those of the sub-contractors which the Group anticipated would require the Group to arrange insurance cover for them based on the likely level of insurance premium at which the Group will be able to obtain the relevant insurance cover. The anticipated increase in the amount of insurance premiums payable is mainly attributable to the anticipated increase in the number of projects expected to be obtained by the Group due to the more favourable property market conditions when compared to the previous financial years, the anticipated increase in the contract value of the projects as a result of the expected increase in demand for advanced technology facilities, extra insurance expected to be maintained and the anticipated increase in the rate of insurance premium.

The Insurance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Insurance Arrangement has been and will continue to be on normal commercial terms and the insurance premiums payable pursuant to such arrangement has been and will continue to be at market rates.

F. Provision of technical services by the SHKP Group to the Group

Background

Incidental to the provision of broadband services by the Group to certain housing estate customers, the Group also provides repair and maintenance thereof to such customers. In this regard, the Group used and will continue to use certain staff employed by members of the SHKP Group to provide such repair and maintenance services to these customers of the Group, including, but not limited to, dealing with enquiries and carrying out onsite stationing in connection with broadband interconnection (the “**Technical Services Arrangement**”). Service fees were paid and will continue to be paid by the Group to the SHKP Group for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide services pursuant to the Technical Services Arrangement. This is a master agreement which sets out principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Technical Services Arrangement. Such principles include that the services to be provided by the SHKP Group pursuant to the Technical Services Arrangement shall be on normal commercial terms. In particular, with respect to the payment terms for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms to be offered to the Group by the SHKP Group shall be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party service providers for such services.

Relevant members of the Group have entered into and will enter into separate and definitive agreements with relevant members of the SHKP Group to provide for the detailed terms for such engagement whenever any services pursuant to the Technical Service Arrangement is required by the Group.

The historical amounts

The following table sets out the aggregate amount of service fees paid by the Group during the Relevant Historical Periods:-

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2006	1,000,000
Financial year ended 30 June 2007	1,144,000
Six months period ended 31 December 2007	397,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees payable by the Group to members of the SHKP Group pursuant to the Technical Services Arrangement will not exceed HK\$1,800,000 for each of the three financial years ending 30 June 2011. Such annual caps are determined by reference to the historical value of such transactions and the projected level of demand of such services.

The Technical Services Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Technical Services Arrangement has been and will continue to be negotiated on an arm's length basis, on normal commercial terms and the service fees payable by the Group pursuant to such arrangement have been and will continue to be at comparable market rates taking into account the scope of services provided.

3. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Group has entered into and will continue to enter into the Continuing Connected Transactions because they are part of the principal business activities of the Group or are relevant to such principal business activities. The Group has contracted with the SHKP Group for each of the Continuing Connected Transactions since the Group and the SHKP Group are able to meet the respective requirements of the other. For the aforesaid reasons and also taking into account, among other things, the experience of and relationship between the Group and SHKP Group developed through transactions undertaken during the past, the Directors consider that the entering into of each of the Continuing Connected Transactions is in the commercial interest of the Group. The Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) consider that the Transactions Requiring Approval, the Lease Arrangements and the Transactions Exempt from Approval have been and will be conducted in the ordinary and usual course of business of the Group and on an arm's length basis, on normal commercial terms or on terms no less favourable than those available from or to independent third parties (as the case may be), and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) also consider that the relevant annual caps for the three financial years ending 30 June 2009, 2010 and 2011 of the Transactions Requiring Approval, the Lease Arrangements and the Transactions Exempt from Approval are fair and reasonable.

In relation to the Transactions Requiring Approval and the Lease Arrangements, the Independent Board Committee will advise on the terms of the Transactions Requiring Approval and the Lease Arrangements and its advice to the Independent Shareholders will be set out in the circular to be despatched to the Shareholders.

4. REQUIREMENTS UNDER THE GEM LISTING RULES

Relationship with SHKP

As at the date of this announcement, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 84.63% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the GEM Listing Rules for so long as SHKP remains a substantial Shareholder.

Transactions Exempt from Approval

In respect of each category of the Transactions Exempt from Approval, it is anticipated that the applicable percentage ratios in respect of the transactions contemplated thereunder (when separately aggregated), on an annual basis, will not be less than 0.1% but will be less than 2.5% or the annual amount involved will be less than HK\$10,000,000.

Hence each category of the Transactions Exempt from Approval will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules and will only be subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and will be exempt from the Independent Shareholders' Approval requirements.

Transactions Requiring Approval and the Lease Arrangements

It is anticipated that the asset ratio, revenue ratio and the consideration ratio in respect of (i) the Networking Arrangement and the Networking Sub-contracting Arrangement, which the Stock Exchange considers to be of the same nature and therefore are required to be aggregated under Rule 20.27 of the GEM Listing Rules; and (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which the Stock Exchange considers to be of the same nature and therefore are required to be aggregated under Rule 20.27 of the GEM Listing Rules on an annual basis, will not be less than 2.5% but will be less than 25% and the annual consideration will be more than HK\$10,000,000, such transactions will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to Rules 20.45 to 20.54 of the GEM Listing Rules in relation to the Transactions Requiring Approval.

Accordingly, the Company will seek the Independent Shareholders' Approval (by way of poll) for the Group to conduct each category of the Transactions Requiring Approval for the period from 1 July 2008 up to 30 June 2011 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant annual cap set out below :-

	Category of the Transactions Requiring Approval	Proposed annual cap for each of the three financial years ending 30 June 2011(HK\$)
A.	Networking Arrangement	61,000,000
B.	Maintenance Arrangement	74,000,000
C.	Networking Sub-contracting Arrangement	9,400,000
D.	Maintenance Sub-contracting Arrangement	4,600,000

Assuming that the options to renew the lease term are exercised, in respect of the anticipated aggregate amount of rental and air conditioning and property management charges payable by the Group pursuant to the Lease Arrangements during the respective next renewal terms of the Beijing Lease and the Shanghai Lease, the revenue ratio on an annual basis will not be less than 2.5% but will be less than 25% and such annual aggregate amount will be more than HK\$10,000,000. As such, the Lease Arrangements during the respectively next renewal terms will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to Rules 20.45 to 20.54 of the GEM Listing Rules in relation to the Lease Arrangements during the respective next renewal terms.

Accordingly, the Company will seek the Independent Shareholders' Approval (by way of poll) for the Group to conduct the Lease Arrangement during the respective next renewal terms of the Beijing Lease and the Shanghai Lease on the condition that the respective amounts of rental and air conditioning and property management charges payable shall not exceed the relevant cap set out below :-

		Proposed cap amount (HK\$)			
		From the respective commencement dates of the next renewal term to 30 June 2009	For the financial year ending 30 June 2010	For the financial year ending 30 June 2011	From 1 July 2011 to the respective expiry dates of the next renewal term
A.	Beijing Lease	475,000	2,989,000	3,138,000	2,746,000
B.	Shanghai Lease	1,871,000	7,860,000	8,253,000	6,499,000

If there are changes or updates in any terms of the agreements for the Transactions Requiring Approval and the Lease Arrangements mentioned above or the relevant caps stated above are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

5. INDEPENDENT SHAREHOLDERS' APPROVAL IN RESPECT OF THE TRANSACTIONS REQUIRING APPROVAL AND THE LEASE ARRANGEMENTS

It is proposed that ordinary resolution(s) will be proposed at the EGM to approve (by way of poll) the Transactions Requiring Approval and the Lease Arrangements and the proposed cap amounts therefor as mentioned above. SHKP and its associates will be required to abstain from voting on the ordinary resolution(s).

An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Transactions Requiring Approval and the Lease Arrangements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions Requiring Approval and the Lease Arrangements.

A circular containing, among other things, (1) further information on the Transactions Requiring Approval and the Lease Arrangements; (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval and the Lease Arrangements; (3) the letter of advice

from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions Requiring Approval and the Lease Arrangements; and (4) the notice to convene the EGM at which ordinary resolution(s) will be proposed to approve the Transactions Requiring Approval and the Lease Arrangements and all matters contemplated thereunder will be despatched to the Shareholders as soon as practicable.

6. GENERAL

The principal activity of the Company is investment holding. The Group's principle business activities include IT infrastructure, Internet services and IT investments. The principal activities of the SHKP Group are development of and investment in properties for sale and rental purpose.

7. TERMS USED IN THIS ANNOUNCEMENT

“2005 Announcement”	the announcement of the Company dated 23 May 2005
“Advertising and e-Commerce Transactions”	the provision of internet services and inter-related services by the Group to the SHKP, as defined in paragraph 2.III.A of this announcement
“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“Beijing Lease”	the lease as disclosed in paragraph 2.II.A of this announcement
“Board”	the board of Directors
“Building Management Services”	the building management services provided or to be provided by the SHKP Group to the Group as defined under paragraph 2.III.C of this announcement
“CABD”	Communal Aerial Broadcasting Distribution, the traditional means of receiving free-to-air programming via a roof-top aerial
“Company”	SUNeVision Holdings Ltd., a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM
“Continuing Connected Transactions”	the transactions between the respective members of the Group and the SHKP Group pursuant to the Transactions Exempt from Approval, the Lease Arrangements and the Transactions Requiring Approval
“CST iAdvantage”	北京中科互聯優勢數據有限公司(CST iAdvantage Co., Ltd. *), a subsidiary of the Company
“Directors”	the directors of the Company

“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, inter alia, the Transactions Requiring Approval and the Lease Arrangements
“Estate Agency Arrangement”	the provision of estate agency, lease administration, billing and rent collection services by the SHKP Group to the Group as defined in paragraph 2.III.D of this announcement
“Existing Approval”	the approval by the then Independent Shareholders in respect of the Transactions Requiring Approval at the extraordinary general meeting of the Company held on 23 June 2005
“Extra Management Services”	the cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services provided or to be provided by the SHKP Group to the Group as defined in paragraph 2.III.C of this announcement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iAdvantage”	iAdvantage Limited (a company incorporated in Hong Kong), a wholly-owned subsidiary of the Company
“Independent Board Committee”	an independent committee of the board of Directors comprising the independent non-executive Directors
“Independent Shareholders”	Shareholders other than SHKP and its associates
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders
“Insurance Arrangement”	the provision of insurance service by SHKI to the Group as defined in paragraph 2.III.E of this announcement
“IT”	information technology incorporating internet related services and business
“Lease Arrangements”	the lease arrangements between the Group and the SHKP

	Group as defined in paragraph 2.II of this announcement
“Maintenance Arrangement”	the maintenance and repair services of network infrastructure and security systems provided or to be provided by the Group to the SHKP Group as defined in paragraph 2.I.B of this announcement
“Maintenance Sub-contracting Arrangement”	the engagement of members of the SHKP Group by members of the Group in connection with the provision of services pursuant to the Maintenance Arrangement as defined in paragraph 2.I.D of this announcement
“Networking Arrangement”	the installation, operation and provision of cable networking services provided or to be provided by the Group to the SHKP Group as defined in paragraph 2.I.A of this announcement
“Networking Sub-contracting Arrangement”	the engagement of members of the SHKP Group by members of the Group in connection with the provision of services pursuant to the Networking Arrangement as defined in paragraph 2.I.C of this announcement
“New Agreements”	the agreements all dated 16 May 2008 entered into between the Company on the one hand and SHKP or SHKI on the other hand governing the Transactions Requiring Approval and the Transactions Exempt from Approval
“percentage ratios”	the percentage ratios determined in accordance with Chapter 19 of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Property Management Arrangement”	the provision of the property management services by the SHKP Group to the Group as defined in paragraph 2.III.C of this announcement
“Relevant Historical Periods”	the two financial years ended 30 June 2006 and 30 June 2007 respectively and the six-month period ended 31 December 2007
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Lease”	the lease as disclosed in paragraph 2.II.B of this announcement
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“SHKI”	Sun Hung Kai Properties Insurance Limited, a

	wholly-owned subsidiary of SHKP
“SHKP”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange
“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group
“SMATV”	Satellite Master Antenna Television System
“Space and Rack Rental Arrangement”	the leasing of the space and racks located in the Group’s data centres by the Group to the SHKP Group as defined in paragraph 2.III.B of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super e-Network”	Sunevision Super e-Network Limited, a wholly-owned subsidiary of the Company
“Super e-Tech”	Sunevision Super e-Technology Services Limited, a wholly-owned subsidiary of the Company
“Technical Services Arrangement”	the provision of the technical services by the SHKP Group to the Group as defined in paragraph 2.III.F of this announcement
“Transactions Exempt from Approval”	the Advertising and e-Commerce Transactions and the transactions under the Space and Rack Rental Arrangement, the Property Management Arrangement, the Estate Agency Arrangement, the Insurance Arrangement and the Technical Services Arrangement
“Transactions Requiring Approval”	the transactions under the Networking Arrangement, Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement
“US\$”	United States dollars
“%”	per cent.

By Order of the Board
SUNEVISION HOLDINGS LTD.
WONG Siu-mun, Katherine
Company Secretary

Hong Kong, 16 May 2008

** Name translated for reference purpose only in this announcement*

As at the date of this announcement, the Board comprises ten Executive Directors, being KWOK Ping-luen, Raymond, KWOK Ping-sheung, Walter, KWOK Ping-kwong, Thomas, SO Sing-tak, Andrew, CHAN Kui-yuen, Thomas, WONG Yick-kam, Michael, SO Chung-keung, Alfred, TUNG Chi-ho, Eric, WONG Chin-wah and TSIM Wing-kit, Alfred; one Non-executive Director, being CHEUNG Wing-yui; and three Independent Non-executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose and WONG Kai-man.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of 7 days from the date of publication and on the website of the Company at www.sunevision.com.