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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 (except for the HK Lease Arrangements which were not previously governed by any master agreement) were disclosed in the 2008 Announcement. The Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement and the annual caps therefor for the three financial years ending 30 June 2011 were approved at the extraordinary general meeting of the Company held on 26 June 2008 by the then Independent Shareholders.

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 2011.

As at the date of this announcement, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.58% 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 2011, 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 2011 and ending on 30 June 2014. Transactions of each category of the Transactions Requiring Approval 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 under the GEM Listing Rules, and will only be subject to the reporting, announcement and annual review requirements and will be exempt from the 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.

A circular containing, among other things, (i) further information on the Transactions Requiring Approval; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval; (iii) 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 (iv) notice of the EGM to be convened at which ordinary resolution(s) will be proposed to approve the Transactions Requiring Approval and all matters contemplated thereunder is currently expected to be despatched to the Shareholders on or before 7 June 2011.

## **1. BACKGROUND**

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant annual caps) of the Continuing Connected Transactions (except for the HK Lease Arrangements which were not previously governed by any master agreement) were disclosed in the 2008 Announcement. The Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement and the annual caps therefor for the three financial years ending 30 June 2011 were approved at the extraordinary general meeting of the Company held on 26 June 2008 by the then Independent Shareholders.

## **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 2011. On 16 May 2011, 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 2011 and ending on 30 June 2014.

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

### ***I. TRANSACTIONS REQUIRING APPROVAL***

#### ***A. Design, 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**

Members of the Group have been providing and will continue to 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 networks 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 2011, the Company and SHKP entered into a new agreement whereby the Company has 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 2011 to 30 June 2014. 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 services to be provided by the Group to the SHKP Group pursuant to the Networking Arrangement shall be negotiated on an arm's length basis and 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. 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 SHKP Group to the 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 16 May 2008 which is due to expire on 30 June 2011.

The Group has been informed by the SHKP Group 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 of the 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 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 2011 was HK\$61,000,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	36,200,000
Financial year ended 30 June 2010	44,490,000
Six-month period ended 31 December 2010	21,770,000

#### 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 2014 will not exceed HK\$65,000,000. The proposed annual cap is determined with reference to the historical amounts of such transactions, projected level of demand for 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 continue to be favourable, thus leading to new installations and/or upgrading of existing systems for service quality improvements. Furthermore, the increase in the demand for luxurious accommodation will generally raise 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.

The Networking Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) confirm that, in view of the fact that the Group has to bid for the projects under the Networking Arrangement as set out above in most circumstances, the Networking Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 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

Members of the Group have been engaged and will continue to 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 the relevant members of the SHKP Group fees for services provided under the Maintenance Arrangement.

The New Agreement

On 16 May 2011, the Company and SHKP entered into a new agreement whereby the Company has agreed to procure the relevant members of the Group to provide services contemplated under the Maintenance Arrangement to members of the SHKP Group for a period commencing from 1 July 2011 and ending on 30 June 2014. 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 services to be provided by the Group to the SHKP Group pursuant to the Maintenance Arrangement shall be negotiated on an arm's length basis and 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. 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 SHKP Group to the 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 16 May 2008 which is due to expire on 30 June 2011.

The Group has been informed by the SHKP Group 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 of the 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 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 each of the three financial years ending 30 June 2011 was HK\$74,000,000. The following table sets out the aggregate amount of service fees received by the Group pursuant to the Maintenance Arrangement (before taking into account service fee free periods offered) during the Relevant Historical Periods :-

<i><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	49,580,000
Financial year ended 30 June 2010	46,120,000
Six-month period ended 31 December 2010	22,360,000

#### 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 2014 will not exceed HK\$63,500,000. The proposed annual cap is determined with reference to the historical amount of such transactions, projected level of demand for 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.

As compared with the amount received by the Group during the Relevant Historical Periods set out above, it is expected that the level of demand for such services will increase as more systems are or will be installed pursuant to the Networking Arrangement and as a result of fair wear and tear, the frequency and extent of routine maintenance and repair works which may be required on the systems and networks installed are expected to increase.

The Maintenance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) confirm that, in view of the fact that the Group has to bid for the projects under the Maintenance Arrangement as set out above in most circumstances, the Maintenance Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 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. 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, for each tender offer made or to be made by the SHKP Group under the Networking Arrangement, a number of sub-contractors of comparable standards in the provision of the required works in the market would generally be set out in such tender offer as acceptable sub-contractors under the Networking Arrangement. Hence, in awarding the contract for the provision of services under the Networking Arrangement, it is not a pre-condition that the Group should engage members of the SHKP Group as sub-contractors. Having said that, since members of the SHKP Group are among the various sub-contractors available for the Group’s choice, the Group may in the future continue to sub-contract part of the works which the Group needs the services and/or materials from other parties in order to fulfill its obligations under the main contract to members of the SHKP Group. Engagement of members of the SHKP Group were, and will continue to be, decided solely based on the specific needs of the Group at the relevant time, and if, and only if, they were, or will be, able to pass through the selection procedures of, and meet the criteria set by, the Group. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of the Group fees for the provision of such services.

The New Agreement

On 16 May 2011, the Company and SHKP entered into a new agreement whereby SHKP has 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 from 1 July 2011 to 30 June 2014. 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 services to be provided by the SHKP Group to the Group pursuant to the Networking Sub-contracting Arrangement shall be negotiated on an arm’s length basis and 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 of the 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 new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

#### The historical amounts

Under the Existing Approval, the annual cap for the Networking Sub-contracting Arrangement for each of the three financial years ending 30 June 2011 was HK\$9,400,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	1,360,000
Financial year ended 30 June 2010	1,960,000
Six-month period ended 31 December 2010	1,000,000

#### 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 2014 will not exceed HK\$8,000,000. Such annual cap is determined with reference to the projected level of demand for 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. As mentioned in paragraph 2.I.A above, the level of demand for services pursuant to the Networking Arrangement is expected to increase and as such, it is expected that the level of demand for 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 as compared with the amount paid by the Group during the Relevant Historical Periods.

The Networking Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 the 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. 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, the choice of sub-contractors under the Maintenance Sub-contracting Arrangement will be determined by, among other things, the systems which are required to be maintained in the respective buildings but not determined by the SHKP Group. By its nature, certain systems are exclusively supplied by the respective sole agents in Hong Kong which include, but are not limited to, members of the SHKP Group. Hence, in some cases, there are no alternative sub-contractors which the Group can engage if the relevant system is subject to a system which can only be supplied by members of the SHKP Group. 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 2011, the Company and SHKP entered into a new agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide services contemplated under the Maintenance Sub-contracting Arrangement to members of the Group for a period from 1 July 2011 to 30 June 2014. 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 that the services to be provided by the SHKP Group to the Group pursuant to the Maintenance Sub-contracting Arrangement shall be negotiated on an arm’s length basis and 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 of the SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of the services required pursuant to such arrangement from time to time. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

#### The historical amounts

Under the Existing Approval, the annual cap for the Maintenance Sub-contracting Arrangement for each of the three financial years ending 30 June 2011 was HK\$4,600,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	2,510,000
Financial year ended 30 June 2010	1,870,000
Six-month period ended 31 December 2010	1,080,000

#### 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 2014 will not exceed HK\$3,800,000. Such annual cap is determined with reference to the projected level of demand for 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. As mentioned in paragraph 2.I.B above, the level of demand for services pursuant to the Maintenance Arrangement is expected to increase and as such, it is expected that the level of demand for 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 as compared with the amount paid by the Group during the Relevant Historical Periods.

The Maintenance Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 (excluding the independent non-executive Directors who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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. TRANSACTIONS EXEMPT FROM APPROVAL***

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

#### Background

Members of the Group have been providing, and will continue to provide, e-Commerce transactions and internet-related services to members of the SHKP Group which services include the provision of internet platform, custom made range of services and information through the internet for e-Commerce transactions, systems and website development and maintenance services (the “**e-Commerce Transactions**”). 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 2011, the Company and SHKP entered into a new agreement whereby

SHKP has agreed to procure the relevant members of the SHKP Group to enter into the e-Commerce Transactions with members of the Group for a period commencing from 1 July 2011 to 30 June 2014. 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 e-Commerce Transactions. Such principles include that the services to be provided by the Group to the SHKP Group pursuant to the e-Commerce Transactions shall be negotiated on an arm's length basis and 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 16 May 2008 which is due to expire on 30 June 2011.

Relevant members of the Group and of the 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 e-Commerce Transactions. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements.

#### The historical amounts

The annual cap for the e-Commerce Transactions for each of the three financial years ending 30 June 2011 as set out in the 2008 Announcement was HK\$5,100,000. The following table sets out the aggregate service fees received by the Group pursuant to the e-Commerce Transactions during the Relevant Historical Periods :-

<i><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	1,680,000
Financial year ended 30 June 2010	1,230,000
Six-month period ended 31 December 2010	360,000

#### 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 e-Commerce Transactions during each of the three financial years ending 30 June 2014 will not exceed HK\$2,070,000. Such annual cap is determined with reference to the general development of the relevant e-Commerce business, the historical amount of such transactions, projected level of demand for 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 e-Commerce Transactions have been and will continue to be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the e-Commerce Transactions have been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the service fees charged and 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.

#### *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 2011, 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 2011 to 30 June 2014. 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 Space and Rack Rental Arrangement. Such principles include that the transactions under the Space and Rack Rental Arrangement shall be negotiated on an arm's length basis and 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 16 May 2008 which is due to expire on 30 June 2011.

Relevant members of the SHKP Group and of the Group have entered into and will enter into separate lease or service agreements to provide for 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 2011 as set out in the 2008 Announcement was HK\$2,900,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	2,430,000
Financial year ended 30 June 2010	2,480,000
Six-month period ended 31 December 2010	1,280,000

#### Proposed annual cap and basis of cap

It is expected that the aggregate 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 2014 will not exceed HK\$4,690,000. Such annual cap is determined based on the existing contracts and the newly signed orders and the anticipated rate of rental in the coming years reflecting the estimated price increase for space and rack rental and possible increase in requirements.

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 (including the independent non-executive Directors) confirm that the Space and Rack Rental Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the rental which the Group has charged and 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 building 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 or leased by iAdvantage and premises owned by other members of the Group. Such properties include ONE-iAdvantage in Millennium City at Kwun Tong, Kowloon, JUMBO-iAdvantage at Tsuen Wan, the New Territories and MEGA-iAdvantage at Chai Wan, Hong Kong and other premises leased from members of the SHKP Group. iAdvantage and other members of the Group have paid, and will continue to pay, service fees to the members of 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**”, which together with the arrangements under the Building Management Services are collectively referred to as the “**Property Management Arrangement**”).

#### The New Agreement

On 16 May 2011, 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 2011 to 30 June 2014. 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 and of the SHKP Group have entered into and will enter into separate and definitive agreements with detailed terms for the services required from time to time pursuant to such arrangement. Such principles include that the Extra Management Services shall be negotiated on an arm’s length basis and 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 substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

It is anticipated that approximately 72% of the total fees expected to be payable under the Property Management Arrangement will be attributable to those payable in respect of the Building Management Services and the remaining approximately 28% will be attributable to those payable in respect of the Extra Management Services.

#### The historical amounts

The annual cap for the Property Management Arrangement for each of the three financial years ending 30 June 2011 as set out in the 2008 Announcement was HK\$9,930,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	9,690,000
Financial year ended 30 June 2010	8,130,000
Six-month period ended 31 December 2010	3,950,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of fees payable by the Group in respect of the Property Management Arrangement during each of the three financial years ending 30 June 2014 will not exceed HK\$10,200,000. Such annual cap is determined with reference to (i) 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 are expected to increase at the rate of approximately 5% to 8% per annum; and (ii) the expected increase in the level of the Extra Management Services required.

The Property Management Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Property Management Arrangement has been and will continue to be conducted on an arm's length basis and on normal commercial terms (including the payment terms). 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 (including the independent non-executive Directors) confirm that the transactions in relation to the provision of the Extra Management Services have been and will continue to be negotiated on an arm's length basis and 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

Members of the Group have 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 and/or 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 Group (the “**Estate Agency Arrangement**”). Members of the Group pay commission to Sun Hung Kai Real Estate Agency Limited and/or 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 2011, the Company and SHKP entered into a new 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 the 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 to be provided pursuant to the Estate Agency Arrangement shall be negotiated on an arm's length basis and on normal commercial terms, and the commission payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those charged by other independent third party service providers. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

Relevant members of the Group have entered into and will enter into separate and definitive agreements with Sun Hung Kai Real Estate Agency Limited and/or 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 relevant members of the Group pursuant to the Estate Agency Arrangement.

#### The historical amounts

The annual cap for the Estate Agency Arrangement for each of the three financial years ending 30 June 2011 as set out in the 2008 Announcement was HK\$2,700,000. 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><b>Period</b></i>	<i><b>Approximate Amount (HK\$)</b></i>
Financial year ended 30 June 2009	1,150,000
Financial year ended 30 June 2010	1,050,000
Six-month period ended 31 December 2010	540,000

#### 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.

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\$1,520,000 for each of the three financial years ending 30 June 2014. Such annual cap is determined with reference to the historical amount of such transactions, the projected level of demand for the Group's premises by potential tenants and the anticipated level of rents payable 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 (including the independent non-executive 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 continue to be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Estate Agency Arrangement has been and will continue to be negotiated on an arm's length basis and 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 (including the independent non-executive 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 2011, the Company and SHKI entered into a new 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 is a master agreement which 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 to be maintained at the request of the Group with SHKI as the insurer shall be negotiated on an arm’s length basis and 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 new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

The historical amounts

The annual cap for the Insurance Arrangement for each of the three financial years ending 30 June 2011 as set out in the 2008 Announcement was HK\$2,810,000. 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 2009	1,860,000
Financial year ended 30 June 2010	2,230,000
Six-month period ended 31 December 2010	1,110,000

Proposed annual cap and basis of cap

Due to favourable property market and business conditions, the Directors expect that the number of projects, the value of such projects, the rate of insurance premium as well as the value of newly acquired assets to be covered by insurance are likely to

increase and as such the insurance protection requirement of the Group is likely to increase.

It is expected that the aggregate insurance premiums which may become payable to SHKI pursuant to the Insurance Arrangement will not exceed HK\$3,570,000 for each of the three financial years ending 30 June 2014. Such annual cap is determined with 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 projected increase in the amount of insurance premiums payable is mainly attributable to the estimated increase in the number of projects expected to be obtained by the Group, the projected increase in the contract value of the projects, the extra insurance expected to be maintained, the anticipated increase in the rate of insurance premium and the estimated increase in the value of equipments and assets under insurance cover.

The Insurance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Insurance Arrangement has been and will continue to be negotiated on an arm's length basis and 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. Further, since July 2009, the Group has from time to time engaged members of the SHKP Group to provide services support in connection with e-Commerce transactions and internet-related transactions (the “**Technical Services Arrangement**”) and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. 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 2011, the Company and SHKP entered into a new 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 the 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 negotiated on an arm's length basis and 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 Services Arrangement is required by the Group. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

#### The historical amounts

The annual cap for the Technical Services Arrangement for each of the three financial years ending 30 June 2011 as set out in the 2008 Announcement was HK\$1,800,000. 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 2009	1,520,000
Financial year ended 30 June 2010	1,210,000
Six-month period ended 31 December 2010	510,000

#### 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\$1,750,000 for each of the three financial years ending 30 June 2014. Such annual cap is determined with reference to the historical amount of such transactions and the projected level of demand for such services. As compared with the amount paid by the Group during the Relevant Historical Period, it is anticipated that the increase in the amount of technical services fees payable by the Group is attributable to the anticipated increase in the frequency of maintenance and repair services to customers due to fair wear and tear of broadband network.

The Technical Services Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Technical Services Arrangement has been and will continue to be negotiated on an arm's length basis and 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.

#### *G. The HK Lease Arrangements*

Members of the Group have been leasing and licensing from, and will continue to lease and license from, members of the SHKP Group certain premises in Hong Kong for the purpose of providing data centres and related services to the customers of the Group (the "**HK Lease Arrangements**"). As the HK Lease Arrangements constitute continuing connected transactions of the Company under the GEM Listing Rules, the Company, in compliance with the GEM Listing Rules, entered into with SHKP a Master Leasing Agreement to set out the principal terms and conditions governing the HK Lease Arrangements in the future. Set out below are the principal terms of the Master Leasing Agreement.

Date: 16 May 2011

Parties: The Company and SHKP

Subject Matter:	Pursuant to the Master Leasing Agreement, SHKP has agreed to procure the relevant members of the SHKP Group to enter into the HK Lease Arrangements with members of the Group. Relevant members of the Group and of the SHKP Group will enter into separate lease agreements or license agreements to provide for the detailed terms with respect to the leasing or licensing of premises in Hong Kong pursuant to the HK Lease Arrangements.
Duration:	The Master Leasing Agreement shall be for a term of three (3) years commencing from 1 July 2011 and ending on 30 June 2014 (both days inclusive).
Consideration and other terms:	The terms of each transaction under the HK Lease Arrangements (including the amount of rental or license fee and management fees payable by the Group, and the payment terms thereof) shall be negotiated on an arm's length basis and on normal commercial terms and with reference to prevailing market rental or license fee (as the case may be).

#### Proposed annual cap and basis of cap

It is expected that the aggregate amount of rental, license fee and any other charges which may be payable by the Group pursuant to the HK Lease Arrangements during each of the three financial years ending 30 June 2014 will not exceed HK\$23,300,000. Such annual cap is determined with reference to the projected space demand (including the space currently leased or licensed) by members of the Group and the anticipated level of rental, license fee and management fee at which the SHKP Group may charge in respect of the premises leased/licensed.

The HK Lease Arrangements will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the HK Lease Arrangements have been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the terms thereof (including the amounts of rental and license fee and any other charges payable by the Group and the payment terms thereof) pursuant to such arrangements are and will continue to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **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 because the Group and the SHKP Group are able to meet the respective requirements of each other. For the aforesaid reasons and also taking into account, among other things, the experience of and relationship between the Group and the SHKP Group developed through transactions undertaken in the past, the Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) 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 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 to the Group 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 2012, 2013 and 2014 of the Transactions Requiring Approval and the Transactions Exempt from Approval are fair and reasonable.

In relation to the Transactions Requiring Approval, the Independent Board Committee will advise on the terms of the Transactions Requiring Approval 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 73.58% 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 set out in Rule 19.07 of the GEM Listing Rules 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 5%. 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, announcement and annual review requirements and will be exempt from the Independent Shareholders' Approval requirements under the GEM Listing Rules. As:- (i) each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas, both being Directors, is materially interested in the Transactions Exempt from Approval by virtue of their respective interests and deemed interests under Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) in more than 5% of the issued shares of SHKP; and (ii) Mr. Kwok Ping-sheung, Walter, a Director, had by a letter dated 25 October 2010 informed the Company that his "beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute", hence, they have abstained from voting on the Board resolutions approving the Transactions Exempt from Approval.

##### *Transactions Requiring Approval*

It is anticipated that the revenue ratio set out in Rule 19.07 of the GEM Listing Rules in respect of each of (i) the Networking Arrangement and the Networking Sub-contracting Arrangement, which are required to be aggregated under Rule 20.25 of the GEM Listing Rules; and (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which are required to be aggregated under Rule 20.25 of the GEM Listing Rules on an annual basis will not be less than 5% but will be less than 25% and the aggregate 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 under 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 2011 up to 30 June 2014 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant annual cap set out below :-

	<b>Category of the Transactions Requiring Approval</b>	<b>Proposed annual cap for each of the three financial years ending 30 June 2014(HK\$)</b>
A.	Networking Arrangement	65,000,000
B.	Maintenance Arrangement	63,500,000
C.	Networking Sub-contracting Arrangement	8,000,000
D.	Maintenance Sub-contracting Arrangement	3,800,000

If there are any material changes or updates in any terms of the new agreements for the Transactions Requiring Approval or the relevant annual 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 comply with the applicable requirements under the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

As:- (i) each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas, both being Directors, is materially interested in the Transactions Requiring Approval by virtue of their respective interests and deemed interests under Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) in more than 5% of the issued shares of SHKP; and (ii) Mr. Kwok Ping-sheung, Walter, a Director, had by a letter dated 25 October 2010 informed the Company that his "beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNEvision shares are still under dispute", hence, they have abstained from voting on the Board resolutions approving the Transactions Requiring Approval.

## 5. INDEPENDENT SHAREHOLDERS' APPROVAL IN RESPECT OF THE TRANSACTIONS REQUIRING APPROVAL

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 proposed annual caps therefor as mentioned above. Shareholders who are not Independent Shareholders 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 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.

A circular containing, among other things, (i) further information on the Transactions Requiring Approval; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval; (iii) 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 (iv) the notice to convene the EGM at which ordinary resolution(s) will be proposed to approve the Transactions Requiring Approval and all matters contemplated

thereunder is currently expected to be despatched to the Shareholders on or before 7 June 2011.

## **6. GENERAL**

The principal activity of the Company is investment holding. The Group's principal business activities include the provision of data centre, facilities management, web applications and value added services, installation and maintenance services and properties holding. The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operation and telecommunications.

## **7. TERMS USED IN THIS ANNOUNCEMENT**

“2008 Announcement”	the announcement of the Company dated 16 May 2008
“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“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.II.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, the shares of which are listed on GEM (Stock Code: 8008)
“Continuing Connected Transactions”	the transactions between the respective members of the Group and of the SHKP Group pursuant to the Transactions Exempt from Approval and the Transactions Requiring Approval
“Directors”	the directors of the Company
“e-Commerce Transactions”	the provision of e-Commerce transactions and internet-related services by the Group to the SHKP Group, as defined in paragraph 2.II.A of this announcement

“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, inter alia, the Transactions Requiring Approval
“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.II.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 26 June 2008
“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.II.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
“HK Lease Arrangements”	the lease and license arrangements between the Group and the SHKP Group as defined in paragraph 2.II.G of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“iAdvantage”	iAdvantage Limited, a wholly-owned subsidiary of the Company

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders that are not required to abstain from voting at a general meeting to approve the Transactions Requiring Approval
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders
“Insurance Arrangement”	the provision of insurance services by SHKI to the Group as defined in paragraph 2.II.E of this announcement
“IT”	information technology incorporating internet related services and business
“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
“Master Leasing Agreement”	the master leasing and licensing agreement dated 16 May 2011 entered into between the Company and SHKP
“Networking Arrangement”	the design, 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 2011 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

“Property Management Arrangement”	the provision of the property management services by the SHKP Group to the Group as defined in paragraph 2.II.C of this announcement
“Relevant Historical Periods”	the two financial years ended 30 June 2009 and 30 June 2010 respectively and the six-month period ended 31 December 2010
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) 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, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 16)
“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.II.B of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technical Services Arrangement”	the provision of the technical services by the SHKP Group to the Group as defined in paragraph 2.II.F of this announcement
“Transactions Exempt from Approval”	the e-Commerce Transactions and the transactions under the Space and Rack Rental Arrangement, the Property Management Arrangement, the Estate Agency Arrangement, the Insurance Arrangement, the Technical Services Arrangement and the HK Lease Arrangements



“Transactions Requiring Approval”

the transactions under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement

“%”

per cent.

By Order of the Board  
**SUNEVISION HOLDINGS LTD.**  
**TSIM Wing-kit, Alfred**  
*Executive Director*

Hong Kong, 16 May 2011

*As at the date of this announcement, the Board comprises five Executive Directors, being KWOK Ping-luen, Raymond, TSIM Wing-kit, Alfred, TUNG Chi-ho, Eric, WONG Chin-wah and SO Wai-kei, Godwin; six Non-Executive Directors, being KWOK Ping-sheung, Walter, KWOK Ping-kwong, Thomas, CHEUNG Wing-yui, SIU Hon-wah, Thomas, CHAN Kui-yuen, Thomas and SO Chung-keung, Alfred; 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 or deceptive; and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](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](http://www.sunevision.com).*