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If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **SUNeVision Holdings Ltd.** (the “Company”), a company incorporated in the Cayman Islands with limited liability, the shares of which (the “Shares”) are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM”), you should at once hand this document and the accompanying election form (the “Election Form”) to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

All capitalised terms in this cover page shall have the same meanings as those defined in this document.

Copies of this document and the Election Form together with the written consent of Anglo Chinese Corporate Finance, Limited have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of these documents.

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Subject to the granting of the listing of, and permission to deal in, the Bonus Shares and any new Shares which may fall to be issued upon exercise of the conversion rights under the Convertible Notes, as well as compliance with the stock admission requirements of HKSCC (if applicable), the Bonus Shares and any new Shares which may fall to be issued upon exercise of the conversion rights under the Convertible Notes will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.



sun^evision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8008)

**BONUS ISSUE OF SHARES TO FULFILL
THE NEW PUBLIC FLOAT REQUIREMENT**

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

Financial adviser to the Company

This document will remain on the “Latest Company Announcements” page of the GEM website at 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.

Hong Kong, 3 November 2010

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

Set out below is a timetable for the Bonus Issue which may be subject to change. The Company will notify the Shareholders of any changes to the following timetable as and when appropriate.

2010

Last day of dealings in Shares on a cum-entitlements basis for the Bonus Issue	Wednesday, 20 October
First day of dealings in Shares on an ex-entitlements basis for the Bonus Issue	Thursday, 21 October
Latest time for lodging transfers of Shares for registration in order to qualify for the Bonus Issue and attending and voting at the EGM	4:30 p.m. on Friday, 22 October
Closure of register of members (both days inclusive)	from Monday, 25 October to Monday, 1 November
Latest date and time to return form of proxy for the EGM	12:30 p.m. on Saturday, 30 October
Record Date for determining entitlements to the Bonus Issue	Monday, 1 November
EGM	12:30 p.m. on Monday, 1 November (or so soon thereafter as the annual general meeting of the Company to be convened on the same date at 12:00 noon shall have been concluded or adjourned)
Bonus Issue Document and Election Form expected to be despatched on or about	Wednesday, 3 November
Latest date and time to return the Election Form	4:30 p.m. on Wednesday, 17 November

EXPECTED TIMETABLE

2010

Certificates for the Bonus Shares and Convertible

Notes expected to be despatched on or about Thursday, 25 November

Last day for trading of Shares with existing board

lot size in the original counter Friday, 26 November

Designated broker starts to stand in the market

to provide matching service for the sale and
purchase of odd lots of the Shares Monday, 29 November

Effective date of the new board lot size Monday, 29 November

First day of dealing in the Bonus Shares Monday, 29 November

Designated broker ceases to stand in the market

to provide matching service for the sale and
purchase of odd lots of the Shares Friday, 17 December

Note: All times in this document refer to Hong Kong times.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company which was held on 1 November 2010
“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, the financial adviser to the Company in relation to the Bonus Issue and is licensed by the Securities and Futures Commission for Type 6 regulated activity (advising on corporate finance)
“Announcement”	the announcement of the Company dated 9 September 2010 in relation to, among other things, the Bonus Issue
“Articles”	articles of association of the Company
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bonus Issue”	issue of Bonus Share(s) by the Company on the basis of one (1) Bonus Share for every one (1) existing Share held by the Shareholders whose names appear on the register of members of the Company on the Record Date
“Bonus Share(s)”	new Share(s) to be issued pursuant to the Bonus Issue
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Shareholders”	the beneficial owners of Shares who have deposited their respective Shares with CCASS through their brokers, custodians or nominees
“Company”	SUNeVision Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Convertible Note(s)” or “Note(s)”	the Convertible Note(s) to be constituted by the Deed Poll and issued by the Company pursuant to the Bonus Issue to Shareholders electing to receive the Note(s) in lieu of the Bonus Shares

DEFINITIONS

“Deed Poll”	the deed poll and any other document (as from time to time altered in accordance with the Deed Poll) to be executed by the Company in order to provide for and to protect the rights and interests of the Noteholders
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company which was held on 1 November 2010
“EGM Circular”	the circular of the Company which was despatched to the Shareholders on 29 September 2010 in relation to, among other things, the Bonus Issue
“Election Form”	the election form to be despatched together with this document to the Shareholders (other than the Excluded Shareholders) for them to elect to receive the Convertible Note in lieu of the Bonus Shares
“Excluded Shareholders”	those Overseas Shareholders to whom the Directors, having made enquiries pursuant to Rule 17.41(1) of the GEM Listing Rules, consider it necessary or expedient not to issue the Bonus Shares and/or the Convertible Notes on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Investor Participants”	has the meaning ascribed to it under the CCASS Operational Procedures

DEFINITIONS

“Latest Practicable Date”	28 October 2010, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein
“Noteholder(s)”	holder(s) of the Convertible Note(s)
“Other Nominees”	the nominees, depositories, trustees or custodians or any third parties other than HKSCC Nominees
“Other Related Persons”	the directors and chief executives of the Company or any of its subsidiaries and any associate of any of them
“Overseas Shareholders”	Shareholders whose names appeared on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Record Date”	1 November 2010, being the record date for the purpose of ascertaining the entitlements of the Shareholders to the Bonus Issue
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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 Subsidiaries”	wholly-owned subsidiaries of SHKP (including their nominees, if any), which are also registered Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the GEM is open for business
“SUNeVision Group” or “Group”	the Company and its subsidiaries



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8008)

Executive Directors:

Kwok Ping-luen, Raymond (*Chairman*)
Kwok Ping-sheung, Walter
Tsim Wing-kit, Alfred (*Chief Executive Officer*)
Tung Chi-ho, Eric
Wong Chin-wah
So Wai-kei, Godwin

Non-Executive Directors:

Kwok Ping-kwong, Thomas
Cheung Wing-yui
Siu Hon-wah, Thomas
Chan Kui-yuen, Thomas
So Chung-keung, Alfred

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

Registered Office:

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

***Head Office and Principal Place
of Business:***

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road
Chai Wan
Hong Kong

3 November 2010

To the Shareholders

Dear Sir/Madam,

**BONUS ISSUE OF SHARES TO FULFILL
THE NEW PUBLIC FLOAT REQUIREMENT**

1. INTRODUCTION

As mentioned in the Announcement published on 9 September 2010 and the EGM Circular despatched to the Shareholders on 29 September 2010, the Board proposed to make a bonus issue of new Shares, credited as fully-paid, on the basis of one (1) Bonus Share for every one (1) existing Share held by the Shareholders whose names appeared on the register of members of the Company on the Record Date.

LETTER FROM THE BOARD

As stated in the announcement of the Company dated 1 November 2010 relating to the poll results of the EGM, the ordinary resolution to approve the Bonus Issue was duly passed by way of poll.

The purpose of this document is to set out further information in relation to the Bonus Issue (including the option to elect to receive the Convertible Note).

A summary of the principal terms and conditions of the Convertible Note, including circumstances in which the Convertible Note can be converted, is set out in the Appendix on pages 18 to 31 of this document.

2. BONUS ISSUE OF SHARES

Basis of Bonus Issue

In order to fulfill the new public float requirement by 30 June 2011 as required under the GEM Listing Rules, the Board proposed to make a bonus issue of new Shares, credited as fully-paid, on the basis of one (1) Bonus Share for every one (1) existing Share held by the Shareholders whose names appeared on the register of members of the Company on the Record Date. The ordinary resolution to approve the Bonus Issue was duly passed by way of poll at the EGM. The Bonus Issue will be effected by way of capitalisation of an amount standing to the credit of the Company's share premium account. Each Shareholder will be given the option to elect to receive the Convertible Notes in lieu of all (but not part of) the Shareholder's entitlement to the Bonus Shares. The Convertible Notes carry no voting rights at general meetings of Shareholders and will be unlisted, non-transferable and irredeemable but will have conversion rights entitling the Noteholder to convert into an equivalent number of Shares as the number of Bonus Shares which the Noteholder would otherwise be entitled to receive under the Bonus Issue had the Shareholder not elected for the Convertible Notes. In the absence of such election, a Shareholder will receive Bonus Shares under the Bonus Issue.

Reasons for the Bonus Issue

The Company was listed on the GEM in March 2000. Under the GEM Listing Rules then prevailing, the Company was permitted to list with 15% of its issued share capital being held by the public. On 1 July 2008, the GEM Listing Rules were amended to the effect that all GEM issuers are required to meet the new public float requirement of 25% by 30 June 2011.

SUNeVision Group has a strong financial position, the Company has no immediate need to raise capital and to do so will not be considered to be in the interests of the existing Shareholders.

The Board considered a number of options to fulfill the new public float requirement and concluded that the Bonus Issue is in the interests of the Shareholders. The Board does not expect that Shareholders (other than the SHKP Subsidiaries) will elect to receive the Convertible Notes which carry no voting rights at general meetings of Shareholders and will be unlisted, non-transferable, irredeemable and therefore not be readily tradeable.

LETTER FROM THE BOARD

Advice and Recommendation from the Financial Adviser

The Board engaged Anglo Chinese to advise it on addressing the new public float requirement under the GEM Listing Rules, which requires that not less than 25% of the issued share capital of the Company has to be held by the public by 30 June 2011. Anglo Chinese advised that the Bonus Issue has the following advantages:

- (i) it preserves the equity interest of all Shareholders who receive the Bonus Shares, and in the case of the SHKP Subsidiaries and any other Shareholders electing to receive the Convertible Notes, their equity interest would be preserved upon conversion of the Convertible Notes;
- (ii) all Shareholders will be treated equally;
- (iii) no capital raising will be required, which would potentially incur significant expenses and may have dilutive effects on existing Shareholders; and
- (iv) it will not be subject to or dependent on market conditions.

Anglo Chinese advised the Board that it should recommend the public Shareholders NOT to elect to receive the Convertible Notes which carry no voting rights at general meetings of Shareholders and will be non-transferable, unlisted, and therefore untradeable. The Convertible Notes cannot be readily realised other than by converting them into Shares and subsequently selling them. Furthermore, there is no redemption date for the Convertible Notes. On liquidation of the Company, the Convertible Notes automatically convert into Shares and therefore the rights of Noteholders do not have priority over other Shareholders.

SHKP has confirmed that the SHKP Subsidiaries will elect to receive the Convertible Notes. The SHKP Subsidiaries will still remain controlling shareholders of the Company by holding at least 73.37% of the issued share capital of the Company following the Bonus Issue. The SHKP Subsidiaries can thereafter take a different view on holding part of their interest in the Company in the form of Convertible Note. They will still have considerable flexibility in being able to trade part of their current shareholdings, should they so wish, before reducing their shareholdings in the Company to 50% or less. Any such trading can then be replenished by conversion of the corresponding amount of Convertible Notes. Accordingly, the marketability of the Convertible Notes does not have the same significance as it does to public Shareholders. In economic terms, the Convertible Notes have no advantages over the Shares and in terms of rights, it has less than the Shares. No benefit is being conferred on the SHKP Subsidiaries through their election for the Convertible Notes. SHKP has only agreed to procure the SHKP Subsidiaries to elect for the Convertible Notes in order to facilitate the Company's fulfilment of the new public float requirement by 30 June 2011 as required under the GEM Listing Rules.

LETTER FROM THE BOARD

Furthermore, as stated below, the board lot size of the Shares is to be increased from 500 Shares to 1,000 Shares, thus making the readily tradable value of a board lot similar to that prevailing prior to the last day of dealings in the Shares on a cum-entitlements basis for the Bonus Issue. The effect of electing for the Convertible Notes will be such that holders of a single current board lot of Shares will cease to hold a board lot after the change in board lot size.

Anglo Chinese advised the Directors to recommend that all Shareholders, other than the SHKP Subsidiaries, NOT to elect to receive the Convertible Notes as doing so will not be in their interests and will defeat the sole objective of the Bonus Issue for the Company to fulfill the new public float requirement by 30 June 2011 as required under the GEM Listing Rules.

Recommendation from the Board

The Board therefore recommends that all Shareholders, other than the SHKP Subsidiaries, NOT to elect to receive the Convertible Notes as the Notes carry no voting rights at general meetings of Shareholders and are unlisted, non-transferable and irredeemable and therefore not marketable. There is therefore no benefit to the public Shareholders holding the Convertible Notes. Furthermore, public Shareholders electing to receive the Convertible Notes may jeopardise the objective of the Bonus Issue for the Company to meet the new public float requirement under the GEM Listing Rules.

Number of Bonus Shares to be Issued

As at the Latest Practicable Date, the number of Shares in issue was 2,031,483,833 and accordingly the Bonus Issue would give rise to the issue of the same number of Bonus Shares in the absence of any Shareholder electing to receive the Convertible Notes in lieu of the Bonus Shares. In order to facilitate the Company to comply with the new public float requirement under the GEM Listing Rules, which require that by 30 June 2011 not less than 25% of the issued share capital of the Company is held by the public, SHKP, as the ultimate controlling shareholder of the Company, has confirmed to the Company that, among other things, it will procure the SHKP Subsidiaries to elect to receive the Convertible Notes in lieu of the Bonus Shares in respect of all the Shares registered in the names of the SHKP Subsidiaries on the Record Date. SHKP, through the SHKP Subsidiaries, beneficially owns a total of 1,719,427,500 Shares, representing approximately 84.64% of the issued share capital of the Company. Set out below is the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Bonus Issue (assuming

LETTER FROM THE BOARD

that no Shareholders other than the SHKP Subsidiaries will elect to receive the Convertible Notes in lieu of the Bonus Shares):

	As at the Latest Practicable Date		Immediately after completion of the Bonus Issue	
	<i>No. of Shares</i>	<i>Shareholding percentage (approx.)</i>	<i>No. of Shares</i>	<i>Shareholding percentage (approx.)</i>
No. of Shares held by the SHKP Subsidiaries	1,719,427,500	84.64%	1,719,427,500	73.37%
No. of Shares held by Other Related Persons	1,743,543	0.09%	3,487,086	0.15%
No. of Shares held by the public	310,312,790	15.28%	620,625,580	26.48%
Total	<u>2,031,483,833</u>	<u>100.00%</u>	<u>2,343,540,166</u>	<u>100.00%</u>

Pursuant to the Articles, the Company may resolve by ordinary resolution to capitalise all or any part of the amount standing to the credit of the Company's share premium account and to apply such amount to pay up in full unissued shares of the Company. The total amount to be capitalised from the share premium account of the Company for the purpose of the Bonus Issue and/or the issue of new Shares upon conversion of all the Convertible Notes will be approximately HK\$203.2 million. On 30 June 2010, the Company had in its account share premium amounting to approximately HK\$2,536 million.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon, among other things:

- (i) the approval of the amendments to the Articles for the purpose of the Convertible Notes by the Shareholders by way of special resolution at the AGM;
- (ii) the approval of the Bonus Issue and the terms of the Convertible Note by the Shareholders by way of ordinary resolution at the EGM;
- (iii) the approval from the Stock Exchange of the terms of the Convertible Note to be issued;
- (iv) the approval of the issue of (a) the Bonus Shares and the Convertible Notes, (b) new Shares falling to be issued upon conversion of the Convertible Notes or otherwise issued in accordance with the terms of the Deed Poll and (c) further new Shares falling to be issued upon conversion of any further new convertible notes which may be issued by the Company on the same terms and conditions as the Convertible Notes in accordance with the Deed Poll, by the Shareholders by way of ordinary resolution at the EGM; and

LETTER FROM THE BOARD

- (v) the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares and the Shares to be issued upon conversion of the Convertible Note.

As at the Latest Practicable Date, all of the abovementioned conditions have been fulfilled.

Principal terms of the Convertible Note

The principal terms of the Convertible Note are set out below:

Aggregate Amount	Up to HK\$203,148,383.30, in the denomination of HK\$0.10 per unit of the Notes.
Conversion Price	HK\$0.10 per Share, subject to adjustment in accordance with the Deed Poll.
Mandatory Conversion	On voluntary or involuntary dissolution, liquidation or winding up of the Company, the Convertible Notes will be mandatorily converted into Shares at the Conversion Price.
No Redemption	The Convertible Note will not be subject to redemption.
Conversion Period	At any time after the issue of the Convertible Notes, and the conversion date will be deemed to be the 30th Stock Exchange Business Day following surrender of the Note certificates by the Noteholder with a notice of conversion and the Noteholder will be deemed to be the holder of the Shares so converted with effect from the aforesaid conversion date.
Distributions	The Notes will have no entitlement to interest but (i) if and whenever the Company shall pay or make any cash dividend or distribution of any kind or any distribution of assets in specie (other than distribution of Shares, debentures or other securities) to its Shareholders (the “ Distribution ”), the Company shall, subject to compliance with relevant laws, rules, regulations and requirements in Hong Kong and the Cayman Islands, at the same time pay or distribute to each Noteholder an amount of cash or other assets the subject matter of the Distribution which is equal to (i) the amount of cash or other assets the subject matter of the Distribution per Share receivable by the Shareholders under the Distribution, multiplied by (ii) the number of Shares which the Noteholder would have become a holder of, had such Noteholder’s Notes then outstanding been converted on the relevant record date for determining entitlement to the Distribution; or

LETTER FROM THE BOARD

- (ii) if and whenever the Company shall issue any Shares, debentures or other securities, credited as fully paid, out of or by way of capitalisation of its profits or reserves and/or share premium account to its Shareholders (the “**Capitalisation Issue**”), the Company shall at its option and subject to compliance with relevant laws, rules, regulations and requirements in Hong Kong and the Cayman Islands, issue to each Noteholder either (a) such number of Shares, debentures or securities which is equal to (i) the number of such Shares, debentures or securities receivable by the Shareholders in respect of each issued Share held by them under the Capitalisation Issue, multiplied by (ii) the number of Shares which the Noteholder would have become a holder of, had such Noteholder’s Notes then outstanding been converted on the relevant record date for determining entitlement to the Capitalisation Issue, or (b) further convertible notes on the same terms and conditions as the Convertible Notes in such amount which would on conversion thereof entitle the Noteholders of such convertible notes to such number of Shares as is equal to (i) the number of Shares receivable by the Shareholders in respect of each issued Share held by them under the Capitalisation Issue, multiplied by (ii) the number of Shares which the Noteholder would have become a holder of, had such Noteholder’s Notes then outstanding been converted on the relevant record date for determining entitlement to the Capitalisation Issue.

Non-transferability

The Convertible Notes may not be transferred or assigned whether in whole or in part in respect of its amount outstanding from time to time.

Other Rights

If and whenever the Company shall offer to issue Shares or other securities by way of rights to its Shareholders (the “**Rights Issue**”), then at the option of the Company and subject to compliance with the relevant laws, rules, regulations and requirements in Hong Kong and the Cayman Islands, the Company shall at the same time offer to each Noteholder for subscription either (a) such number of Shares or securities which is equal to (i) the number of such Shares or securities offered by the Company to the Shareholders in respect of each issued Share held by them under the Rights Issue, multiplied by (ii) the

LETTER FROM THE BOARD

number of Shares which the Noteholder would have become a holder of, had such Noteholder's Notes then outstanding been converted on the relevant record date for determining entitlement to the Rights Issue, or (b) further convertible notes on the same terms and conditions as the Notes in such amount which would on conversion thereof entitle the Noteholders of such convertible notes to such number of Shares as is equal to (i) the number of Shares offered for subscription by the Shareholders in respect of each issued Share held by the Shareholders under the Rights Issue, multiplied by (ii) the number of Shares which the Noteholder would have become a holder of, had such Noteholder's Notes then outstanding been converted on the relevant record date for determining entitlement to the Rights Issue.

A more detailed summary of the terms and conditions of the Convertible Note is set out in the Appendix on pages 18 to 31 of this document.

Status of the Bonus Shares and Shares issuable upon conversion of the Convertible Notes

The Bonus Shares and the Shares which may fall to be allotted and issued on conversion of the Convertible Notes will rank *pari passu* in all respects with the Shares then in issue on the date of such allotment and issue. Before conversion, the Convertible Notes do not carry voting rights at general meetings of Shareholders.

Record Date and closure of Register of Members

To qualify for the Bonus Issue, a Shareholder must on the Record Date be registered as a member of the Company and not be an Excluded Shareholder.

The register of members of the Company was closed from 25 October 2010 to 1 November 2010, both days inclusive, during which period no transfer of Shares was registered.

Change in board lot size

Currently, the Shares are traded on the Stock Exchange in board lot size of 500 Shares. The Board proposed that the board lot size be changed from 500 Shares to 1,000 Shares subject to the Bonus Issue becoming effective. The change in

LETTER FROM THE BOARD

board lot size aims to maintain the market value of a board lot at approximately the same value. Based on the closing price of the Shares of HK\$1.10 as at the Latest Practicable Date, a board lot of the Shares is worth approximately HK\$550. Change in board lot size would potentially reduce transaction and registration costs incurred by the Shareholders and investors of the Company. The Board considers a change in board lot size to be in the interests of the Company and its Shareholders as a whole.

In order to facilitate the trading of odd lots of the Shares, the Company has procured BOCI Securities Limited to act as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of Shares arising from the Bonus Issue. Shareholders who wish to take advantage of this matching service either to dispose of their existing odd lots or to top up to board lots of 1,000 Shares after the Bonus Issue becoming effective may contact Mr. Law Pak Hong, Passe of BOCI Securities Limited at 18/F Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong at telephone number (852) 2718 9663.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders are advised to consult their own professional advisers if they are in doubt of the above matching service. The change in the board lot size will not result in any change in the relative rights of the Shareholders. Please refer to the expected timetable for the period during which the Company will provide matching service for the sale and purchase of odd lots of the Shares.

Overseas Shareholders

This document, the Election Form and the issue of the Bonus Shares and the Convertible Notes in relation the Bonus Issue will not be registered under any securities legislation outside Hong Kong. As at the Latest Practicable Date, there were certain Shareholders whose addresses as shown in the register of members of the Company were in Australia, Canada, the People's Republic of China, the United Kingdom, Japan, Macau, Malaysia, New Zealand, the Philippines, the United States and the British Virgin Islands. The Board has made enquiries with its legal advisors as to laws in such jurisdictions pursuant to Rule 17.41(1) of the GEM Listing Rules. Based on advice from its legal advisors, the Directors will offer the Bonus Issue and the option to elect to receive Convertible Notes in lieu thereof to those Shareholders as shown on the register of members of the Company with addresses in Australia, Canada, the People's Republic of China, Japan, Macau, the Philippines and the British Virgin Islands as at the Latest Practicable Date should they remain Shareholders on the Record Date. This document and the Election Form have been sent to such Shareholders.

LETTER FROM THE BOARD

The Company's legal advisors on the laws of Malaysia have advised that under Section 212 of the Capital Markets and Services Act 2007 (the "CMSA"), the prior approval of the Securities Commission in Malaysia (the "SC") must be obtained before any person may make available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase securities in Malaysia. The Bonus Issue falls within an exemption from the requirement to obtain the approval of the SC under Section 212 of the CMSA but the issuance of the Convertible Notes in lieu of Bonus Shares is not specifically exempted.

The Company's legal advisors on the laws of the United Kingdom have advised that pursuant to Section 85(1) of the Financial Services and Markets Act 2000, as amended (the "FSMA"), absent an applicable exemption, the Bonus Shares and the Convertible Notes cannot be offered to Shareholders in the United Kingdom unless an approved prospectus has been made available to the public before the offer is made. The Prospectus Rules made by the Financial Services Authority provide that Section 85(1) of the FSMA is disapplied in relation to shares allotted free of charge to existing shareholders if a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer. This exemption may apply to the Bonus Issue but not the Convertible Notes as they are not themselves shares. Exemptions provided by the Prospectus Rules which can potentially apply to both the Bonus Issue and the offer of the Convertible Notes are where the offer is made to "qualified investors" only or is made to fewer than 100 persons in the United Kingdom. The United Kingdom legal advisors have advised that there may be practical difficulty in ascertaining that an individual shareholder is not a qualified investor with underlying clients which would exceed the 100 persons threshold.

The Company's legal advisors on the laws of New Zealand have advised that the Bonus Issue and the provision of the right to elect to receive Convertible Notes may potentially constitute an offer to the public in New Zealand for subscription as governed by the Securities Act 1978 (the "NZ Act") and Securities Regulations 2009 (the "NZ Regulations"). In the absence of any specific or general exemption, no offer of securities may be made to the public in New Zealand on behalf of an issuer unless the issuer has prepared both a New Zealand registered prospectus and an investment statement that comply with the NZ Act and the NZ Regulations. The initial view of the Company's legal advisors on New Zealand laws is that it is unlikely any exception or exemption will apply to the current scenario. As potential civil and criminal liability attaches to breaches of the NZ Act and the NZ Regulations, the legal advisors have advised that the prudent approach would be to prepare both a New Zealand registered prospectus and an investment statement that comply with the NZ Act and the NZ Regulations. However, if Shareholders with registered addresses in New Zealand are not given the option to elect to receive the Convertible Notes and are allotted Bonus Shares only, then the NZ Act and the NZ Regulations will not apply.

LETTER FROM THE BOARD

The Company's legal advisors on the laws of the United States have advised that the election between the Bonus Shares and the Convertible Notes would be treated like a rights offering for U.S. securities laws purposes, and would require compliance with Rule 801 under the U.S. federal securities laws. The Rule 801 requirements include certain legend requirements, submission to the Securities Exchange Commission of the United States (the "SEC") of documents otherwise circulated to non-US holders and appointment by the Company of an agent for service of process in the U.S. Accordingly, the Company's legal advisors on United States laws have advised that Shareholders with registered address in the United States should be excluded from the Convertible Notes election option and receive only Bonus Shares.

Based on the above advice, the Directors have decided that it would be necessary or expedient to exclude the option to elect to receive the Convertible Notes (in lieu of receiving the Bonus Shares) from Shareholders whose addresses as shown in the register of members of the Company are in Malaysia, the United Kingdom, New Zealand or the United States. Therefore, the option to elect to receive the Convertible Note will *NOT* be available to any Shareholder with registered address in Malaysia, the United Kingdom, New Zealand or the United States but the Bonus Issue will still be extended to such Shareholders. This document (but not the Election Form) has been sent to such Shareholders.

Australia

The Company does not have an Australian financial services licence and is not licensed in Australia to provide financial product advice in respect of the Bonus Shares or the Convertible Notes. The Company is not subject to the Australian continuous disclosure requirements under the Corporations Act 2001 (Cth). This document was prepared under Hong Kong law and do not constitute an Australian prospectus and therefore may not contain all the information required by an Australian prospectus. No Australian prospectus has been prepared in respect of the Bonus Shares or Convertible Notes. You should consider this document carefully and obtain your own financial product advice.

The Philippines

Under the Philippine Securities Regulation Code (the "PSRC"), securities (such as the Bonus Shares and the Convertible Notes) may not be sold or offered for sale or distribution within the Philippines without a registration statement duly filed with and approved by the Philippines Securities and Exchange Commission (the "PSEC"). The Company's legal advisors on the laws of the Philippines have advised that the offer of Bonus Shares or Convertible Notes to the Shareholder with a registered address in the Philippines falls within Subsection 10.1(c) and (e) of the PSRC under which exemption from the registration statement applies. The PSEC's confirmation

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that the Bonus Issue and the right to elect to receive Convertible Notes qualifies as an exempt transaction under the PSRC, which confirmation is purely voluntary, has not been obtained.

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OF SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

Listing, Dealings and Settlement

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes and such listing approval has been granted by the Stock Exchange. Subject to fulfillment of the conditions under the section headed “Conditions” above, certificates for the Bonus Shares and the Convertible Notes are expected to be despatched to Shareholders by post at their own risk on or about 25 November 2010. In the case of joint shareholdings, the certificates for the Bonus Shares and the Convertible Notes will be despatched to the address of the Shareholder first named in the register of members of the Company in respect of such joint shareholding by post.

Dealings in the Bonus Shares are expected to commence on 29 November 2010. As mentioned in the section above headed “Change in board lot size”, the board lot size will be changed from 500 Shares to 1,000 Shares (including Bonus Shares) on the same date.

Subject to the granting of the listing of, and permission to deal in, the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes, as well as compliance with the stock admission requirements of the HKSCC (if applicable), the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of their dealings on the Stock Exchange or such other date as shall be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

None of the Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements for the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes and how such arrangements affect their rights and interests.

Stamp Duty

Dealings in the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong. The Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the Bonus Shares and the Shares to be issued on conversion of the Convertible Notes. It is emphasized that none of the Company, its Directors or any other parties involved in the Bonus Issue accepts responsibility for any tax implication or liabilities of the Shareholders.

3. RESPONSIBILITY STATEMENT

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

4. INTERESTS IN COMPETING BUSINESS

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognised leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and relevant business. These institutions and business entities may be in competition with the Group. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or controlling Shareholders or their respective associates had any interests in any business which competes or may compete with the business of the SUNeVision Group.

LETTER FROM THE BOARD

5. ACTION TO BE TAKEN

An Election Form is also enclosed with this document to Shareholders (not being Excluded Shareholders). Shareholders (other than Excluded Shareholders) who wish to elect for the Convertible Note must complete and return the Election Form in accordance with the instructions thereon. Failure to do so may result in such election being void or having no effect.

No action needs to be taken by Shareholders who wish to receive Bonus Shares. Shareholders will only receive Convertible Notes if they make an election to receive Convertible Notes under the Election Form.

6. RECOMMENDATION

The Board or a duly authorised committee thereof for the time being believes that the Bonus Issue is in the best interests of the Company and its Shareholders. The Board recommends Shareholders (other than the SHKP Subsidiaries) to elect to receive Bonus Shares and not to elect to receive the Convertible Notes, which carry no voting rights at general meetings of Shareholders and will be unlisted, non-transferable and irredeemable.

Yours faithfully,
For and on behalf of the Board
SUNeVision Holdings Ltd.
Kwok Ping-luen, Raymond
Chairman

The Notes will be issued subject to and with the benefit of the Deed Poll to be executed by the Company and they will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The principal terms and conditions of the Notes will be set out in the certificates for the Notes and will include provisions to the effect set out below. Noteholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and the provisions of the Deed Poll, a copy of the draft of which is available for inspection by the Shareholders at the head office and principal place of business of the Company situated at MEGATOP, MEGA-iAdvantage, 399 Chai Wan Road, Chai Wan, Hong Kong during normal business hours on any weekday, except public holidays, up to and including 17 November 2010.

1. STATUS

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company in respect of the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

2. FORM, DENOMINATION AND TITLE

(a) Form and denomination

The Notes are in registered form in the denomination of HK\$0.10 (each, a “**Note**”). A note certificate (each, a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of the Notes. Each Note and each Certificate will have an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Company will procure to be kept by the Note registrar having an office in Hong Kong (the “**Registrar**”).

(b) Title

The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. “**Noteholder**” and (in relation to a Note) “**holder**” means the person in whose name a Note is registered as recorded in the register of Noteholders.

3. PAYMENT TO OR ENTITLEMENT OF THE NOTEHOLDER

- (a) If and whenever the Company shall, in respect of the issued Shares of the Company, pay or make any cash dividend or distribution of any kind or any distribution of assets in specie (other than the Capitalisation Issue referred to in paragraph 3(b) below) to the Shareholders (for the purpose of this Appendix, the “**Distribution**”), the Company shall, subject to compliance with the relevant laws, rules, regulations and requirements in Hong Kong and in the Cayman Islands and the applicable listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange), at the same time pay or distribute to each Noteholder an amount of cash or other assets the subject matter of the Distribution which is equal to (i) the amount of cash or other assets the subject matter of the Distribution per Share receivable by the Shareholders under the Distribution, multiplied by (ii) the number of Shares which such Noteholder would have become a holder of, had the Notes then outstanding held by the Noteholder been converted in accordance with the conditions of the Note (the “**Conditions**”) on the record date for determining entitlement to the Distribution.
- (b) If and whenever the Company shall, in respect of the issued Shares of the Company, issue any Shares or debentures or securities, credited as fully paid, out of or by way of capitalisation of its profits or reserves and/or share premium account (whether or not issued in lieu of the whole or any part of a cash dividend) to its Shareholders (for the purpose of this Appendix, the “**Capitalisation Issue**”), then at the option of the Company and subject to compliance with the relevant laws, rules, regulations and requirements in Hong Kong and in the Cayman Islands and the applicable listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange), the Company shall, on the date of the Capitalisation Issue, issue to each Noteholder either (a) such number of Shares, debentures or securities which is equal to (i) the number of such Shares, debentures or securities receivable by the Shareholders in respect of each issued Share held by them under the Capitalisation Issue, multiplied by (ii) the number of Shares which such Noteholder would have become a holder of, had the Notes then outstanding held by the Noteholder been converted in accordance with the Conditions on the record date for determining entitlement to the Capitalisation Issue; or (b) further convertible notes on the same terms and conditions as the Notes in such amount which would on conversion thereof entitle the holder thereof to such number of Shares as is equal to (i) the number of Shares receivable by the Shareholders in respect of each issued Share held by them under the Capitalisation Issue, multiplied by (ii) the number of Shares which such Noteholder would have become a holder of, had the Notes then outstanding held by the Noteholder been converted in accordance with the Conditions on the record date for determining entitlement to the Capitalisation Issue.

4. NON-TRANSFERABILITY OF NOTES; ISSUE OF CERTIFICATES

(a) Transfers

The Notes may not be transferred or assigned whether in whole or in part in respect of its amount outstanding from time to time.

(b) Delivery of New Certificates

Where only part of the amount of the Notes in respect of which a Certificate is issued is, subject to the Conditions, to be converted, a new Certificate in respect of the remaining amount of the Notes not so converted will, within fourteen Business Days (as defined below) after the Conversion Date (as defined in sub-paragraph 6(b)(i) below), be made available for collection without charge at the specified office of the Registrar or, if so requested by the holder, be mailed by uninsured mail at the risk of the holder of the Notes not so converted (but free of charge to the holder) to the address of such holder appearing on the register of Noteholders.

“**Business Day**” shall mean a day on which banks are open for business in Hong Kong (including Saturday).

5. INTEREST

The Notes do not bear any interest.

6. CONVERSION

(a) Conversion Period and Price

(i) Subject to and upon compliance with the provisions of the Conditions, the right of a Noteholder to convert any Note into Shares (the “**Conversion Rights**”) attaching to any Note may be exercised, at the option of the holder thereof, at any time on or after [*date of dispatch of the Note Certificates*] (at the place where the Certificate representing such Note is deposited for conversion) for so long as the Notes remain outstanding until the outstanding Notes are mandatorily converted in accordance with sub-paragraph 9(a) (the “**Conversion Period**”). Noteholders have the right to convert their Notes into Shares at any time during the Conversion Period. Upon conversion, the right of the converting Noteholder to any payment by the Company in respect of the Notes to be converted shall be extinguished and released, and the Company shall allot and issue Shares credited as paid up in full as provided in this paragraph 6.

The number of Shares to be issued on conversion of a Note will be determined by dividing the amount of the Note to be converted by the Conversion Price (as defined in sub-paragraph 6(a)(iii) below) in effect on the Conversion Date (as defined in sub-paragraph 6(b)(i) below).

- (ii) If more than one Note is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate amount of the Notes to be converted. Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after [*date of dispatch of the Note Certificates*] 2010, the Company will upon conversion of the Notes pay in cash (in HK dollars by means of a HK dollar cheque drawn on a bank in Hong Kong) a sum equal to such portion of the amount of the Note or Notes in respect of which the Conversion Rights are exercised as corresponds to any fraction of a Share not issued as aforesaid if such sum exceeds HK\$100.
 - (iii) The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$0.10 per Share but will be subject to adjustment in the manner provided in sub-paragraph 6(c) below.
- (b) Procedure for Conversion
- (i) To exercise the Conversion Right attaching to any Note, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of the Registrar a notice of conversion (a “**Conversion Notice**”) in duplicate in the form (for the time being current) obtainable from the specified office of the Registrar, together with the relevant Certificate and any amount to be paid by the Noteholder pursuant to this sub-paragraph 6(b)(i).

The conversion date in respect of a Note (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Note is expressed in the Conditions to be exercisable and will be deemed to be (i) the 30th Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Note and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under the Conditions in connection with the exercise of such Conversion Right or, (ii) in the case of a mandatory conversion pursuant to sub-paragraph 9(a), the relevant mandatory conversion date. A Conversion Notice

once delivered shall be irrevocable. For the purpose of this Appendix, “**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which the GEM or the Stock Exchange or the Alternative Stock Exchange (as defined in sub-paragraph 6(e) below), as the case may be, is open for business.

A Noteholder delivering a Certificate with respect to a Note for conversion must pay to the paying and conversion agent (the “**Agent**”) appointed by the Company for the purpose of the Convertible Notes any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or other duties payable in the Cayman Islands, Hong Kong, or in the place of the Alternative Stock Exchange, as the case may be, by the Company in respect of the allotment and issue of Shares and listing of the Shares on conversion) (“**Taxes**”) (if any) and such Noteholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Note in connection with such conversion. The Company will pay all other expenses arising on the issue of Shares on conversion of the Notes. The Agent and the Company are under no obligation to determine whether a Noteholder is liable to pay any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this sub-paragraph 6(b)(i).

- (ii) As soon as practicable, and in any event not later than 14 Business Days after the Conversion Date, the Company will, in the case of the Notes converted on exercise of the Conversion Right and in respect of which a Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Noteholder (if any) deposited as permitted by sub-paragraph (b)(i) above, register the person or persons designated for the purpose in the Conversion Notice which must be the same person(s) as the relevant holder(s) of the Note(s) to be converted as the holder(s) of the relevant number of Shares as of the Conversion Date in the Company’s register of members in Hong Kong and will make a certificate or certificates for the relevant Shares available for collection at the principal office of the Company’s branch share registrar in Hong Kong or, if so requested in the relevant Conversion Notice, will mail such certificate or certificates to the person(s) and at the place specified in the Conversion Notice, together with any other securities, property or cash required to be delivered upon conversion.

If the Conversion Date in relation to any Note shall be on or after a date with effect from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions referred to in sub-paragraph 6(c) below and Clause 9 of the Deed Poll and the relevant

Conversion Date falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will procure that the provisions of this sub-paragraph (ii) shall be applied, mutatis mutandis, to such number of Shares as is equal to the excess of the number of Shares which would have been required to be issued on conversion of such Note if the relevant retroactive adjustment had been given effect as at the said Conversion Date over the number of Shares previously issued pursuant to such conversion, and in such event and in respect of such number of Shares references in this sub-paragraph (ii) to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively).

The person or persons designated for that purpose in the Conversion Notice which must be the same person(s) as the relevant holder(s) of the Notes so converted will be deemed for all purposes to be the holder(s) of record of the number of Shares issuable upon conversion with effect from the relevant Conversion Date. The Shares issued upon conversion of the Notes will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date except for any right excluded by mandatory provisions of applicable law. A holder of Shares issued on conversion of the Notes shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

(c) Adjustment to Conversion Price

The Conversion Price will be subject to adjustment, in the event(s) set out in the Deed Poll, being:

- (i) any alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification; or
- (ii) if the Company considers that it would be appropriate for an adjustment to be made to the Conversion Price as a result of any event(s) or circumstances not referred to in this sub-paragraph 6(c), the Company shall, at its own expense, consult an independent investment bank of international repute (acting as experts) selected by the Company to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and upon such determination by the independent investment bank such adjustment (provided that the adjustment would not reduce the Conversion Price below the par value of the Shares) shall be made and take effect in accordance with such determination;

provided that where the circumstances giving rise to any adjustment pursuant to this sub-paragraph 6(c) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of the circumstances which have already given or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this sub-paragraph 6(c) as may be advised by the independent investment bank to be in their opinion appropriate to give the intended result.

On any adjustment, the resultant Conversion Price, if not an integral multiple of one (1) Hong Kong cent, shall be rounded down to the nearest one (1) Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustments shall be given to Noteholders in accordance with paragraph 15 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of the Notes, Shares would fall to be issued at a discount to their par value.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of the independent investment bank a modification would need to be made to the foregoing provisions in order to give the intended result, such modification shall be made as may be advised by the independent investment bank to be in their opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price (i) when an anti-dilution event set out in paragraph 7 arises; or (ii) when the Company pays or makes a Distribution to the Shareholders and makes payment to the Noteholders as referred to in Clause 3.1 of the Deed Poll and sub-paragraph 3(a); or (iii) when the Company makes any Capitalisation Issue and issue any Shares, debentures or securities or further convertible notes to the Noteholders as referred to in Clause 3.2 of the Deed Poll and sub-paragraph 3(b); or (iv) when Shares or other securities (including rights or options) are issued, offered or granted pursuant to any Employee Share Scheme (as defined below).

“**Employee Share Scheme**” shall mean any scheme as may be approved by the Company at a general meeting (whether before or after the date of the Deed Poll) and in compliance with the applicable listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange) pursuant to which Shares or other securities (including rights or options) are issued to employees (including directors) or former employees of the Company, its subsidiaries and/or

associated companies, and/or consultants, professional and other advisers to the Company, its subsidiaries and/or associated companies, and/or chief executives and/or substantial shareholders of the Company, its subsidiaries and/or associated companies, and/or employees of substantial shareholders of the Company, its subsidiaries and/or associated companies (including without limitation the share option scheme adopted by the Company on 3 December 2002).

(d) Consolidation, Amalgamation or Merger

In the case of any consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, the Company will forthwith notify the Noteholders of such event in accordance with paragraph 15 and (so far as legally possible) cause the corporation resulting from such consolidation, amalgamation or merger or the corporation which shall have acquired such assets, as the case may be, to execute a deed poll supplemental to the Deed Poll to ensure that the holder of each Note then outstanding will have the right (during the period in which such Note shall be convertible) to convert such Note into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Note immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental deed poll will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this paragraph. The above provisions of this paragraph 6(d) will apply in the same way to any subsequent consolidations, amalgamation, mergers, sales or transfers.

(e) Undertakings

The Company has undertaken in the Deed Poll that it will use all reasonable endeavours to maintain a listing on the Stock Exchange for all the issued Shares for the time being (save for any suspension of trading of a temporary nature) and to obtain and maintain a listing for all the Shares to be issued (i) on exercise of the Conversion Rights and (ii) on exercise of the conversion rights attaching to any further convertible notes which may be issued by the Company to the Noteholders on the same terms and conditions as the Notes in accordance with the Deed Poll and the Conditions or, if the Company is unable to obtain or maintain such listing having used such reasonable endeavours, use all reasonable endeavours to obtain and maintain a listing for such Shares on any other stock exchange (each an “**Alternative Stock Exchange**”) as the

Company may from time to time determine and will forthwith give notice to the Noteholders in accordance with paragraph 15 of the listing or de-listing of the Shares on the Stock Exchange or such Alternative Stock Exchange.

The Company has undertaken in the Deed Poll to pay the expenses of the issue of, and all expenses of obtaining and maintaining listing for, the Shares arising on conversion of the Notes.

The Company has also given certain other undertakings in the Deed Poll for the protection of the Conversion Rights.

7. ANTI-DILUTION EVENTS

- (a) **Rights Issues of Shares or Options over Shares:** If and whenever the Company shall offer to issue Shares or other securities to its Shareholders by way of rights, or offer to issue or grant to Shareholders by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares or other securities (for the purpose of this Appendix, the “**Rights Issue**”), then at the option of the Company and subject to compliance with the relevant laws, rules, regulations and requirements in Hong Kong and in the Cayman Islands and the applicable listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange), the Company shall at the same time offer to each Noteholder for subscription either (a) such number of Shares or securities which is equal to (i) the number of such Shares or securities offered by the Company to the Shareholders in respect of each issued Share held by them under the Rights Issue, multiplied by (ii) the number of Shares which such Noteholder would have become a holder of, had the Notes then outstanding held by the Noteholders been converted in accordance with the Conditions on the record date for determining entitlement under the Rights Issue, in which case, the subscription price per Share or for each of the securities offered to the Noteholder would be the same as the subscription price per Share or for each of the securities offered to the Shareholders under the Rights Issue; or (b) further convertible notes on the same terms and conditions as the Notes in such amount which would on conversion thereof entitle the holder thereof to such number of Shares as is equal to (i) the number of Shares offered for subscription by the Shareholders in respect of each issued Share held by the Shareholders under the Rights Issue, multiplied by (ii) the number of Shares which such Noteholder would have become a holder of, had the Notes then outstanding held by the Noteholder been converted in accordance with the Conditions on the record date for determining the Shareholders’ rights entitlement under the Rights Issue provided that the latest time and date for payment and the manner and format of payment for Shareholders under the Rights Issue shall apply mutatis mutandis to Noteholders tendering payment for taking up the Shares or securities or further convertible notes being offered by the Company as aforesaid so long as and to the extent permitted by relevant

laws, rules, regulations and requirements in Hong Kong and in the Cayman Islands and the applicable listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange).

- (b) **Other Events:** If the Company in its sole and absolute discretion determines that any event(s) or circumstance(s) not referred to in paragraph 3, paragraph 6(c) or (d) or paragraph 9(a) would have a dilutive effect on the rights of Noteholders (as if Noteholders had fully converted their Notes into Shares), other than an event or circumstance which would have an equally dilutive effect on Shareholders and Noteholders (as if Noteholders had fully converted their Notes into Shares) alike, the Company may, at its own expense, consult an independent investment bank of international repute (acting as experts) selected by the Company to determine as soon as practicable what action to be taken by the Company would be fair and reasonable to Noteholders in view of such event(s) or circumstance(s), and upon such determination by the independent investment bank, the Company may at its sole and absolute discretion take such action.

8. PAYMENTS

Any payment required to be made by the Company to the Noteholders in respect of the Notes pursuant to the Deed Poll and the Conditions will be made by Hong Kong dollar cheque drawn on a bank in Hong Kong mailed to the registered address of the Noteholder. Any payment in respect of each Note will be paid to the holder whose name is shown on the register of Noteholders on the due date for such payment (or, if it is not a Business Day, the immediately following Business Day).

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of paragraph 10. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

For the purposes of making payment in respect of the Notes, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) on the due date for payment (or, if it is not a Business Day, the immediately following Business Day).

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due which arises from circumstances other than the fault of the Company, or if a cheque mailed in accordance with this paragraph 8 arrives after the due date for payment.

9. MANDATORY CONVERSION, CANCELLATION AND REDEMPTION**(a) Mandatory Conversion of the Notes**

Unless previously converted as herein provided, all Notes will be mandatorily converted by the Company when there is a voluntary or involuntary dissolution, liquidation or winding-up of the Company, into such number of Shares as would have been issued by the Company if such Notes had been converted pursuant to the exercise by the Noteholders of the Conversion Rights pursuant to paragraph 6. The mandatory conversion of such Notes by the Company shall be made in accordance with all provisions of paragraph 6 (as modified to reflect a conversion by the Company of the Notes) and subject to the following:

- (i) notwithstanding that a Noteholder has failed to surrender any certificate(s) in respect of any Note, such Note shall be automatically cancelled and of no further effect upon a voluntary or involuntary dissolution, liquidation or winding-up of the Company; and
- (ii) all Notes to be mandatorily converted pursuant to this sub-paragraph 9(a) shall be so converted notwithstanding that the number of such Notes is not an integral multiple of the authorised denomination.

(b) No redemption of the Notes

The Notes shall not be redeemed or purchased by the Company and none of the Noteholders shall have the right to require the Company to redeem or purchase the Notes or any part of the amount thereof.

(c) Cancellation

All Notes which are converted will forthwith be cancelled. Certificates in respect of all Notes cancelled will be forwarded to or to the order of the Registrar and such Notes may not be reissued or resold.

10. TAXATION

All payments by the Company under or in respect of the Deed Poll or the Notes will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within Hong Kong or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Company will pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would otherwise have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Hong Kong other than the mere holding of the Note or by the receipt of any payment made in respect of the Note or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or
- (b) if the Certificate in respect of such Note is surrendered (where such surrender is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

“**Relevant Date**” shall mean whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received in Hong Kong by the Registrar on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders.

11. PRESCRIPTION

Claims in respect of any payment in respect of the Notes due and payable will become void unless made within six years from the relevant date (as defined in paragraph 10) in respect thereof.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

- (a) The Deed Poll contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by, a resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions as set out in Schedule 3 of the Deed Poll by a majority consisting of not less than three-quarters of the votes cast (the “**Extraordinary Resolution**”), of a modification of the Note or the provisions of the Deed Poll. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in aggregate amount of the Notes for the time being outstanding or, at any adjournment of such meeting, two or more persons being or representing Noteholders whatever the aggregate amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting. The Deed Poll provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

- (b) The Noteholders agree to (i) any modification (except as mentioned above) of, or the waiver or authorisation of any breach or proposed breach of, the Notes or the Deed Poll which is not, in the opinion of an independent investment bank of international repute (acting as experts) selected by, and at the cost and expense of, the Company, materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes or the Deed Poll which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Noteholders and any such modification will be notified by the Company to the Noteholders as soon as practicable thereafter.

13. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith which shall not exceed HK\$2 or such other amount as may be permitted under the Articles and the rules of the Stock Exchange (or, if applicable, the Alternative Stock Exchange) from time to time, as determined by the Company and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

In case of lost Certificate, the procedure for replacement shall follow Section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as if “**shares in the Company**” includes the Notes.

14. FURTHER ISSUES

The Company may from time to time, at the absolute discretion of the Company, create and issue further convertible notes having the same terms and conditions as the Notes in all respects and so that such further issue of convertible notes shall be consolidated and form a single series with the Notes. Such further convertible notes may be constituted by a deed supplemental to the Deed Poll.

15. NOTICES

- (a) Subject to paragraph 15(b) below, all notices to Noteholders shall be validly given if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar or published in a leading newspaper having general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date which is two (2) Business Days after the date of despatch, or on the date of such publication (as the case may be).

- (b) To the extent permitted by the listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange) and all applicable laws and regulations, the Company may send or otherwise make available notices to a Noteholder by electronic means provided that the Company must first have received from such Noteholder either (a) that Noteholder's prior express positive confirmation in writing or (b) the Noteholder's deemed consent, in the manner specified in the listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange), to receive or otherwise have made available to him such notices by such electronic means. Any such notice shall be deemed to have been given on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the listing rules of the Stock Exchange (or if applicable, the Alternative Stock Exchange) or any applicable laws or regulations.

16. AGENTS

The names of the initial Registrar (acting as initial registrar, paying agent and conversion agent) and its initial specified offices are set out at the end of the Conditions. The Company reserves the right, at any time to vary or terminate the appointment of any of them and to appoint additional or other persons in their place, provided that the Company will at all times maintain (i) a conversion agent and a paying agent and (ii) a registrar, each having a specified office in Hong Kong, so long as any Note remains outstanding. Notice of any such termination or appointment or of any changes in the specified offices or identity of the Registrar (acting as registrar, paying agent and conversion agent) will be given promptly by the Company to the Noteholders.

17. GOVERNING LAW AND JURISDICTION

The Notes and the Deed Poll are governed by, and shall be construed in accordance with, the laws of Hong Kong. In relation to any legal action or proceedings arising out of or in connection with the Deed Poll and the Notes, the Company has in the Deed Poll irrevocably submitted to the courts of Hong Kong.