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If you are in any doubt as to any aspect of this circular 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., you should at once hand this circular together with the accompanying form of proxy 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.

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sunEvision

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,
PROPOSAL FOR RE-ELECTION OF RETIRING DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders
in relation to the Transactions Requiring Approval**



SOMERLEY CAPITAL LIMITED

A letter from Somerley Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 55 of this circular.

A notice dated 23 May 2017 convening an extraordinary general meeting of SUNEVISION HOLDINGS LTD. to be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Friday, 23 June 2017 at 12:00 noon is set out on pages 71 to 75 of this circular. Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof if you so wish.

This circular 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.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

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.

Choice of language or means of receipt of corporate communications

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

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

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

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DEFINITIONS

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

“2014 Announcement”	the announcement of the Company dated 16 May 2014;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“CABD”	communal aerial broadcasting distribution, the traditional means of receiving free-to-air programming via a roof-top aerial;
“Company”	SUNeVision Holdings Ltd. 新意網集團有限公司, a company incorporated in the Cayman Islands with limited liability, the securities 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 Requiring Approval;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Transactions Requiring Approval and the re-election of the Retiring Director;
“Existing Approval”	the approval by the then Independent Shareholders in respect of the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements at the extraordinary general meeting of the Company held on 24 June 2014;
“GEM”	the Growth Enterprise Market of the Stock Exchange;

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM (as may be amended from time to time);
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK Lease Arrangements”	the lease and license arrangements between the Group and the SHKP Group as defined in paragraph 2(ii)E of the letter from the Board set out in this circular;
“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 Financial Adviser”	Somerley Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions Requiring Approval;
“Independent Shareholders”	Shareholders that are not required to abstain from voting on the Transactions Requiring Approval at the EGM;
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders;
“IT”	information technology incorporating internet related services and business;
“Latest Practicable Date”	15 May 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

DEFINITIONS

“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(ii)B of the letter from the Board set out in this circular;
“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(ii)D of the letter from the Board set out in this circular;
“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(ii)A of the letter from the Board set out in this circular;
“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(ii)C of the letter from the Board set out in this circular;
“New Agreements”	the agreements all dated 2 May 2017 entered into between the Company on the one hand and SHKP on the other hand governing the Transactions Requiring Approval and “New Agreement” means any one of them;
“Relevant Historical Periods”	the two financial years ended 30 June 2015 and 30 June 2016 respectively and the six-month period ended 31 December 2016;
“Retiring Director”	the Director retiring at the EGM and who, being eligible, has offered himself for re-election at the EGM in accordance with the Articles of Association;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shareholder(s)”	the holder(s) of the Share(s);

DEFINITIONS

“Shares”	shares of HK\$0.10 each in the share capital of the Company;
“SHKP”	Sun Hung Kai Properties Limited 新鴻基地產發展有限公司, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 16), which is a controlling shareholder of the Company;
“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group;
“SMATV”	satellite master antenna television system;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions Requiring Approval”	the transactions under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements; and
“%”	per cent.

LETTER FROM THE BOARD



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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)

Executive Directors:

Kwok Ping-luen, Raymond (*Chairman*)
Yan King-shun, Peter (*Chief Executive Officer*)
Tung Chi-ho, Eric

Non-Executive Directors:

Cheung Wing-yui (*Vice Chairman*)
Fung Yuk-lun, Allen (*Vice Chairman*)
Kwok Kai-wang, Christopher
David Norman Prince
Siu Hon-wah, Thomas

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Lee Wai-kwong, Sunny

Registered Office:

PO 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

23 May 2017

To the Shareholders and, for information only, the noteholders of the Company

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS,
PROPOSAL FOR RE-ELECTION OF RETIRING DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 2 May 2017. Pursuant to the requirements of the GEM Listing Rules, the Company is required to seek the Independent Shareholders' Approval in relation to the Transactions Requiring

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Approval, which constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules, and the respective annual caps therefor.

The purpose of this circular is to provide you with information regarding the Transactions Requiring Approval and the proposed re-election of the Retiring Director and to seek your approval of the ordinary resolutions approving the same to be proposed at the EGM, and to give you notice of the EGM.

2. CONTINUING CONNECTED TRANSACTIONS

(i) BACKGROUND

The Group has been conducting the Continuing Connected Transactions, details (including the relevant annual caps) of which were disclosed in the 2014 Announcement. The Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements and the respective annual caps therefor for the three financial years ending 30 June 2017 were approved at the extraordinary general meeting of the Company held on 24 June 2014 by the then Independent Shareholders.

(ii) 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 2017. On 2 May 2017, the Company entered into the New Agreements with SHKP each for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive), each of which is conditional upon the obtaining of the approval of the Independent Shareholders.

Details of the Transactions Requiring Approval are set out below.

LETTER FROM THE BOARD

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 systems (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 2 May 2017, 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 2017 to 30 June 2020 (both days inclusive). 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, including the pricing 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, including the pricing terms, to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered to the Group by other independent third party customers for such services. In deciding on the terms of the proposed transactions under the Networking Arrangement,

LETTER FROM THE BOARD

the Group will first ascertain from its suppliers and contractors the prime cost of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup, ranging from 5% to 25% in general, before submitting the same to the SHKP Group for their consideration. The markup, which is not a term of the New Agreement in respect of the Networking Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the Networking Arrangement is entered into, and by reference to historical transactions of a similar scale and nature to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Networking Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties 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 2014, which is due to expire on 30 June 2017.

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 service 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 2017 was HK\$65,000,000. 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:

Relevant Historical Periods	Approximate Amount <i>(HK\$)</i>
Financial year ended 30 June 2015	38,020,000
Financial year ended 30 June 2016	51,614,000
Six-month period ended 31 December 2016	36,617,000

LETTER FROM THE BOARD

Proposed annual cap and basis of cap

It is expected that the aggregate 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 2020 will not exceed HK\$109,300,000. The proposed annual cap is determined based on the assumption that the conditions of the property market in Hong Kong, which would have influence on the property development schedule of the SHKP Group, will remain stable for the three financial years ending 30 June 2020 and with reference to the historical amounts of such transactions (mainly the projected amount receivable by the Group for the financial year ending 30 June 2017), 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.

There are many new technology facilities available in the market recently, 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, as compared with the amount received by the Group during the Relevant Historical Periods, 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) further confirm that in respect of the payment terms, including the pricing 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, including the pricing terms, have been and will continue to be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered to the Group by other independent third party customers for such services.

LETTER FROM THE BOARD

Internal Controls

For the pricing terms under the Networking Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring the compliance of the internal control procedures under the pricing approval work flow.

The Group's internal audit team performs periodic reviews (on a semi-annual basis) and conducts sample checking on the Networking Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures, that the pricing of the Networking Arrangement strictly adheres to the aforesaid pricing strategy and is comparable to the prices charged by the Group in similar transactions involving independent third parties, and that the terms of the Networking Arrangement are no less favourable to the Group than those offered to the Group by other independent third parties in similar transactions.

The Group's internal audit team compares the terms, in particular, pricing of the transactions with connected persons and with independent third parties respectively and checks whether the pricing is in line with the Group's historical profit margins for similar transactions.

The finance team of the Group monitors the transaction amounts on a monthly basis and the internal audit team of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual cap.

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 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.

LETTER FROM THE BOARD

The New Agreement

On 2 May 2017, 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 from 1 July 2017 to 30 June 2020 (both days inclusive). 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 the pricing terms and, 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 and quality of services required and the time frame for provision of such services), the payment terms, including the pricing terms, to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered to the Group by other independent third party customers for such services. In deciding on the terms of the proposed transactions under the Maintenance Arrangement, the Group will first ascertain from its suppliers and contractors the prime cost of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup, ranging from 10% to 30% in general, before submitting the same to the SHKP Group for their consideration. The markup, which is not a term of the New Agreement in respect of the Maintenance Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the Maintenance Arrangement is entered into, and by reference to historical transactions of a similar scale and nature to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Maintenance Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties 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 2014, which is due to expire on 30 June 2017.

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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 service 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 2017 was HK\$64,400,000. 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:

Relevant Historical Periods	Approximate Amount <i>(HK\$)</i>
Financial year ended 30 June 2015	52,183,000
Financial year ended 30 June 2016	55,347,000
Six-month period ended 31 December 2016	29,731,000

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 aggregate 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 2020 will not exceed HK\$77,700,000. The proposed annual cap is determined based on the assumption that the conditions of the property market in Hong Kong, which would have influence on the property development schedule of the SHKP Group, will remain stable for the three financial years ending 30 June 2020 and with reference to the historical amount of such transactions (mainly the projected amount receivable by the

LETTER FROM THE BOARD

Group for the financial year ending 30 June 2017), 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.

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 of the existing systems under maintenance, 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) further confirm that in respect of the payment terms (including the pricing terms and, 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 and quality of services required and the time frame for provision of such services), the payment terms, including the pricing terms, have been and will continue to be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered to the Group by other independent third party customers for such services.

LETTER FROM THE BOARD

Internal Controls

For the pricing terms under the Maintenance Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring the compliance of the internal control procedures under the pricing approval work flow.

The Group's internal audit team performs periodic reviews (on a semi-annual basis) and conducts sample checking on the Maintenance Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures, that the terms in force with and fee charged by the Group to connected persons are comparable to those in force with and charged by the Group to independent third parties in similar transactions, mainly in respect of scope of services provided, i.e. number, type and complexity of systems/networks involved and the frequency of checking to be carried out.

The Group's internal audit team compares the terms, in particular, pricing of the transactions with connected persons and with independent third parties respectively.

The finance team of the Group monitors the transaction amounts on a monthly basis and the internal audit team of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual cap.

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, only a small part of the works involved are performed by members of the Group directly and the Group will, by performing the project supervision role, need to sub-contract most 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

LETTER FROM THE BOARD

the SHKP Group to perform such works. In this connection, for each invitation for tender issued or to be issued 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 invitation for tender 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 to members of the SHKP Group part of the works, which the Group needs the services and/or materials from other parties in order to fulfill its obligations under the Networking Arrangement. 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 2 May 2017, 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 2017 to 30 June 2020 (both days inclusive). 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. The said 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 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, including the pricing terms, for the services to be provided, for those services where there are available market rates for comparable services (taking into account factors

LETTER FROM THE BOARD

such as the scale and quality of services required and the time frame for provision of such services), the amount of service 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. The Group will normally solicit quotations/tenders for similar products and services from at least two independent third parties to ensure that the price to be paid by the Group to the SHKP Group under the Networking Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties. The SHKP Group may also prescribe a specific type or brand of products or systems to be used under the Networking Arrangement, which are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group). In such cases, the Group will ascertain from the suppliers of the relevant products or systems for the prime costs of materials and labour which they will charge for undertaking the relevant works under the Networking Sub-contracting Arrangement, which will then be charged as part of the service fees payable by the SHKP Group to the Group under the Networking Arrangement. SHKP has agreed that the terms, including the pricing terms, upon which such products, systems and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to other independent third parties. 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 2014, which is due to expire on 30 June 2017.

LETTER FROM THE BOARD

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 2017 was HK\$12,000,000. The following table sets out the aggregate amount of service fees paid by the Group pursuant to the Networking Sub-contracting Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Approximate Amount <i>(HK\$)</i>
Financial year ended 30 June 2015	1,375,000
Financial year ended 30 June 2016	9,293,000
Six-month period ended 31 December 2016	1,585,000

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 2020 will not exceed HK\$20,100,000. Such annual cap is determined with reference to the projected level of demand for services by members of the SHKP Group under the Networking Arrangement and the anticipated level of fees at which the SHKP Group may charge in respect of services under the Networking Sub-contracting Arrangement. As mentioned in paragraph 2(ii)A above, the level of demand for services pursuant to the Networking Arrangement is expected to increase. Furthermore, certain existing and new technology facilities are unique products of the members of the SHKP Group, and in these cases, there are no alternative sub-contractors which the Group can engage. As such, it is expected that the level of demand for services pursuant to the Networking Sub-contracting Arrangement will also increase. These give 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) confirm that the Networking Sub-contracting Arrangement

LETTER FROM THE BOARD

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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) further confirm that in respect of the payment terms, including the pricing 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, including the pricing terms, have been and will continue to be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered by the Group to other independent third party service providers of the Group for such services.

Internal Controls

For the pricing terms under the Networking Sub-contracting Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring the compliance of the internal control procedures under the purchase control procedures.

The Group's internal audit team regularly conducts sample checking on the Networking Sub-contracting Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures.

According to the Group's internal control procedures, the Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will ensure that the price to be paid by the Group to the SHKP Group under the Networking Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties.

The finance team of the Group monitors the transaction amounts on a monthly basis and the internal audit team of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual cap.

LETTER FROM THE BOARD

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, based on the capability and resources availability of the Group, less than half of the maintenance and repair works involved are performed by members of the Group directly and the Group will need to sub-contract the remaining 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 or repaired 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 only 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 the Group fees for the provision of such services.

The New Agreement

On 2 May 2017, 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 2017 to 30 June 2020 (both days inclusive). 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

LETTER FROM THE BOARD

the Maintenance Sub-contracting Arrangement. The said 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 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, including the pricing 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 service 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. The Group will normally solicit quotations/tenders for similar products and services from at least two independent third parties to ensure that the price to be paid by the Group to the SHKP Group under the Maintenance Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties. In situations where the products or systems requiring maintenance or repair are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group), the Group will ascertain from the suppliers of the relevant products or systems for the prime costs of materials and labour which they will charge for undertaking the relevant works under the Maintenance Sub-contracting Arrangement, which will then be charged as part of the service fees payable by the SHKP Group to the Group under the Maintenance Arrangement. SHKP has agreed that the terms upon which such products, systems and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to other independent third parties. 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 2014, which is due to expire on 30 June 2017.

LETTER FROM THE BOARD

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 2017 was HK\$5,900,000. The following table sets out the aggregate amount of service fees paid by the Group pursuant to the Maintenance Sub-contracting Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Approximate Amount <i>(HK\$)</i>
Financial year ended 30 June 2015	3,577,000
Financial year ended 30 June 2016	3,548,000
Six-month period ended 31 December 2016	1,415,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of the 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 2020 will not exceed HK\$8,600,000. Such annual cap is determined with reference to the projected level of demand for services by members of the SHKP Group under Maintenance Arrangement and the anticipated level of fees at which the SHKP Group may charge in respect of services under the Maintenance Sub-contracting Arrangement. As mentioned in paragraph 2(ii)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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) 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 whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) further confirm

LETTER FROM THE BOARD

that in respect of the payment terms, including the pricing 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, including the pricing terms, have been and will continue to be no less favourable to the Group than the payment terms, including the pricing terms, that may be offered by the Group to other independent third party service providers of the Group for such services.

Internal Controls

For the pricing terms under the Maintenance Sub-contracting Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring the compliance of the internal control procedures under the purchase control procedures.

The Group's internal audit team regularly conducts sample checking on the Maintenance Sub-contracting Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures.

According to the Group's internal control procedures, the Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion, and will ensure that the price to be paid by the Group to the SHKP Group under the Maintenance Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties.

The finance team of the Group monitors the transaction amounts on a monthly basis and the internal audit team of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual cap.

LETTER FROM THE BOARD

E. The HK Lease Arrangements

Background

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**”). The premises currently leased/licensed by the Group from the SHKP Group pursuant to the HK Lease Arrangements are the whole of the M/F, 1-11/F and 13/F, and portion of the space of the Flat Roof on the 1/F, UG/F, LG/F and Rooftop, and Cargo Lifts No. 1 and 2, Sun Hung Kai Logistics Centre (Shatin), No. 8 Wong Chuk Yeung Street, Fo Tan, Shatin, Hong Kong. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of the Group rental, license fee, management fee and other charge for the leasing and licensing of the premises in Hong Kong which the relevant members of the Group leased or licensed from the SHKP Group.

The New Agreement

On 2 May 2017, 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 HK Lease Arrangements with members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive). 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. 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 HK Lease Arrangements. The said principles include that the terms of each transaction under the HK Lease Arrangements (including, but not limited to, the amounts of rental, license fee, management fee and any other charge 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) provided by independent valuer(s), and taking into account the location and the area of the premises involved and the rental or license 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 2014, which is due to expire on 30 June 2017.

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The historical amounts

Under the Existing Approval, the annual cap for the HK Lease Arrangements for each of the three financial years ending 30 June 2017 was HK\$74,970,000. The following table sets out the aggregate amount of rental, license fee, management fee and other charge paid by the Group pursuant to the HK Lease Arrangements during the Relevant Historical Periods:

Relevant Historical Periods	Approximate Amount <i>(HK\$)</i>
Financial year ended 30 June 2015	24,643,000
Financial year ended 30 June 2016	40,496,000
Six-month period ended 31 December 2016	33,459,000

Proposed annual cap and basis of cap

It is expected that the aggregate amount of rental, license fee, management fee and other charge which may be payable by the Group pursuant to the HK Lease Arrangements during each of the three financial years ending 30 June 2020 will not exceed HK\$91,900,000. Such annual cap is determined with reference to the historical amounts of such transactions (mainly the projected amount payable by the Group for the financial year ending 30 June 2017), the projected space demand (including the space currently leased or licensed) by members of the Group and the anticipated level of rental, license fee, management fee and other charge at which the SHKP Group may charge. The increase in the annual cap is mainly due to the expected upward review of rent or license fee of existing leased or licensed premises consequent upon changes in rent or license fee in the real estate market.

The HK Lease Arrangements have been and will be conducted in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) 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, license fee, management fee and any other charge payable by the Group and the payment terms thereof) pursuant to such arrangements are and will continue to be at/on market rates/terms.

LETTER FROM THE BOARD

Internal Controls

For the pricing terms under the HK Lease Arrangements, the management is responsible for supervising and monitoring the compliance of the internal control procedures under the purchase control procedures.

The Group's internal audit team reviews (on a semi-annual basis) each of the transactions under the HK Lease Arrangements to ensure the efficiency and effectiveness of the relevant internal control procedures.

The Group's internal audit team performs periodic reviews (on a semi-annual basis) on the HK Lease Arrangements to ensure that the terms of the HK Lease Arrangements are determined with reference to the opinions provided by the independent property valuer.

The finance team of the Group monitors the transaction amounts on a monthly basis and the internal audit team of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual cap.

(iii) 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 (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) consider that the entering into of each of the Continuing Connected Transactions is in the commercial interest of the Group. The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) consider that the Transactions Requiring Approval have been and will be conducted in the ordinary and usual course of business of the Group and on an arm's length

LETTER FROM THE BOARD

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 (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on pages 31 to 32 of this circular) also consider that the relevant annual caps for the three financial years ending 30 June 2018, 2019 and 2020 of the Transactions Requiring Approval are fair and reasonable.

(iv) REQUIREMENTS UNDER THE GEM LISTING RULES

Relationship with SHKP

As at the Latest Practicable Date, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 74.04% 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.

Independent Shareholders' 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 20.79 of the GEM Listing Rules; (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which are required to be aggregated under Rule 20.79 of the GEM Listing Rules; and (iii) the HK Lease Arrangements 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.

LETTER FROM THE BOARD

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 2017 to 30 June 2020 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant annual cap set out below:

Category of the Transactions Requiring Approval	Proposed annual cap for each of the three financial years ending 30 June 2020 (HK\$)
A. Networking Arrangement	109,300,000
B. Maintenance Arrangement	77,700,000
C. Networking Sub-contracting Arrangement	20,100,000
D. Maintenance Sub-contracting Arrangement	8,600,000
E. HK Lease Arrangements	91,900,000

If there are any material changes or updates in any terms of the New Agreements or the relevant annual caps stated above are exceeded or that the relevant members of the Group 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.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the Transactions Requiring Approval and they have therefore abstained from voting on the Board resolutions approving the Transactions Requiring Approval.

Ordinary resolutions will be proposed at the EGM to approve the Transactions Requiring Approval and the proposed annual caps therefor as mentioned above. Pursuant to Rule 20.68(12) of the GEM Listing Rules, any Shareholder with a material interest in the Transactions Requiring Approval are required to abstain from voting on the ordinary resolutions for approving the same. As such, SHKP and its associates are required to abstain from voting on the ordinary resolutions for approving the Transactions Requiring Approval at the EGM.

LETTER FROM THE BOARD

As far as the Company was aware, having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) SHKP and its associates controlled or were entitled to exercise control over the voting right in respect of their respective Shares;
- (b)
 - (i) there were no voting trusts or other agreements or arrangements or understanding (other than an outright sale) entered into by or binding upon any of SHKP or its associates;
 - (ii) there were no obligations or entitlements of SHKP or its associates,

whereby it/they had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of its/their Shares to a third party, either generally or on a case-by-case basis; and

- (c) there is no discrepancy between the beneficial shareholding interest of SHKP or its associates in the Company as disclosed in this circular and the number of Shares in respect of which it/they will control or will be entitled to exercise control over the voting rights at the EGM where ordinary resolutions will be proposed to approve the Transactions Requiring Approval and the respective annual caps.

The 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. The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions Requiring Approval.

(v) BUSINESS OF THE GROUP AND THE SHKP GROUP

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 the renting of investment properties. The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operation, telecommunications, transport infrastructure and logistics.

LETTER FROM THE BOARD

3. RE-ELECTION OF RETIRING DIRECTOR

As announced by the Company on 26 September 2016, Mr. David Norman Prince was appointed as a Non-Executive Director with effect from 29 October 2016.

In accordance with Article 95 of the Articles of Association, Mr. David Norman Prince will hold office until the EGM and, being eligible, has offered himself for re-election thereat.

Brief biographical details of the Retiring Director proposed to be re-elected at the EGM are set out in Appendix II to this circular.

4. EXTRAORDINARY GENERAL MEETING

A notice to convene the EGM to be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Friday, 23 June 2017 at 12:00 noon is set out on pages 71 to 75 of this circular.

An announcement on the outcome of the EGM will be made by the Company after the conclusion of the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

5. RECOMMENDATIONS

Your attention is drawn to (a) the letter from the Independent Board Committee set out on pages 31 to 32 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Transactions Requiring Approval; and (b) the letter of advice from the Independent Financial Adviser set out on pages 33 to 55 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to

LETTER FROM THE BOARD

the Transactions Requiring Approval and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Transactions Requiring Approval are in the ordinary and usual course of business of the Group and on normal commercial terms, the terms of the Transactions Requiring Approval and the respective annual caps therefor are fair and reasonable, and the Transactions Requiring Approval are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions Requiring Approval and the respective annual caps therefor.

The Directors believe that the proposal for re-election of the Retiring Director is in the interests of the Company and the Shareholders, and therefore recommend you to vote in favour of the resolutions to approve the re-election of the Retiring Director.

Yours faithfully,
For and on behalf of the Board
SUNEVISION HOLDINGS LTD.
Kwok Ping-luen, Raymond
Chairman



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

23 May 2017

To the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 23 May 2017 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As members of the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Transactions Requiring Approval and the respective annual caps therefor are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Transactions Requiring Approval are set out in the text of the letter from the Board as set out on pages 5 to 30 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 33 to 55 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Transactions Requiring Approval together with the principal factors and reasons for its advice and recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinions of, the Independent Financial Adviser as stated in its aforementioned letter of advice, we consider that the Transactions Requiring Approval are in the ordinary and usual course of business of the Group and on normal commercial terms, the terms of the Transactions Requiring Approval and the respective annual caps therefor are fair and reasonable, and the Transactions Requiring Approval are in the interests of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions Requiring Approval and the respective annual caps therefor.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Lee Wai-kwong, Sunny
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

23 May 2017

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the continuing connected transactions to be conducted under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements. Details of the Transactions Requiring Approval and their respective proposed annual caps (the “**Proposed Annual Caps**”) are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated 23 May 2017 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meaning as those defined in the Circular.

The Group has been conducting the Continuing Connected Transactions with the SHKP Group under existing agreements governing the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements, which will expire on 30 June 2017. In order to continue the above transactions and the established business relationship with the SHKP Group, the Company and SHKP entered into new agreements in relation to the above Transactions Requiring Approval on 2 May 2017, each for a term of three years commencing on 1 July 2017 and ending on 30 June 2020 (both days inclusive).

As at the Latest Practicable Date, SHKP is a substantial shareholder of the Company indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 74.04% of the entire issued share capital of the Company. As such, SHKP and its associates

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are connected persons of the Company under the GEM Listing Rules. 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 20.79 of the GEM Listing Rules; (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which are required to be aggregated under Rule 20.79 of the GEM Listing Rules; and (iii) the HK Lease Arrangements 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.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Professor LI On-kwok, Victor, Professor KING Yeo-chi, Ambrose, Mr. WONG Kai-man, Mr. KWOK Kwok-chuen, and Mr. LEE Wai-kwong, Sunny, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Transactions Requiring Approval and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our advice, we have reviewed, among other things, the New Agreements in respect of the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements, the annual report of the Company for the financial year ended 30 June 2016 (the "**Annual Report**"), the interim report of the Company for the six months ended 31 December 2016 (the "**Interim Report**"), and the information contained in the Circular. We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, and have assumed that they are true, accurate and complete in all material aspects at the time they were made and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors, that all material relevant information has been supplied to us and that no material facts have been omitted or withheld from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us

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to reach our opinion and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group and the SHKP Group.

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Somerley Capital Limited. In the last two years, except for an independent financial adviser engagement of a major and connected transaction in relation to the building contract entered into with a wholly-owned subsidiary of SHKP, details of which were set out in the circular of the Company dated 15 June 2015, there has been no other engagement between the Group and Somerley Capital Limited. We do not consider that the past and existing engagements as independent financial adviser give rise to any conflict for Somerley Capital Limited acting as the independent financial adviser in respect of the Transactions Requiring Approval. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on whether the terms of the Transactions Requiring Approval and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken the following principal factors and reasons into consideration:

1. Background of the Transactions Requiring Approval

The Group is principally engaged in the provision of data centre, facilities management, web applications and value added services, installation and maintenance services and the renting of investment properties. The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operation, telecommunications, transport infrastructure and logistics.

As the existing agreements governing the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements dated 16 May 2014 will expire on 30 June 2017, the Company and SHKP entered into New Agreements governing these arrangements on 2 May 2017 for a term of three years commencing from 1 July 2017 and ending on 30 June 2020 (both days inclusive), each of which is conditional upon the obtaining of the approval of the Independent Shareholders.

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Pursuant to the Networking Arrangement, members of the Group 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 the 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.

Pursuant to the Maintenance Arrangement, members of the Group provide 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.

Pursuant to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, members of the Group sub-contract to members of the SHKP Group certain parts of the services involved in the Networking Arrangement and the Maintenance Arrangement for which the Group is engaged as the main contractor by the SHKP Group on a project basis.

Pursuant to the HK Lease Arrangements, members of the Group 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.

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2. Reasons for entering into the Transactions Requiring Approval

Set out below are historical revenue generated by the Group during each of the two financial years ended 30 June 2016 and the six-months ended 31 December 2016:

	For the year ended 30 June 2015	For the year ended 30 June 2016	For the six months ended 31 December 2016
<i>(approximate amounts in HK\$'000)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total revenue of the Group including:	918,123	998,970	557,272
— installation and maintenance income	105,112	119,058	71,053
— data centre and IT facilities income	754,313	819,798	455,942
Revenue generated under:			
— the Networking Arrangement	38,020	51,614	36,617
— the Maintenance Arrangement	52,183	55,347	29,731
	90,203	106,961	66,348
Percentage of revenue generated under the Networking Arrangement and the Maintenance Arrangement in:			
— total revenue of the Group	9.8%	10.7%	11.9%
— total installation and maintenance income of the Group	85.8%	89.8%	93.4%
Percentage of revenue generated from data centre and IT facilities in:			
— total revenue of the Group	82.2%	82.1%	81.8%

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As noted above, the Networking Arrangement and Maintenance Arrangement contributed a significant amount of revenue to the Group. For each of the two financial years ended 30 June 2016 and the six months ended 31 December 2016, the aggregate amount of revenue generated under the Networking Arrangement and the Maintenance Arrangement amounted to approximately HK\$90 million, HK\$107 million and HK\$66 million, representing approximately 9.8%, 10.7% and 11.9% of the Group's total revenue respectively. These revenues represented approximately 85.8%, 89.8% and 93.4% of the Group's segmental revenue attributable to the provision of installation and maintenance services for the respective periods.

In connection with the Networking Arrangement and the Maintenance Arrangement in which the Group is engaged as the main contractor by the SHKP Group on a project basis, not all the works involved will be performed by members of the Group directly and the Group will sub-contract part of the works involved in individual project to other sub-contractors, which is, according to the Directors, a normal and common market practice in the industry which has been adopted by the Company over the years. As such, there are circumstances where the Group engages relevant members of the SHKP Group under the sub-contracting arrangements to fulfill various contractual obligations under the Networking Arrangement and the Maintenance Arrangement. This situation arises if members of the SHKP Group are the only qualified or the best qualified sub-contractors to conduct certain parts of works as specified in the main contractor agreements.

It is noted from the table above that the income derived from the provision of data centres and IT facilities consistently contributed over 80% of the Group's total revenue during each of the two financial years ended 30 June 2015 and 2016, and the six months ended 31 December 2016. As advised by the management of the Company (the "**Management**"), certain premises which are currently used by members of the Group to provide data centres and IT facilities services to the customers of the Group are leased or licensed from the SHKP Group under the HK Lease Arrangements and are essential to the Group in carrying out its data centre business.

Having considered the fact that (i) installation and maintenance for certain systems and network is one of the major business segments of the Group, and a significant amount of the Group's revenue in this business segment is derived from the Networking Arrangement and the Maintenance Arrangement; (ii) the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement are essential for performing certain works under the Networking Arrangement and the Maintenance Arrangement, and the arrangement of sub-contracting works is a normal and common market practice in the industry; (iii) the HK Lease Arrangements are

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necessary for the Group's provision of data centre services which is the major source of the Group's revenue; and (iv) the Group has been conducting the Transactions Requiring Approval with the SHKP Group over the years, we concur with the Directors' view that the Transactions Requiring Approval are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

3. Principal terms for the Transactions Requiring Approval

The Networking Arrangement

Pursuant to the New Agreement governing the Networking Arrangement, 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 2017 to 30 June 2020 (both days inclusive).

As stated in the Circular, the New Agreement 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 (including the pricing 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 (including the pricing terms) to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the payment terms (including the pricing terms) that may be offered to the Group by other independent third party customers for such services.

As advised by the Management, the Group has a standard pricing strategy for the networking services which is applicable to all customers (including members of the SHKP Group). The Group will first ascertain from its suppliers and contractors the prime costs of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup before submitting the same to the SHKP Group for their consideration. The markup, which is not a term of the New Agreement in respect of the Networking

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Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the Networking Arrangement is entered into and by reference to historical transactions of a similar scale and nature to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Networking Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties for such services.

We understand that the Group's internal audit team performs periodic review and conducts sample checking on the Networking Arrangement to ensure that the pricing of the Networking Arrangement strictly adheres to the aforesaid pricing strategy and is comparable to the prices charged by the Group in similar transactions involving independent third parties, and the terms are no less favourable to the Group than those offered to the Group by other independent third parties in similar transactions.

The Group's internal audit team compared the terms, in particular, pricing of the transactions with connected persons and with independent third parties respectively and checked whether the pricing was in line with the Group's historical profit margins for similar transactions. We have obtained a periodic review report prepared by the Group's internal audit team and note that no unusual transaction was identified by the internal audit team.

In addition, based on the list of contracts from July 2014 to March 2017 under the Networking Arrangement provided by the Company, we have randomly selected a number of projects, mainly based on materiality of the contract costs, and reviewed the relevant project cost reports for transactions with connected persons, and obtained and reviewed the project cost reports for transactions with independent third parties which are comparable in nature. Based on our review, we note that the profit margins for the transactions vary case by case. As noted from our review and advised by the Management, during the tendering process, apart from the expected project profit margins or profit contributions, the Group will determine the quotation price/contract sum also by taking into account other factors, including but not limited to, the overall scale and size of the project, the absolute amount of the contract sum, complexity of the work involved, the then market competition and availability of resources of the Group. We are also advised that the profit margins or profit contributions may keep changing throughout the project, possibly due to change in system design and cost savings on materials and sub-contracting during the project progress. Also, additional charges will be charged by the Group on variation orders for work not specified in the main contract or when there are changes in the specifications, such charges will be negotiated and agreed with the

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customer throughout the project and affect the final project profit margin or profit contribution. Based on our review of the documents, the latest/expected profit contributions or profit margins of transactions with connected persons are at a similar level with those in transactions with independent third parties.

Based on the above, we are of the view that there are internal controls in place to ensure that the Networking Arrangement is conducted according to the terms of the existing agreement governing the Networking Arrangement.

The Maintenance Arrangement

The Company and SHKP entered into the 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 from 1 July 2017 to 30 June 2020 (both days inclusive). It 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, the pricing terms, and 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 and quality of services required and the time frame for provision of such services), the payment terms (including the pricing terms) to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the payment terms (including the pricing terms) that may be offered to the Group by other independent third party customers for such services.

In determining the terms of transactions under the Maintenance Arrangement, the Group will first ascertain from its suppliers and contractors the prime costs of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup before submitting the same to the SHKP Group for their consideration. The markup, which is not a term of the New Agreement in respect of the Maintenance Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the Maintenance Arrangement is entered into and by reference to historical transactions of a similar

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scale and nature to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Maintenance Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties for such services.

We understand that the Group's internal audit team performs periodic review and conducts sample checking on the Maintenance Arrangement to ensure that the terms in force with and fee charged by the Group to connected persons are comparable to those in force with and charged by the Group to independent third parties in similar transactions, mainly in respect of scope of services provided, i.e. number, type and complexity of systems/networks involved and the frequency of checking to be carried out.

The Group's internal audit team compared the terms, in particular, pricing of the transactions with connected persons and with independent third parties respectively. It is noted from a periodic review report prepared by the internal audit team that no unusual transaction was identified by the internal audit team.

In addition, based on the list of contracts from July 2014 to March 2017 under the Maintenance Arrangement provided by the Company, we have randomly selected and reviewed documents of a number of transactions regarding renewal of maintenance contracts with connected persons, and obtained and reviewed relevant documents of transactions with independent third parties which are comparable in nature. It is noted that the increment in service fees upon renewal of contracts with connected persons is no less favourable to the Group as compared to that with independent third parties. Also, we have reviewed a new maintenance contract entered into with a connected person provided by the Company and compared the terms of such contract with those of a transaction with independent third party which is considered to be comparable in nature, and it is noted that the terms of these transactions are comparable.

Based on the above, we are of the view that there are internal controls in place to ensure that the Maintenance Arrangement is conducted according to the terms of the existing agreement governing the Maintenance Arrangement.

The Networking Sub-contracting Arrangement

Pursuant to the New Agreement governing the Networking Sub-contracting Arrangement, 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 2017 to 30 June 2020 (both days inclusive).

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As stated in the Circular, the New Agreement is a master agreement which stipulates 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 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 (including the pricing 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 service 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.

We have discussed with the Management and reviewed the internal control procedures in place in relation to procurement of contractor works which are applicable to transactions with all contractors (including members of the SHKP Group). According to the Group's internal control procedures, it is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will ensure that the price to be paid by the Group to the SHKP Group under the Networking Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties.

Under the Networking Arrangement, the SHKP Group may prescribe a specific type or brand of products or systems to be used, which are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group). In such cases, the Group will ascertain from the suppliers of the relevant products or systems the prime costs of materials and labour which they will charge for undertaking the relevant works under the Networking Sub-contracting Arrangement, which will then be charged as part of the service fees payable by the SHKP Group to the Group under the Networking Arrangement. As stated in the Circular, for those services involving facilities, systems or products in respect of which there are no alternative supplier and are exclusively supplied by member(s) of the SHKP Group, SHKP has agreed that the terms upon which such facilities,

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systems, products and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to independent third parties.

As advised by the Management, a majority of the historical transactions under the Networking Sub-contracting Arrangement were related to the sub-contracting of the installation of systems which were exclusively supplied by the SHKP Group and therefore no market comparables were available. In addition, the sub-contracting fees charged by the SHKP Group under the Networking Sub-contracting Arrangement have already been taken into consideration by the Group when deciding on the amount to be charged by the Group to the SHKP Group under the Networking Arrangement which will be subject to the internal controls on the transactions under the Networking Arrangement as mentioned above.

In addition, based on the list of contracts from July 2014 to March 2017 under the Networking Sub-contracting Arrangement provided by the Company, we have randomly selected and reviewed relevant documents of a number of transactions with connected persons, and obtained and reviewed documents of transactions with independent third parties which are comparable in nature. It is noted that the sub-contractor costs have been taken into consideration in the quotation price charged by the Group. Given the above, and the fact that the SHKP Group is the exclusive supplier of the relevant systems, comparison of the estimated profit margins in respect of the specific part of installation services of relevant systems provided by the Group, which involve sub-contractors, has been made. Based on our review, it is noted that the estimated profit margins of transactions with connected persons and independent third parties are comparable.

Based on the above, we are of the view that there are internal controls in place to ensure that the Networking Sub-contracting Arrangement is conducted according to the terms of the existing agreement governing the Networking Sub-contracting Arrangement.

The Maintenance Sub-contracting Arrangement

Pursuant to the New Agreement governing the Maintenance Sub-contracting Arrangement, 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 2017 to 30 June 2020 (both days inclusive).

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As stated in the Circular, the New Agreement is a master agreement which stipulates 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 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 (including the pricing 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 service 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.

We have discussed with the Management and reviewed the internal control procedures in place in relation to procurement of contractor works which are applicable to transactions with all contractors (including members of the SHKP Group). The Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the supplier/contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion, and will ensure that the price to be paid by the Group to the SHKP Group under the Maintenance Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties.

In providing services contemplated under the Maintenance Arrangement where certain maintenance services are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group), the Group will ascertain from the suppliers of the relevant products or systems the prime costs of materials and labour which they will charge for undertaking the relevant works under the Maintenance Sub-contracting Arrangement, which will then be charged as part of the service fees payable by the SHKP Group to the Group under the Maintenance Arrangement. For those services involving facilities, systems or products in respect of which there are no alternative supplier and are exclusively supplied by member(s) of the SHKP Group, SHKP has agreed that the terms upon

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which such facilities, systems, products and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to independent third parties.

As advised by the Management, a majority of the historical transactions under the Maintenance Sub-contracting Arrangement were related to the sub-contracting of the maintenance services which were exclusively supplied by the SHKP Group and therefore no market comparables were available. In addition, the sub-contracting fees charged by the SHKP Group under the Maintenance Sub-contracting Arrangement have already been taken into consideration by the Group when deciding on the amount to be charged by the Group to the SHKP Group under the Maintenance Arrangement which will be subject to the internal controls on the transactions under the Maintenance Arrangement as mentioned above.

In addition, based on the list of contracts from July 2014 to March 2017 under the Maintenance Sub-contracting Arrangement provided by the Company, we have randomly selected and obtained relevant documents of a number of transactions with connected persons, and obtained and reviewed relevant documents of transactions with independent third parties which are comparable in nature. It is noted that the sub-contractor costs have been taken into consideration in the quotation price charged by the Group. Given the above, and the fact that the SHKP Group is the exclusive service provider of the maintenance services for the relevant systems, comparison of the estimated profits in respect of the specific part of maintenance services provided by the Group, which involve sub-contractors, has been made. Also, it is noted that the estimated profit margins of transactions vary case by case. As advised by the Management, the range of profit margin is relatively wide and is affected mainly by the complexity of services and manpower expected to be involved by the Group for supervision and management of the projects. Based on our review, the average profit margin of transactions with connected persons is at a similar level with that of transactions with independent third parties.

Based on the above, we are of the view that there are internal controls in place to ensure that the Maintenance Sub-contracting Arrangement is conducted according to the terms of the existing agreement governing the Maintenance Sub-contracting Arrangement.

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The HK Lease Arrangements

Pursuant to the New Agreement governing the HK Lease Arrangements, the SHKP Group has agreed to procure the relevant members of the SHKP Group to enter into the HK Lease Arrangements with members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive). 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. The New Agreement governing the HK Lease Arrangements 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 HK Lease Arrangements, including, but not limited to, the amounts of rental, license fee, management fee and any other charges payable by the Group, and the payment terms thereof. As advised by the Management, the terms 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) provided by independent valuer(s), and taking into account the location and the area of the premises involved and the rental or license term.

We understand that the Group's internal audit team performs periodic review on the HK Lease Arrangements to ensure that the terms of the HK Lease Arrangements were determined with reference to the opinions provided by the independent property valuer. We have reviewed certain existing lease agreements and the valuer's opinions in respect of these leases and noted that the valuer had confirmed that the terms were reasonable having regard to the then market conditions and building conditions.

Based on the above, we are of the view that there are internal controls in place to ensure that the transactions under the HK Lease Arrangements are conducted according to the terms of the existing agreement governing the HK Lease Arrangement.

4. The Proposed Annual Caps

The Transactions Requiring Approval are subject to the Proposed Annual Caps as discussed below. Set out below are (i) the revenues generated by the Group under the Networking Arrangement and the Maintenance Arrangement and the fees charged by the SHKP Group under the Networking Sub-contracting Arrangement, the Maintenance Sub-contracting Arrangement and the HK Lease Arrangements during

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each of the two financial years ended 30 June 2016, and the six months ended 31 December 2016; (ii) the respective approved annual caps; and (iii) the proposed annual caps for each of the three financial years ending 30 June 2020:

	Actual transaction amounts			Annual caps	
	For the year ended 30 June 2015	For the year ended 30 June 2016	For the	For each of	For each of the three years ending 30 June 2020
			six months ended 31 December 2016	the three years ended/ ending 30 June 2017	
<i>(approximate amount in HK\$ '000)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(approved)</i>	<i>(proposed)</i>
Revenue generated under:					
Networking Arrangement	38,020	51,614	36,617	65,000	109,300
Maintenance Arrangement	52,183	55,347	29,731	64,400	77,700
Fee charged under:					
Networking Sub-contracting Arrangement	1,375	9,293	1,585	12,000	20,100
Maintenance Sub-contracting Arrangement	3,577	3,548	1,415	5,900	8,600
HK Lease Arrangements	24,643	40,496	33,459	74,970	91,900

Networking Arrangement

As stated in the Circular, the proposed cap for the Networking Arrangement, which is HK\$109.3 million for each of the three financial years ending 30 June 2020, is determined based on the assumption that the conditions of the property market in Hong Kong, which would have influence on the property development schedule of the SHKP Group, will remain stable for the three financial years ending 30 June 2020, and mainly with reference to (i) the historical amounts of such transactions; (ii) projected level of demand for such services by members of the SHKP Group; and (iii) the anticipated level of fees at which the Group may charge in respect of such services.

We have reviewed the calculation of the proposed cap and understand from the Management that the proposed cap is mainly composed of estimated revenue from (i) contracts awarded by the SHKP Group; (ii) potential new projects to be awarded by the SHKP Group to the Group; and (iii) projected special projects in respect of addition and alteration works to be awarded by the SHKP Group to the Group.

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For contracts already awarded by the SHKP Group, we have reviewed certain contracts/relevant documents of these projects and noted the contract sum used in estimating the proposed cap. We also understand that the allocation of income receivable by the Group is based on the estimated completion schedule of the projects. As advised by the Management, the estimated completion schedule is arrived at after considering the existing project progress and the project schedule determined by the SHKP Group. In determining the proposed cap, the Management has also considered the possible deviation in project progress which is common for long-term contracts, as it affects progress billing and revenue recognition.

For potential new projects to be awarded by the SHKP Group, the estimated revenue is arrived at based on (i) the average gross floor area (“GFA”) planned to be completed by the SHKP Group in the coming three years; (ii) the average successful bid rate of the Group in respect of the SHKP Group’s projects in the past; (iii) the revenue per GFA in respect of services provided under the Networking Arrangement; and (iv) projected progress of new projects based on the Group’s past experience on networking projects.

The estimated attributable GFA planned to be completed by the SHKP Group in the coming three years is considered a major factor in arriving at the expected revenue generated from the Networking Arrangement as the Group’s revenue stream under the Networking Arrangement is closely related to the SHKP Group’s future completion of properties and the Group’s opportunities in obtaining the service contracts. The GFA data is referenced to the information disclosed in SHKP’s annual report for the year ended 30 June 2016. Reference to the Group’s historical statistics on successful bid rate is considered reasonable. In determining the revenue per GFA, it has made reference to data of existing recently awarded contracts and taken into account an increase in labour cost, determined mainly based on the historical growth in labour cost. As such, we are of the view that the use of the above approach in arriving at the estimated revenue for potential new projects is reasonable.

As advised by the Management, special projects are mainly related to addition and alteration of existing networking systems. Such special projects are ad hoc in nature and are difficult to forecast. Revenue from special projects is estimated based on the actual transaction amounts for special projects in the most recent financial year and taking into consideration the inflation and potential growth in number of special projects. Such approach is considered reasonable as historical transaction data has been referenced and it also provides the Group flexibility in taking up additional projects.

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Maintenance Arrangement

As stated in the Circular, the proposed cap for the Maintenance Arrangement, which is HK\$77.7 million for each of the three financial years ending 30 June 2020, is determined mainly with reference to (i) the historical amounts of transactions under the Maintenance Arrangement; (ii) the projected level of demand for such services by members of the SHKP Group; and (iii) the anticipated level of fees at which the Group may charge in respect of such services.

As advised by the Management, the growth in income from the Maintenance Arrangement is expected to be relatively stable, given more systems are or will be installed pursuant to the Networking Arrangement and wear and tear of the existing systems under maintenance, level of demand for maintenance and repair work is expected to increase steadily. We have discussed with the Management and understand that the proposed cap is arrived at mainly after considering the historical growth of the revenue generated under the Maintenance Arrangement and a buffer for potential further growth. Also, as advised by the Management, it is expected that there will be an increase in labour costs involved in carrying out work under the Maintenance Arrangement and, accordingly, an increase in level of fees to be charged by the Group.

Taking into account the historical growth in revenue under the Maintenance Arrangement and the overall increase in the Group's revenue in respect of the installation and maintenance services segment, it is considered that the proposed cap is reasonable.

Networking Sub-contracting Arrangement

As stated in the Circular, the proposed cap for the Networking Sub-contracting Arrangement, which is HK\$20.1 million for each of the three financial years ending 30 June 2020, is determined mainly with reference to the projected level of demand for services by members of the SHKP Group under the Networking Arrangement and the anticipated level of fees at which the SHKP Group may charge in respect of services under the Networking Sub-contracting Arrangement.

We understand from the Management that the proposed cap is estimated mainly based on (i) awarded contracts to be contracted out to the SHKP Group; (ii) level of demand for sub-contract work by the Group in relation to new projects to be awarded; and (iii) costs to be incurred in sub-contracting of work for special projects.

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In respect of awarded contracts to be contracted out to the SHKP Group, such fees have been estimated based on the sub-contractor costs included in the main contract. We have reviewed a number of relevant documents in respect of these sub-contractor costs and noted that the costs are consistent with those included in the estimation of the proposed cap.

As for fees to be paid in relation to new projects to be awarded to the Group, given that the Networking Arrangement is closely related to the Networking Sub-contracting Arrangement, the estimation is arrived at based on (i) the historical proportion of sub-contract work under the Networking Arrangement in the recent financial year; and (ii) the estimated transaction amounts for new projects under the Networking Arrangement as mentioned in the above sub-section headed “4. The Proposed Annual Caps – Networking Arrangement” in this letter.

Since special projects are ad hoc in nature, the level of fees to be incurred in sub-contracting work for special projects has been based on the actual transaction amounts involved in special projects in the recent financial year, incorporating an increment after considering the inflation.

Taking into account (i) that the proposed cap has been determined mainly based on awarded contracts; (ii) historical proportion of sub-contract work has been referenced to in respect of new projects; and (iii) the potential need for sub-contracting of networking work resulting from special projects as a result of alterations and additions made to the original project plans and/or contracts at the customers’ request, we consider the proposed cap for the Networking Sub-contracting Arrangement is reasonable.

Maintenance Sub-contracting Arrangement

The proposed cap for the Maintenance Sub-contracting Arrangement, as stated in the Circular, is determined with reference to (i) the projected level of demand for services by members of the SHKP Group under the Maintenance Arrangement; and (ii) the anticipated level of fees at which the SHKP Group may charge in respect of services under the Maintenance Sub-contracting Arrangement.

We have discussed with the Management and understand that the proposed cap is mainly determined based on (i) actual transaction amounts in the past, incorporating a reasonable increment given the potential increase in sub-contracting costs for existing sub-contracting works charged by the SHKP Group; and (ii) estimated additional demand for maintenance services from the SHKP Group for projects of which the respective defects liability period will expire in coming three years. As

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advised by the Management, the SHKP Group has specific requirements on certain systems which are exclusively supplied by members of the SHKP Group in recent years. As such, upon completion of installation of the relevant systems, there may be additional demand for maintenance services from the SHKP Group. We understand that the costs for additional demand for maintenance services from the SHKP Group are arrived at after considering the respective contract cost of the networking project and the average percentage of yearly maintenance cost out of the contract cost based on the Group's past experience. We have reviewed certain documents on the existing projects under the Networking Sub-contracting Arrangement and noted the contract costs of these projects are used in estimating the relevant costs in respect of the potential additional demand for maintenance services from the SHKP Group.

Based on the above, we consider it reasonable for the Directors to determine the proposed cap for the Maintenance Sub-contracting Arrangement with reference to the above factors and assumptions.

The HK Lease Arrangements

The proposed cap for the HK Lease Arrangements, which is HK\$91.9 million for each of the three financial years ending 30 June 2020, is determined mainly 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, management fee and any other charges at which the SHKP Group may charge. The Directors advised that the increase in the annual cap is mainly due to the expected upward review of rent or license fee of existing leased or licensed premises, as a result of the changes in rent or license fee in the real estate market.

We understand from the Management that the proposed cap for the HK Lease Arrangements is determined mainly based on (i) the actual rentals, license fees and management fees payable to the SHKP Group under existing lease or licensing agreements; and (ii) the expected rentals, license fees and management fees upon renewal of relevant agreements with the SHKP Group, assuming a maximum percentage of increment in such fees as stated under the existing lease or licensing agreements.

We have reviewed certain existing lease agreements and noted the maximum percentage of increment in respect of rentals. As for management fees, it is assumed that there will be an annual growth of 10% on the management fees, which is considered to be reasonable given the historical increment in management fees. As such, we consider it reasonable for the Directors to determine the proposed cap with reference to the above factors and assumptions.

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Conclusion

Generally speaking, in our opinion, it is in the interest of the Group for the Proposed Annual Caps to be as accommodating to the Group as possible. Provided that the terms for the Transactions Requiring Approval, including the pricing terms, are fair and reasonable and that the conduct of the Transactions Requiring Approval is subject to annual review by independent non-executive Directors and auditors of the Company (as discussed below) as required under the GEM Listing Rules, the Group would have flexibility in conducting its businesses if the Proposed Annual Caps are tailored to future business growth.

Having reviewed the bases and assumptions considered in determining the Proposed Annual Caps as discussed above, we consider that the Proposed Annual Caps have been set by the Company with due care and are fair and reasonable.

5. Annual review of the Transactions Requiring Approval

Pursuant to Rules 20.53 to 20.57 of the GEM Listing Rules, the Transactions Requiring Approval are subject to the following annual review requirements:

- a) each year, the independent non-executive Directors must review the Transactions Requiring Approval and confirm in the annual report whether the Transactions Requiring Approval have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- b) each year, the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days before the bulk printing of the Company's annual report), confirming whether anything has come to their attention that causes them to believe that the Transactions Requiring Approval:
 - (i) have not been approved by the Board;

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- (ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing the Transactions Requiring Approval; and
 - (iv) have exceeded the Proposed Annual Caps;
- c) the Company must allow, and ensure that the counterparties to the Transactions Requiring Approval allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Transactions Requiring Approval as set out in paragraph (b). The Board must state in the annual report whether the Company's auditors have confirmed the matters stated in GEM Listing Rule; and
- d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements for the Transactions Requiring Approval, in particular, (a) the restriction of the values of the Transactions Requiring Approval by way of the Proposed Annual Caps; and (b) the requirements under the GEM Listing Rules for ongoing review by the independent non-executive directors and the auditors of the Company of the terms of the Transactions Requiring Approval and the Proposed Annual Caps, we are of the view that there exist appropriate measures to govern the conduct of the Transactions Requiring Approval and to safeguard the interests of the Independent Shareholders.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors, we consider that the Transactions Requiring Approval are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Transactions Requiring Approval and the Proposed Annual Caps are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
David Ching
Director

Mr. David Ching is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in shares and underlying shares of the Company

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

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the period from 1 July 2016 to the Latest Practicable Date (the “Period”) were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				Balance as at the Latest Practicable Date
				Balance as at 01.07.2016	Granted during the Period	Exercised during the Period	Cancelled/Lapsed during the Period	
Yan King-shun, Peter	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000

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

- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

(b) Long position in shares and underlying shares of associated corporations of the Company

(i) Sun Hung Kai Properties Limited (“SHKP”)

Name of Director	Number of shares held					Number of underlying shares held under equity derivatives	Total	% of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	188,743	—	—	514,093,186 ¹	514,281,929	—	514,281,929	17.76
Tung Chi-ho, Eric	—	—	—	—	—	100,000 ² (personal interests in share options)	100,000	0.00
Kwok Kai-wang, Christopher	110,000 ³	60,000 ⁴	—	641,046,601 ^{1&5}	641,216,601	—	641,216,601	22.14
David Norman Prince	2,000	—	—	—	2,000	—	2,000	0.00
Siu Hon-wah, Thomas	—	—	—	7,000 ⁶	7,000	—	7,000	0.00
Kwok Kwok-chuen	—	—	—	16,942 ⁷	16,942	—	16,942	0.00

Notes:

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

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

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

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

(ii) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	—	4,833,749 ¹	4,833,749	—	4,833,749	0.44
Fung Yuk-lun, Allen	413,554	—	413,554	—	413,554	0.04
Kwok Kai-wang, Christopher	—	11,246,956 ^{1&2}	11,246,956	—	11,246,956	1.02

Notes:

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

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

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

Note:

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

Save as disclosed above and so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

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

Notes:

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

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

4. COMMON DIRECTORS

The following is a list of the Directors who, as at the Latest Practicable Date, were also directors of the following company which has interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Common Directors	Name of Company
Kwok Ping-luen, Raymond	SHKP
Tung Chi-ho, Eric	
Fung Yuk-lun Allen	
Kwok Kai-wang, Christopher	

5. INTERESTS OF OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive of the Company and the substantial Shareholders stated above, there were no other persons with interests recorded in the register required to be kept by the Company under Section 336 of the SFO.

6. COMPETING INTERESTS

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 in this section, as at the Latest Practicable Date, none of the Directors or the controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS

- (a) None of the Directors has entered or is proposing to enter into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (b) On 31 December 2013, Wealth Up Development Limited (“**Wealth Up**”), a wholly-owned subsidiary of the Company, entered into a project management agreement (the “**Project Management Agreement**”) with Sun Hung Kai Real Estate Agency Limited (a wholly-owned subsidiary of SHKP) (“**SHK Real Estate**”) for a project management fee of HK\$4,500,000 in relation to the appointment of SHK Real Estate as the project manager to generally manage, supervise and control the project for the development of a high-tier data centre to be constructed on a piece of land located at Wan Po Road, Area 85, Tseung Kwan O, New Territories, Hong Kong and registered in the Land Registry as Tseung Kwan O Town Lot No. 122 (the “**Land**”).

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, and that Mr. Tung Chi-ho, Eric is director of both the Company and SHK Real Estate, they are currently regarded as materially interested in the Project Management Agreement and the transaction contemplated thereunder. Further particulars of the Project Management Agreement were set out in the announcement of the Company dated 31 December 2013.

- (c) (i) On 16 May 2014, the Company and SHKP entered into an 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 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$65,000,000.

- (ii) On 16 May 2014, the Company and SHKP entered into an 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 from 1 July 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$64,400,000.
- (iii) On 16 May 2014, the Company and SHKP entered into an 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 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$12,000,000.
- (iv) On 16 May 2014, the Company and SHKP entered into an 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 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$5,900,000.
- (v) On 16 May 2014, the Company and SHKP entered into an agreement whereby the Company has agreed to procure the relevant members of the Group to lease or license premises under the HK Lease Arrangements from members of the SHKP Group for a period from 1 July 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$74,970,000.
- (vi) On 16 May 2014, the Company and SHKP entered into an agreement whereby the Company has agreed to procure the relevant members of the Group to let or license space and racks at the Group's data centres to members of the SHKP Group for a period from 1 July 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$6,230,000.

(vii) On 16 May 2014, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide to relevant members of the Group 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 for a period from 1 July 2014 to 30 June 2017 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2017 was HK\$13,860,000.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are currently regarded as materially interested in the agreements mentioned in this paragraph 7(c) and the transactions contemplated thereunder. Further particulars of the agreements mentioned in this paragraph 7(c) were set out in the 2014 Announcement.

(d) On 16 May 2014, the Company and Sun Hung Kai Properties Insurance Limited (a wholly-owned subsidiary of SHKP) (“**SHKI**”) entered into an agreement pursuant to which the Company appointed SHKI to maintain the insurance coverage for the benefit of the Group and, at the request of the Group, sub-contractors engaged by the Group with or through SHKI for a period from 1 July 2014 to 30 June 2017 and the annual cap for each of the three financial years ending 30 June 2017 was HK\$4,410,000.

Given that Messrs. Kwok Ping-luen, Raymond, Cheung Wing-yui and Fung Yuk-lun, Allen are directors of both the Company and SHKI, they are currently regarded as materially interested in the agreement mentioned in this paragraph 7(d) and the transaction contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 7(d) were set out in the 2014 Announcement.

(e) On 22 May 2015, Wealth Up entered into a building contract (the “**Building Contract**”) with Sanfield Engineering Construction Limited (“**Sanfield**”), a wholly-owned subsidiary of SHKP, pursuant to which Sanfield has agreed to carry out works, which include the construction of a high-tier data centre consisting of two towers on the Land from pile cap upwards with an estimated maximum gross floor area of approximately 44,000 square metres (the “**Project**”) and certain fitting-out works and all external works, at a contract sum of HK\$1,038,800,000, subject to adjustments.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are currently regarded as materially interested in the Building Contract and the transaction contemplated thereunder. Further particulars of the Building Contract were set out in the announcement of the Company dated 22 May 2015.

- (f) On 25 November 2016, Wealth Up entered into a building works and managed services agreement (the “**Building Works and Managed Services Agreement**”) with Sanfield in relation to works, which include the builder’s works for the enhancement of the Project at a contract sum of HK\$124,380,000, subject to adjustments.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are currently regarded as materially interested in the Building Works and Managed Services Agreement and the transaction contemplated thereunder. Further particulars of the Building Works and Managed Services Agreement were set out in the announcement of the Company dated 25 November 2016.

- (g) Mr. Cheung Wing-yui, a non-executive Director, is a consultant of Woo Kwan Lee & Lo, a solicitors firm which provided professional services to the Group (including in relation to the Transactions Requiring Approval) and charged usual professional fees in respect thereof.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 30 June 2016, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

8. MATERIAL CHANGE

So far as the Directors are aware, there has been no material adverse change in the financial or trading position of the Group since 30 June 2016, the date to which the latest published audited financial statements of the Company were made up.

9. EXPERT

- (a) The following are the qualifications of the expert who have given opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which have been since 30 June 2016, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (d) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 23 May 2017 and the references to its name included herein in the form and context in which they are respectively included.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company up to and including 23 June 2017:

- (a) the agreement dated 2 May 2017 entered into by the Company and SHKP in relation to the Networking Arrangement;
- (b) the agreement dated 2 May 2017 entered into by the Company and SHKP in relation to the Maintenance Arrangement;
- (c) the agreement dated 2 May 2017 entered into by the Company and SHKP in relation to the Networking Sub-contracting Arrangement;
- (d) the agreement dated 2 May 2017 entered into by the Company and SHKP in relation to the Maintenance Sub-contracting Arrangement;
- (e) the agreement dated 2 May 2017 entered into by the Company and SHKP in relation to the HK Lease Arrangements;
- (f) the letter from the Independent Board Committee, the text of which is set out from pages 31 to 32 of this circular;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 55 of this circular;
- (h) the written consent from the Independent Financial Adviser referred to in paragraph 9(d) of this appendix; and
- (i) this circular.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The head office and principal place of business of the Company is situated at MEGATOP, MEGA-iAdvantage, 399 Chai Wan Road, Chai Wan, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Lee Kok-ming who is a Chartered Financial Analyst, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

The details of the Retiring Director proposed to be re-elected at the EGM are set out as follows:

David Norman Prince (Age: 65)

Non-Executive Director

Mr. Prince has been a Non-Executive Director of the Company since 29 October 2016. He is a member of the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Purchasing and Supply (UK). Mr. Prince has been a non-executive director of SmarTone Telecommunications Holdings Limited since 2005. He is also a director of Wilson Group Limited, a wholly-owned subsidiary of SHKP, the substantial shareholder of the Company within the meaning of Part XV of the SFO, as well as a consultant of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP.

Mr. Prince has over 20 years' experience of operating at board level in an international environment. He is currently a non-executive director and chair of the audit committee of Adecco SA which is the global leader in human resources services. Mr. Prince was previously a non-executive director of Ark Therapeutics plc.

Mr. Prince was group finance director of Cable and Wireless plc. until December 2003 and prior to this, spent some 12 years working in the telecommunications industry in Hong Kong, Mainland China and Asia. From 1994 to 2000 he was finance director and latterly deputy chief executive officer of Hong Kong Telecommunications Limited until it was acquired by PCCW in 2000. Mr. Prince went on to join PCCW plc. as group chief financial officer. In 2002, he left PCCW to join Cable and Wireless as group finance director. Prior to his time in Hong Kong he held senior management roles for Cable and Wireless. His early career was spent in the gas, oil and electronic industries within Europe and the USA.

Save as disclosed above, Mr. Prince (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company.

There is no service contract entered into between the Company and Mr. Prince. Mr. Prince received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with

the Articles of Association of the Company. Mr. Prince is entitled to receive a director's fee of HK\$120,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

As at the Latest Practicable Date, Mr. Prince does not have, and is not deemed to have, any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters concerning the Retiring Director that need to be brought to the attention of the holders of the securities of the Company nor any information required to be disclosed pursuant to the requirements of Rule 17.50(2) of the GEM Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING



sunevision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of SUNEVISION HOLDINGS LTD. (the “**Company**”) will be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Friday, 23 June 2017 at 12:00 noon for the following purposes:

1. To consider and, if thought fit, pass the following resolutions (with or without modifications) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(a) “**THAT:**

- (i) the agreement dated 2 May 2017 entered into between the Company and Sun Hung Kai Properties Limited (“**SHKP**”) in respect of the Networking Arrangement (as defined and more particularly described in the circular to the shareholders of the Company dated 23 May 2017 (the “**Circular**”)) (the “**Networking Agreement**”, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the annual cap in relation to the Networking Arrangement of HK\$109,300,000 for each of the three financial years ending 30 June 2020, be and are hereby approved;
- (ii) the entering into, execution, performance and implementation of the Networking Agreement by the directors of the Company (the “**Directors**”) for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (iii) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement, or give effect to, or otherwise for the purposes of, or as contemplated under, or is otherwise in connection with, the Networking Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) “**THAT:**

- (i) the agreement dated 2 May 2017 entered into between the Company and SHKP in respect of the Maintenance Arrangement (as defined and more particularly described in the Circular) (the “**Maintenance Agreement**”, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the annual cap in relation to the Maintenance Arrangement of HK\$77,700,000 for each of the three financial years ending 30 June 2020, be and are hereby approved;
- (ii) the entering into, execution, performance and implementation of the Maintenance Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (iii) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement, or give effect to, or otherwise for the purposes of, or as contemplated under, or is otherwise in connection with, the Maintenance Agreement.”

(c) “**THAT:**

- (i) the agreement dated 2 May 2017 entered into between the Company and SHKP in respect of the Networking Sub-contracting Arrangement (as defined and more particularly described in the Circular) (the “**Networking Sub-contracting Agreement**”, a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the annual cap in relation to the Networking Sub-contracting Arrangement of HK\$20,100,000 for each of the three financial years ending 30 June 2020, be and are hereby approved;
- (ii) the entering into, execution, performance and implementation of the Networking Sub-contracting Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement, or give effect to, or otherwise for the purposes of, or as contemplated under, or is otherwise in connection with, the Networking Sub-contracting Agreement.”

- (d) **“THAT:**
 - (i) the agreement dated 2 May 2017 entered into between the Company and SHKP in respect of the Maintenance Sub-contracting Arrangement (as defined and more particularly described in the Circular) (the **“Maintenance Sub-contracting Agreement”**, a copy of which has been produced to the meeting marked “D” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the annual cap in relation to the Maintenance Sub-contracting Arrangement of HK\$8,600,000 for each of the three financial years ending 30 June 2020, be and are hereby approved;
 - (ii) the entering into, execution, performance and implementation of the Maintenance Sub-contracting Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
 - (iii) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement, or give effect to, or otherwise for the purposes of, or as contemplated under, or is otherwise in connection with, the Maintenance Sub-contracting Agreement.”

- (e) **“THAT:**
 - (i) the agreement dated 2 May 2017 entered into between the Company and SHKP in respect of the HK Lease Arrangements (as defined and more particularly described in the Circular) (the **“HK Leasing Agreement”**, a copy of which has been produced to the meeting marked “E” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the annual cap in relation to the HK Lease Arrangements of HK\$91,900,000 for each of the three financial years ending 30 June 2020, be and are hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) the entering into, execution, performance and implementation of the HK Leasing Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
 - (iii) the Directors be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement, or give effect to, or otherwise for the purposes of, or as contemplated under, or is otherwise in connection with, the HK Leasing Agreement.”
2. To re-elect Retiring Director (as defined and more particularly described in the Circular).

By order of the Board
SUNEVISION HOLDINGS LTD.
Lee Kok-ming
Company Secretary

Hong Kong, 23 May 2017

Registered Office:
PO 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

Notes:

1. In order to determine entitlements of the shareholders of the Company to attend and vote at the extraordinary general meeting of the Company to be held on Friday, 23 June 2017 (the “**EGM**”), the register of members of the Company will be closed from Tuesday, 20 June 2017 to Friday, 23 June 2017, both days inclusive, during which no transfer of shares of the Company (the “**Shares**”) will be effected.
 - (i) In the case of the Shares, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 19 June 2017.
 - (ii) In the case of convertible notes of the Company, in order to be entitled to attend and vote at the EGM, the notice of conversion accompanied by the relevant note certificate and payment of the necessary amount should have been surrendered to and deposited with the Company’s registrar in respect of the convertible notes, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for conversion into Shares not later than 4:30 p.m. on Friday, 5 May 2017.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. A shareholder entitled to attend and vote at the EGM is entitled to appoint a person or persons (who must be individuals) as his or her proxy or proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a shareholder of the Company.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
4. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof; and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. With reference to Ordinary Resolution no. 2 above, Mr. David Norman Prince (who was appointed as a Non-Executive Director of the Company with effect from 29 October 2016) will hold office until the EGM and shall be eligible for re-election thereat. Details of the Retiring Director (as defined and more particularly described in the Circular) are set out in Appendix II to the Circular.

This notice is in English and Chinese. In case of any inconsistency, the English version shall prevail.