
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 securities in SUNeVision Holdings Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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sune**VISION**

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1686)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE PROPOSED ACQUISITION OF A PROPERTY HOLDING COMPANY
AND
(2) THE PROPOSED DISPOSALS OF
TWO INDIRECT WHOLLY-OWNED PROPERTIES HOLDING SUBSIDIARIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

Capitalised terms used in the lower portion of this cover page will have the same respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 31 of this circular. A letter from the Independent Board Committee is set out on pages 32 to 33 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 61 of this circular.

A notice of the EGM to be held at 4th Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Wednesday, 30 October 2019 at 12:30 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 12:00 noon shall have been concluded or adjourned) is set out on pages 86 to 88 of this circular. 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 later than 12:30 p.m. on Monday, 28 October 2019 or not less than 48 hours before the time for holding any adjourned EGM (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

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

11 October 2019

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DEFINITIONS

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

“Aggregate Consideration for Disposals”	the aggregate of the RD Consideration and the MI Consideration;
“Agreements”	collectively, the BI Acquisition Agreement, the RD Disposal Agreement and the MI Disposal Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“BI Acquisition”	the acquisition of the BI Sale Shares and the BI Sale Loan by the BI Acquisition Purchaser from the BI Acquisition Vendor and Fidelity Finance Company, Limited (a direct wholly-owned subsidiary of SHKP) respectively in accordance with the terms and conditions of the BI Acquisition Agreement and the performance of the transactions contemplated under the BI Acquisition Agreement;
“BI Acquisition Agreement”	the conditional sale and purchase agreement dated 9 September 2019 entered into between the BI Acquisition Vendor as vendor and the BI Acquisition Purchaser as purchaser in relation to the BI Acquisition;
“BI Acquisition Company”	Branhall Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is an indirect wholly-owned subsidiary of SHKP at the Latest Practicable Date and prior to the BI Completion;
“BI Acquisition Purchaser” or “RD Disposal Vendor”	Capital Data Centre Limited, a company incorporated under the laws of the British Virgin Islands, which is indirectly wholly-owned by the Company;
“BI Acquisition Vendor”	Camembert Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is indirectly wholly-owned by SHKP;
“BI Completion”	completion of the BI Acquisition in accordance with the terms and conditions of the BI Acquisition Agreement;

DEFINITIONS

“BI Completion Date”	6 November 2019 (or such other date as may be agreed in writing between the BI Acquisition Purchaser and the BI Acquisition Vendor), being the date on which the BI Completion shall take place;
“BI Conditions”	conditions precedent to the BI Completion set out in the subsection headed “Conditions Precedent” of the section headed “The Acquisition” under the “Letter from the Board” of this circular;
“BI Consideration”	the consideration for the BI Sale Shares and the BI Sale Loan;
“BI Property”	the entire industrial building at 8-12 Wong Chuk Yeung Street, Fo Tan, Shatin, New Territories, Hong Kong, with further particulars as set out in the BI Acquisition Agreement;
“BI Sale Loan”	the unsecured loan owing by the BI Acquisition Company to Fidelity Finance Company, Limited, which is a direct wholly-owned subsidiary of SHKP;
“BI Sale Shares”	2 ordinary shares and 39,999,998 redeemable shares of the BI Acquisition Company, representing the entire issued share capital of the BI Acquisition Company;
“Board”	the board of Directors;
“C&W”	Cushman & Wakefield Limited;
“Company”	SUNeVision Holdings Ltd. 新意網集團有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1686);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“Disposals”	collectively, the RD Disposal and the MI Disposal;
“EGM”	an extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve the Agreements and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of giving advice and making recommendation to the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Shareholder(s) who is/are materially interested in the transactions contemplated under any of the Agreements;
“Latest Practicable Date”	4 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time);
“MI Completion”	completion of the MI Disposal in accordance with the terms and conditions of the MI Disposal Agreement;

DEFINITIONS

“MI Completion Date”	6 November 2019 (or such other date as may be agreed in writing between the MI Disposal Purchaser and the MI Disposal Vendor), being the date on which the MI Completion shall take place;
“MI Conditions”	conditions precedent to the MI Completion set out in the subsection headed “Conditions Precedent” of the section headed “The Disposals – (ii) The MI Disposal Agreement” under the “Letter from the Board” of this circular;
“MI Consideration”	the consideration for the MI Sale Shares and the MI Sale Loan;
“MI Disposal”	the disposal of MI Sale Shares and the MI Sale Loan by the MI Disposal Vendor and iAdvantage (Solutions) Services Limited (an indirect wholly-owned subsidiary of the Company) respectively to the MI Disposal Purchaser in accordance with the terms and conditions of the MI Disposal Agreement and the performance of the transactions contemplated under the MI Disposal Agreement;
“MI Disposal Agreement”	the conditional sale and purchase agreement dated 9 September 2019 entered into between the MI Disposal Vendor as vendor and the MI Disposal Purchaser as purchaser in relation to the MI Disposal;
“MI Disposal Company”	Multi-well Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company at the Latest Practicable Date and prior to the MI Completion;
“MI Disposal Purchaser” or “RD Disposal Purchaser”	First Accurate Limited, a company incorporated under the laws of the British Virgin Islands, which is indirectly wholly-owned by SHKP;
“MI Disposal Vendor”	Huge Profit Investments Ltd., a company incorporated under the laws of the British Virgin Islands, which is directly wholly-owned by the Company;

DEFINITIONS

“MI Properties”	24 workshops and 2 storerooms at Kodak House II, 39 Healthy Street East, North Point, Hong Kong, with further particulars as set out in the MI Disposal Agreement;
“MI Sale Loan”	the unsecured loan owing by the MI Disposal Company to iAdvantage (Solutions) Services Limited, which is an indirect wholly-owned subsidiary of the Company;
“MI Sale Shares”	2 issued ordinary shares of the MI Disposal Company, representing the entire issued ordinary shares of the MI Disposal Company;
“RD Completion”	completion of the RD Disposal in accordance with the terms and conditions of the RD Disposal Agreement;
“RD Completion Date”	6 November 2019 (or such other date as may be agreed in writing between the RD Disposal Purchaser and the RD Disposal Vendor), being the date on which the RD Completion shall take place;
“RD Conditions”	conditions precedent to the RD Completion set out in the subsection headed “Conditions Precedent” of the section headed “The Disposals – (i) The RD Disposal Agreement” under the “Letter from the Board” of this circular;
“RD Consideration”	the consideration for the RD Sale Share and the RD Sale Loan;
“RD Disposal”	the disposal of the RD Sale Share and the RD Sale Loan by the RD Disposal Vendor and Grandwide Development Limited (an indirect wholly-owned subsidiary of the Company) respectively to the RD Disposal Purchaser in accordance with the terms and conditions of the RD Disposal Agreement and the performance of the transactions contemplated under the RD Disposal Agreement;
“RD Disposal Agreement”	the conditional sale and purchase agreement dated 9 September 2019 entered into between the RD Disposal Vendor as vendor and the RD Disposal Purchaser as purchaser in relation to the RD Disposal;

DEFINITIONS

“RD Disposal Company”	Riderstrack Development Limited, a company incorporated under the laws of the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company at the Latest Practicable Date and prior to the RD Completion;
“RD Properties”	certain units on 31st, 32nd, 33rd, 35th and 37th floors of Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong, with further particulars as set out in the RD Disposal Agreement;
“RD Sale Loan”	the unsecured loan owing by the RD Disposal Company to Grandwide Development Limited, which is an indirect wholly-owned subsidiary of the Company;
“RD Sale Share”	1 issued share of the RD Disposal Company, representing the entire issued share capital of the RD Disposal Company;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as may be amended from time to time);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“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 shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 16), which is a controlling Shareholder;
“SHKP Group”	SHKP and its subsidiaries and associates (excluding the Group) from time to time;
“Splendid Sharp”	Splendid Sharp Limited, a company incorporated in Hong Kong with limited liability, which is a direct subsidiary of the MI Disposal Company;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Transactions”	collectively, the BI Acquisition and the Disposals; 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: 1686)

Executive Directors:

Kwok Ping-luen, Raymond *(Chairman)*

Fung Yuk-lun, Allen *(Vice Chairman)*

Tong Kwok-kong, Raymond

(Chief Executive Officer)

Tung Chi-ho, Eric

Non-Executive Directors:

Cheung Wing-yui *(Vice Chairman)*

Kwok Kai-wang, Christopher

David Norman Prince

Siu Hon-wah, Thomas

Chan Hong-ki, Robert

Registered Office:

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Head Office and Principal

Place of Business:

Unit 3110, 31/F

Standard Chartered Tower

Millennium City 1

388 Kwun Tong Road

Kwun Tong, Kowloon

Hong Kong

Independent Non-Executive Directors:

Li On-kwok, Victor

King Yeo-chi, Ambrose

Wong Kai-man

Kwok Kwok-chuen

Lee Wai-kwong, Sunny

11 October 2019

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

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE PROPOSED ACQUISITION OF A PROPERTY HOLDING COMPANY
AND
(2) THE PROPOSED DISPOSALS OF
TWO INDIRECT WHOLLY-OWNED PROPERTIES HOLDING SUBSIDIARIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 9 September 2019 in relation to the Transactions.

LETTER FROM THE BOARD

On 9 September 2019:

- (i) the BI Acquisition Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the BI Acquisition Agreement with the BI Acquisition Vendor, pursuant to which the BI Acquisition Purchaser conditionally agreed to purchase, and the BI Acquisition Vendor conditionally agreed to sell and procure to sell, the BI Sale Shares and the BI Sale Loan at the BI Consideration of approximately HK\$2,215,390,000;
- (ii) the RD Disposal Vendor, an indirect wholly-owned subsidiary of the Company, as vendor, entered into the RD Disposal Agreement with the RD Disposal Purchaser, pursuant to which the RD Disposal Vendor conditionally agreed to sell and procure to sell, and the RD Disposal Purchaser conditionally agreed to purchase, the RD Sale Share and the RD Sale Loan at the RD Consideration of approximately HK\$1,051,514,000; and
- (iii) the MI Disposal Vendor, a direct wholly-owned subsidiary of the Company, as vendor, entered into the MI Disposal Agreement with the MI Disposal Purchaser, pursuant to which the MI Disposal Vendor conditionally agreed to sell and procure to sell, and the MI Disposal Purchaser conditionally agreed to purchase, the MI Sale Shares and the MI Sale Loan at the MI Consideration of approximately HK\$755,494,000.

The above Transactions comprise (i) the acquisition by the Group from the SHKP Group of an entire industrial building in Fo Tan, Shatin, New Territories, Hong Kong, the majority part of which is currently leased to and operated by the Group as a data centre, known as MEGA Two; and (ii) the disposals by the Group to the SHKP Group of certain units in Standard Chartered Tower, Millennium City 1, Kwun Tong, Kowloon, Hong Kong and in Kodak House II in North Point, Hong Kong respectively.

The Agreements were negotiated together and have been entered into on the same date. The Agreements are inter-conditional upon each other and, subject to the fulfillment (or waiver if applicable) of their respective conditions precedent, the completion of the Agreements shall take place simultaneously.

The purpose of this circular is to provide you with (i) further details on the Agreements and the Transactions; (ii) a letter from the Independent Board Committee containing its advice and recommendations in respect of the Agreements and the Transactions; (iii) a letter from the Independent Financial Adviser containing its advice and recommendations in respect of the Agreements and the Transactions; (iv) other information as required by the Listing Rules; and (v) a notice convening the EGM.

LETTER FROM THE BOARD

THE ACQUISITION

The BI Acquisition Agreement

The principal terms of the BI Acquisition Agreement are set out below:

Date

9 September 2019

Parties

- (a) the BI Acquisition Purchaser, as the purchaser; and
- (b) the BI Acquisition Vendor, as the vendor

Assets to be acquired

- (i) the BI Sale Shares representing the entire issued share capital of the BI Acquisition Company; and
- (ii) the BI Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Fidelity Finance Company, Limited, a direct wholly-owned subsidiary of SHKP.

The BI Acquisition Purchaser has designated a nominee to take assignment of the BI Sale Loan.

Under the BI Acquisition, the Group will acquire from the SHKP Group the BI Acquisition Company which holds the BI Property, comprising the entire industrial building at 8-12 Wong Chuk Yeung Street, Fo Tan, Shatin, New Territories, Hong Kong.

BI Consideration and payment terms

The BI Consideration payable for the BI Sale Shares and the BI Sale Loan is approximately HK\$2,215,390,000, subject to potential adjustment in accordance with the terms of the BI Acquisition Agreement. The consideration for the BI Sale Loan shall be a sum equal to the aggregate principal amount of the BI Sale Loan as at BI Completion Date, while the consideration for the BI Sale Shares shall be the remainder of the BI Consideration (that is, the BI Consideration less the consideration for the BI Sale Loan).

LETTER FROM THE BOARD

The BI Consideration was determined after arm's length negotiations between the BI Acquisition Purchaser and the BI Acquisition Vendor with reference to (i) the agreed value of the BI Property of HK\$2,250,000,000, taking into account a preliminary indicative market value of the BI Property as advised by C&W, a professional independent valuer; (ii) the financial and operating performance of the BI Acquisition Company, and the unaudited attributable net liabilities value of the BI Acquisition Company (excluding the unaudited carrying value of the BI Property) of approximately HK\$190,669,000 as at 30 June 2019; and (iii) the unaudited BI Sale Loan of approximately HK\$156,059,000 as at 30 June 2019. The BI Consideration is equal to the agreed value of the BI Property plus the unaudited amount of the BI Sale Loan minus the unaudited attributable net liabilities value of the BI Acquisition Company.

The above preliminary indicative value of the BI Property was prepared by C&W on current date basis and was based on the information provided by the Group and available prior to the entering into of the BI Acquisition Agreement. C&W adopted the market approach as the valuation methodology.

The independent valuation of the BI Property as at 3 October 2019 amounted to HK\$2,250,000,000, further details of which are set out in Appendix I to this circular.

Taking into account that the above agreed value of the BI Property (which form part of the basis of the BI Consideration payable by the Group) is the same as the valuation of the BI Property as at 3 October 2019 using the market approach, the Directors (including the independent non-executive Directors who have taken into account the advice from Somerley) are of the view that the BI Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the BI Acquisition Agreement, after the BI Completion, the BI Consideration shall be adjusted by the change in the net liabilities value (excluding the unaudited carrying values of the BI Property and the BI Sale Loan) of the BI Acquisition Company ("**BI Net Liabilities Value**") as at 30 June 2019 to its net assets or net liabilities value (excluding the unaudited carrying values of the BI Property and the BI Sale Loan) to be determined as at the BI Completion Date. Based on the currently available information, it is anticipated that the net liabilities position of the BI Acquisition Company as at 30 June 2019 will not change into a net assets position at the BI Completion Date. In the circumstances, the adjustment to the BI Consideration after the BI Completion Date will be one of the following:

- (i) if the BI Net Liabilities Value increases from 30 June 2019 to the BI Completion Date, there shall be deducted from the BI Consideration the absolute amount of such increase;

LETTER FROM THE BOARD

- (ii) if the BI Net Liabilities Value decreases from 30 June 2019 to the BI Completion Date, there shall be added to the BI Consideration the absolute amount of such decrease; and
- (iii) if there is no change to the BI Net Liabilities Value from 30 June 2019 to the BI Completion Date, there shall be no adjustment to the BI Consideration.

Based on the estimation of the Company of the decrease in the BI Net Liabilities Value from 30 June 2019 to the BI Completion Date, the upward adjustment to the BI Consideration after the BI Completion Date will not be more than HK\$34.0 million. Accordingly, it is contemplated that such adjustment will not result in any change of the classification of the BI Acquisition under Chapter 14 of the Listing Rules.

The BI Consideration shall be satisfied in the following manner:

- (a) on the date of the BI Acquisition Agreement, the BI Acquisition Purchaser shall pay or procure to be paid to the BI Acquisition Vendor a deposit in the sum of approximately HK\$221,539,000 (representing 10% of the BI Consideration);
- (b) subject to fulfillment (or waiver if applicable) of the BI Conditions, the BI Acquisition Purchaser shall pay or procure to be paid to the BI Acquisition Vendor the balance in the sum of approximately HK\$1,993,851,000 upon BI Completion; and
- (c) after the BI Completion, (i) the BI Acquisition Purchaser shall pay the BI Acquisition Vendor the amount of the adjustment to the BI Consideration in the event of an upward adjustment; or (ii) the BI Acquisition Vendor shall pay the BI Acquisition Purchaser the amount of the adjustment to the BI Consideration in the event of a downward adjustment.

Further details regarding the settlement of the BI Consideration are set out in the section headed “**NETTING OFF OF CONSIDERATION PAYABLE UNDER THE AGREEMENTS**” below.

Original acquisition cost of the BI Property

Based on the information provided by the BI Acquisition Vendor, the BI Property was acquired by the BI Acquisition Company in 1991 at the consideration of HK\$290,000,000.

LETTER FROM THE BOARD

Conditions Precedent

The BI Completion is conditional upon the fulfillment (or waiver if applicable) of the following BI Conditions on the BI Completion Date:

- (a) the BI Acquisition Company being able to show and give good title to the BI Property;
- (b) there having been no material breach of any of the warranties or any terms of the BI Acquisition Agreement by the BI Acquisition Vendor;
- (c) there having been no material breach of any of the pre-completion obligations under the BI Acquisition Agreement by the BI Acquisition Vendor;
- (d) the approval by the Shareholders (in the manner as provided under the Listing Rules or the applicable laws, rules and regulations) of the BI Acquisition Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (e) RD Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the RD Disposal Agreement; and
- (f) MI Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the MI Disposal Agreement.

The BI Acquisition Purchaser may in its absolute discretion at any time waive in writing any one or more of the BI Conditions set out in (a) to (c) above.

Representations, Warranties and Undertakings

The BI Acquisition Agreement contains representations, warranties and undertakings by the BI Acquisition Vendor in respect of the BI Acquisition Company which are usual and customary for a transaction of this nature and scale.

Completion

Subject to the fulfillment or waiver (if applicable) of all the BI Conditions by no later than 4:00 p.m. on the BI Completion Date, completion of the sale and purchase of the BI Sale Shares and the assignment of the BI Sale Loan shall take place simultaneously on the BI Completion Date.

LETTER FROM THE BOARD

THE DISPOSALS

(i) The RD Disposal Agreement

The principal terms of the RD Disposal Agreement are set out below:

Date

9 September 2019

Parties

- (i) the RD Disposal Purchaser, as the purchaser; and
- (ii) the RD Disposal Vendor, as the vendor

Assets to be disposed of

- (i) the RD Sale Share representing the entire issued share capital of the RD Disposal Company; and
- (ii) the RD Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Grandwide Development Limited, an indirect wholly-owned subsidiary of the Company.

The RD Disposal Purchaser has designated a nominee to take assignment of the RD Sale Loan.

Under the RD Disposal, the Group will dispose of to the SHKP Group the RD Disposal Company which holds the RD Properties, comprising certain office units of Standard Chartered Tower, Millennium City 1 in Kwun Tong, Kowloon, Hong Kong.

RD Consideration and payment terms

The RD Consideration payable for the RD Sale Share and the RD Sale Loan is approximately HK\$1,051,514,000, subject to potential adjustments in accordance with the terms of the RD Disposal Agreement. The consideration for the RD Sale Loan shall be a sum equal to the aggregate principal amount of the RD Sale Loan as at RD Completion Date, while the consideration for the RD Sale Share shall be the remainder of the RD Consideration (that is, the RD Consideration less the consideration for the RD Sale Loan).

LETTER FROM THE BOARD

The RD Consideration was determined after arm's length negotiations between the RD Disposal Purchaser and the RD Disposal Vendor with reference to (i) the agreed value of the RD Properties of HK\$1,076,208,000, taking into account a preliminary indicative market value of the RD Properties as advised by C&W, a professional independent valuer; (ii) the financial and operating performance of the RD Disposal Company, and the unaudited attributable net liabilities value of the RD Disposal Company (excluding the unaudited carrying value of the RD Properties) of approximately HK\$391,865,000 as at 30 June 2019; and (iii) the unaudited RD Sale Loan of approximately HK\$367,171,000 as at 30 June 2019. The RD Consideration is equal to the agreed value of the RD Properties plus the unaudited amount of the RD Sale Loan minus the unaudited attributable net liabilities value of the RD Disposal Company.

The above preliminary indicative value of the RD Properties was prepared by C&W on current date basis and was based on the information provided by the Group and available prior to the entering into of the RD Disposal Agreement. C&W adopted the market approach as the valuation methodology.

The independent valuation of the RD Properties as at 3 October 2019 amounted to HK\$1,070,000,000, further details of which are set out in Appendix I to this circular.

Taking into account the above agreed value of the RD Properties (which form part of the basis of the RD Consideration payable to the Group) is slightly higher than the valuation of the RD Properties as at 3 October 2019 using the market approach, the Directors (including the independent non-executive Directors who have taken into account the advice from Somerley) are of the view that the RD Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the RD Disposal Agreement, after the RD Completion, the RD Consideration shall be adjusted by the change in the net liabilities value (excluding the unaudited carrying values of the RD Properties and the RD Sale Loan) of the RD Disposal Company ("**RD Net Liabilities Value**") as at 30 June 2019 to its net assets or net liabilities value (excluding the unaudited carrying values of the RD Properties and the RD Sale Loan) to be determined as at the RD Completion Date. Based on the currently available information, it is anticipated that the net liabilities position

LETTER FROM THE BOARD

of the RD Disposal Company as at 30 June 2019 will not change into a net assets position at the RD Completion Date. In the circumstances, the adjustment to the RD Consideration after the RD Completion Date will be one of the following:

- (i) if the RD Net Liabilities Value increases from 30 June 2019 to the RD Completion Date, there shall be deducted from the RD Consideration the absolute amount of such increase;
- (ii) if the RD Net Liabilities Value decreases from 30 June 2019 to the RD Completion Date, there shall be added to the RD Consideration the absolute amount of such decrease; and
- (iii) if there is no change to the RD Net Liabilities Value from 30 June 2019 to the RD Completion Date, there shall be no adjustment to the RD Consideration.

Based on the estimation of the Company of the decrease in the RD Net Liabilities Value from 30 June 2019 to the RD Completion Date, the upward adjustment to the RD Consideration after the RD Completion Date will not be more than HK\$11.3 million. Accordingly, it is contemplated that such adjustment will not result in any change of the classification of the RD Disposal under Chapter 14 of the Listing Rules.

The RD Consideration shall be satisfied in the following manner:

- (a) on the date of the RD Disposal Agreement, the RD Disposal Purchaser shall pay or procure to be paid to the RD Disposal Vendor a deposit in the sum of approximately HK\$105,151,400 (representing 10% of the RD Consideration);
- (b) subject to fulfillment (or waiver if applicable) of the RD Conditions, the RD Disposal Purchaser shall pay or procure to be paid to the RD Disposal Vendor the balance in the sum of approximately HK\$946,362,600 upon RD Completion; and
- (c) after the RD Completion, (i) the RD Disposal Purchaser shall pay the RD Disposal Vendor the amount of the adjustment to the RD Consideration in the event of an upward adjustment; or (ii) the RD Disposal Vendor shall pay the RD Disposal Purchaser the amount of the adjustment to the RD Consideration in the event of a downward adjustment.

LETTER FROM THE BOARD

Further details regarding the settlement of the RD Consideration are set out in the section headed “**NETTING OFF OF CONSIDERATION PAYABLE UNDER THE AGREEMENTS**” below.

Conditions Precedent

The RD Completion is conditional upon the fulfillment (or waiver if applicable) of the following RD Conditions on the RD Completion Date:

- (a) the RD Disposal Company being able to show and give good title to the RD Properties;
- (b) there having been no material breach of any of the warranties or any terms of the RD Disposal Agreement by the RD Disposal Vendor;
- (c) there having been no material breach of any of the pre-completion obligations under the RD Disposal Agreement by the RD Disposal Vendor;
- (d) the approval by the Shareholders (in the manner as provided under the Listing Rules or the applicable laws, rules and regulations) of the RD Disposal Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (e) MI Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the MI Disposal Agreement; and
- (f) BI Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the BI Acquisition Agreement.

The RD Disposal Purchaser may in its absolute discretion at any time waive in writing any one or more of the RD Conditions set out in (a) to (c) above.

Representations, Warranties and Undertakings

The RD Disposal Agreement contains representations, warranties and undertakings by the RD Disposal Vendor in respect of the RD Disposal Company which are usual and customary for a transaction of this nature and scale.

LETTER FROM THE BOARD

Completion

Subject to fulfilment or waiver (if applicable) of all the RD Conditions by no later than 4:00 p.m. on the RD Completion Date, completion of the sale and purchase of the RD Sale Share and the assignment of the RD Sale Loan shall take place simultaneously on the RD Completion Date.

(ii) The MI Disposal Agreement

The principal terms of the MI Disposal Agreement are set out below:

Date

9 September 2019

Parties

- (i) the MI Disposal Purchaser, as the purchaser; and
- (ii) the MI Disposal Vendor, as the vendor

Assets to be disposed of

- (i) the MI Sale Shares representing the entire issued ordinary shares of the MI Disposal Company; and
- (ii) the MI Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to iAdvantage (Solutions) Services Limited, an indirect wholly-owned subsidiary of the Company.

The MI Disposal Purchaser has designated a nominee to take assignment of the MI Sale Loan.

Under the MI Disposal, the Group will dispose of to the SHKP Group the MI Disposal Company which through Splendid Sharp holds the MI Properties, comprising a number of workshops and storerooms at Kodak House II in North Point, Hong Kong.

LETTER FROM THE BOARD

MI Consideration and payment terms

The MI Consideration payable for the MI Sale Shares and the MI Sale Loan is approximately HK\$755,494,000, subject to potential adjustments in accordance with the terms of the MI Disposal Agreement. The consideration for the MI Sale Loan shall be a sum equal to the aggregate principal amount of the MI Sale Loan as at MI Completion Date, while the consideration for the MI Sale Shares shall be the remainder of the MI Consideration (that is, the MI Consideration less the consideration for the MI Sale Loan).

The MI Consideration was determined after arm's length negotiations between the MI Disposal Purchaser and the MI Disposal Vendor with reference to (i) the agreed value of the MI Properties of HK\$767,044,000, taking into account a preliminary indicative market value of the MI Properties as advised by C&W, a professional independent valuer; (ii) the financial and operating performance of the MI Disposal Company, and the unaudited consolidated attributable net liabilities value of the MI Disposal Company (excluding the unaudited carrying value of the MI Properties) of approximately HK\$93,957,000 as at 30 June 2019; and (iii) the unaudited MI Sale Loan of approximately HK\$82,407,000 as at 30 June 2019. The MI Consideration is equal to the agreed value of the MI Properties plus the unaudited amount of the MI Sale Loan minus the unaudited attributable net liabilities value of the MI Disposal Company.

The above preliminary indicative value of the MI Properties was prepared by C&W on current date basis and was based on the information provided by the Group and available prior to the entering into of the MI Disposal Agreement. C&W adopted the market approach as the valuation methodology.

The independent valuation of the MI Properties as at 3 October 2019 amounted to HK\$760,000,000, further details of which are set out in Appendix I to this circular.

Taking into account the above agreed value of the MI Properties (which form part of the basis of the MI Consideration payable to the Group) is slightly higher than the valuation of the MI Properties as at 3 October 2019 using the market approach, the Directors (including the independent non-executive Directors who have taken into account the advice from Somerley) are of the view that the MI Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Pursuant to the MI Disposal Agreement, after the MI Completion, the MI Consideration shall be adjusted by the change in the consolidated net liabilities value (excluding the unaudited carrying values of the MI Properties and the MI Sale Loan) of the MI Disposal Company (“**MI Net Liabilities Value**”) as at 30 June 2019 to its consolidated net assets or net liabilities value (excluding the unaudited carrying values of the MI Properties and the MI Sale Loan) to be determined as at the MI Completion Date. Based on the currently available information, it is anticipated that the net liabilities position of the MI Disposal Company as at 30 June 2019 will not change into a net assets position at the MI Completion Date. In the circumstances, the adjustment to the MI Consideration after the MI Completion Date will be one of the following:

- (i) if the MI Net Liabilities Value increases from 30 June 2019 to the MI Completion Date, there shall be deducted from the MI Consideration the absolute amount of such increase;
- (ii) if the MI Net Liabilities Value decreases from 30 June 2019 to the MI Completion Date, there shall be added to the MI Consideration the absolute amount of such decrease; and
- (iii) if there is no change to the MI Net Liabilities Value from 30 June 2019 to the MI Completion Date, there shall be no adjustment to the MI Consideration.

Based on the estimation of the Company of the decrease in the MI Net Liabilities Value from 30 June 2019 to the MI Completion Date, the upward adjustment to the MI Consideration after the MI Completion Date will not be more than HK\$7.6 million. Accordingly, it is contemplated that such adjustment will not result in any change of the classification of the MI Disposal under Chapter 14 of the Listing Rules.

The MI Consideration shall be satisfied in the following manner:

- (a) on the date of the MI Disposal Agreement, the MI Disposal Purchaser shall pay or procure to be paid to the MI Disposal Vendor a deposit in the sum of approximately HK\$75,549,400 (representing 10% of the MI Consideration);
- (b) subject to fulfillment (or waiver if applicable) of the MI Conditions, the MI Disposal Purchaser shall pay or procure to be paid to the MI Disposal Vendor the balance in the sum of approximately HK\$679,944,600 upon MI Completion; and

LETTER FROM THE BOARD

- (c) after the MI Completion, (i) the MI Disposal Purchaser shall pay the MI Disposal Vendor the amount of the adjustment to the MI Consideration in the event of an upward adjustment; or (ii) the MI Disposal Vendor shall pay the MI Disposal Purchaser the amount of the adjustment to the MI Consideration in the event of a downward adjustment.

Further details regarding the settlement of the MI Consideration are set out in the section headed “**NETTING OFF OF CONSIDERATION PAYABLE UNDER THE AGREEMENTS**” below.

Conditions Precedent

The MI Completion is conditional upon the fulfillment (or waiver if applicable) of the following MI Conditions on the MI Completion Date:

- (a) Splendid Sharp being able to show and give good title to the MI Properties;
- (b) there having been no material breach of any of the warranties or any terms of the MI Disposal Agreement by the MI Disposal Vendor;
- (c) there having been no material breach of any of the pre-completion obligations under the MI Disposal Agreement by the MI Disposal Vendor;
- (d) the approval by the Shareholders (in the manner as provided under the Listing Rules or the applicable laws, rules and regulations) of the MI Disposal Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (e) RD Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the RD Disposal Agreement; and
- (f) BI Conditions set out in (a) to (d) having been satisfied or (as applicable) waived in accordance with the BI Acquisition Agreement.

The MI Disposal Purchaser may in its absolute discretion at any time waive in writing any one or more of the MI Conditions set out in (a) to (c) above.

Representations, Warranties and Undertakings

The MI Disposal Agreement contains representations, warranties and undertakings by the MI Disposal Vendor in respect of the MI Disposal Company and Splendid Sharp which are usual and customary for a transaction of this nature and scale.

LETTER FROM THE BOARD

Completion

Subject to fulfilment or waiver (if applicable) of all the MI Conditions by no later than 4:00 p.m. on the MI Completion Date, completion of the sale and purchase of the MI Sale Shares and the assignment of the MI Sale Loan shall take place simultaneously on the MI Completion Date.

NETTING OFF OF CONSIDERATION PAYABLE UNDER THE AGREEMENTS

Pursuant to the Agreements, payment of the considerations (including the deposits and the balance of the considerations) shall be made by way of netting off the relevant amount payable for the BI Acquisition (i.e. the BI Consideration) against the relevant amounts receivable from the Disposals (i.e. the RD Consideration and the MI Consideration). Subject to potential adjustments to the considerations, a net amount of approximately HK\$408.4 million (before including the relevant costs and expenses in relation to the Transactions) in aggregate is payable by the Group, which will be funded by the Group's existing available banking facilities and/or internal resources. The amounts payable/receivable upon adjustment of the considerations under the Agreements shall also be netted off.

If any of the conditions precedent to the BI Completion, the RD Completion and the MI Completion is not satisfied or (where applicable) waived, the Transactions will not be completed and the net amount of the deposit paid by the Group will be refunded.

INFORMATION ON THE PARTIES TO THE AGREEMENTS

The Group

The Company is a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange, and the Group is principally engaged in the provision of (i) data centre, facilities management and value added services; and (ii) installation and maintenance services. The Group has extensive experience in operating data centres and is one of the major providers of carrier-neutral data centre services in Hong Kong.

The RD Disposal Vendor (which is also the BI Acquisition Purchaser) is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The MI Disposal Vendor is a company incorporated under the laws of the British Virgin Islands. It is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

LETTER FROM THE BOARD

The SHKP Group

SHKP is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the SHKP Group is principally engaged in the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics.

The RD Disposal Purchaser (which is also the MI Disposal Purchaser) is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of SHKP and is principally engaged in investment holding.

The BI Acquisition Vendor is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of SHKP and is principally engaged in investment holding.

INFORMATION ON THE BI ACQUISITION COMPANY, THE RD DISPOSAL COMPANY AND THE MI DISPOSAL COMPANY

As at the Latest Practicable Date, the RD Disposal Company and the MI Disposal Company are indirect wholly-owned subsidiaries of the Company, and their financial results, assets and liabilities are consolidated into the Group's audited consolidated financial statements. The BI Acquisition Company is an indirect wholly-owned subsidiary of SHKP, and its financial results, assets and liabilities are consolidated into the SHKP Group's audited consolidated financial statements.

Set out below are the summaries of the general and key financial information of the BI Acquisition Company, the RD Disposal Company and the MI Disposal Company for the two financial years ended 30 June 2018 and 30 June 2019.

The BI Acquisition Company

The BI Acquisition Company is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of SHKP and is principally engaged in property investment.

The BI Property, comprising the entire industrial building at 8-12 Wong Chuk Yeung Street, Fo Tan, Shatin, New Territories, Hong Kong, is owned by the BI Acquisition Company. As at the Latest Practicable Date, the BI Property is subject to various tenancies with the latest expiry date in June 2022 and an aggregate monthly rental of approximately HK\$8.1 million.

LETTER FROM THE BOARD

Set out below is a summary of the unaudited financial information of the BI Acquisition Company for the two financial years ended 30 June 2018 and 30 June 2019, respectively:

	For the financial year ended 30 June	
	2018	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	98.3	101.0
Net profit before taxation	153.6	182.5
Net profit after taxation	140.5	169.1

As at 30 June 2019, the unaudited net asset value of the BI Acquisition Company was approximately HK\$1,600.3 million.

The RD Disposal Company

The RD Disposal Company is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property holding.

The RD Properties, comprising certain office units of Standard Chartered Tower, Millennium City 1 in Kwun Tong, Kowloon, Hong Kong, are owned by the RD Disposal Company. As at the Latest Practicable Date, the RD Properties are subject to various tenancies with the latest expiry date in December 2023 and an aggregate monthly rental of approximately HK\$2.7 million.

Set out below is a summary of the unaudited financial information of the RD Disposal Company for the two financial years ended 30 June 2018 and 30 June 2019, respectively:

	For the financial year ended 30 June	
	2018	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	36.7	40.0
Net profit before taxation	130.7	109.3
Net profit after taxation	126.1	104.0

LETTER FROM THE BOARD

As at 30 June 2019, the unaudited net asset value of the RD Disposal Company was approximately HK\$639.1 million.

The MI Disposal Company

The MI Disposal Company is a company incorporated under the laws of the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding. Splendid Sharp is a company incorporated in Hong Kong. It is a direct subsidiary of the MI Disposal Company and is principally engaged in property holding.

The MI Properties, comprising a number of workshops and storerooms at Kodak House II in North Point, Hong Kong, are owned by the MI Disposal Company through Splendid Sharp. As at the Latest Practicable Date, the MI Properties are subject to various tenancies with the latest expiry date in September 2021 and an aggregate monthly rental of approximately HK\$1.8 million.

Set out below is a summary of the consolidated unaudited financial information of the MI Disposal Company (including Splendid Sharp) for the two financial years ended 30 June 2018 and 30 June 2019, respectively:

	For the financial year ended 30 June	
	2018	2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	24.3	27.8
Net profit before taxation	75.1	129.6
Net profit after taxation	72.0	125.9

As at 30 June, 2019, the consolidated unaudited net asset value of the MI Disposal Company (including Splendid Sharp) was approximately HK\$644.1 million.

FINANCIAL EFFECT OF THE TRANSACTIONS

Following the BI Completion, the Group will hold 100% equity interests in the BI Acquisition Company. Accordingly, the BI Acquisition Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

LETTER FROM THE BOARD

Upon the RD Completion and the MI Completion, the Group will dispose of all of its equity interests in the RD Disposal Company and the MI Disposal Company respectively, and the RD Disposal Company and the MI Disposal Company will cease to be subsidiaries of the Company. Accordingly, the financial results of the RD Disposal Company and the MI Disposal Company will no longer be consolidated in the accounts of the Group. The total estimated gain arising from the Disposals in aggregate will be approximately HK\$74.2 million, with the gain on the RD Disposal and the MI Disposal (before deducting related expenses) being approximately HK\$45.2 million and HK\$29.0 million respectively. Such estimated gain arising from the Disposals will be the fair value gain on the investment properties upon completion of the Disposals, which is estimated primarily based on the differences between the agreed values of the RD Properties and the MI Properties, and the fair values of the RD Properties and the MI Properties as at 30 June 2019.

As mentioned above, pursuant to the Agreements, given that the Aggregate Consideration for Disposals of approximately HK\$1,807.0 million will be used to net off against part of the BI Consideration of approximately HK\$2,215.4 million, the Group is expected to incur an aggregate cash outflow of approximately HK\$411.9 million (subject to potential adjustments to the considerations), being the aforesaid net payment of the BI Consideration (after including the relevant transaction costs and expenses in relation to the Transactions in the aggregate amount of approximately HK\$3.5 million), which will be funded by the Group's existing available banking facilities and/or internal resources.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Specialising on data centre businesses

The Group is principally engaged in the provision of data centre, facilities management and value-added services, and installation and maintenance services. The Group's approach is to build a portfolio of data centres equipped with superior infrastructure and facilities at different locations, connected by high-speed dark fibers to form a campus to meet customers' needs.

The Transactions involve the acquisition of property in relation to the data centre and the disposal of commercial properties by the Group. The Group has accumulated many years of experience and possesses competitive advantage in the data centre market in Hong Kong. The Board believes that the Transactions can help the Group to further clearly define its business positioning. To facilitate the Group's future strategic development, the disposal of the investment properties of the Group pursuant to the Disposals will help the Group adjust its business mix, define its business positioning in a clearer way, and focus on its data centre business development.

LETTER FROM THE BOARD

Eliminating continuing connected transactions

As at the Latest Practicable Date, the BI Property is held by the SHKP Group through the BI Acquisition Company, most of which is currently leased to and operated by the Group as a data centre. The BI Acquisition Company charges members of the Group rental and license fee for the leasing and licensing of such premises.

As at the Latest Practicable Date, the RD Properties and the MI Properties are held by the Group through the RD Disposal Company and the MI Disposal Company respectively. Kai Shing Management Services Limited (“**Kai Shing**”), a wholly-owned subsidiary of SHKP, is the building manager of both the RD Properties and the MI Properties. As such, property management fees are paid by members of the Group to Kai Shing for the performance of its services.

Upon completion of the Transactions, the BI Acquisition Company will become a subsidiary of the Company, and the RD Disposal Company and the MI Disposal Company will cease to be subsidiaries of the Company. Therefore, (i) the lease arrangements between the BI Acquisition Company and the Group in respect of the BI Property; and (ii) the provision of property management services by the SHKP Group in respect of the RD Properties and the MI Properties will cease to be continuing connected transactions of the Company. Moreover, the Group will no longer be subject to the pressure of rental increase in relation to the BI Property in the future.

Providing data centre services to major customers with greater flexibility

It is common market practice for major and hyper-scale data centre customers to enter into long-term service agreements with roll-over terms with data centre providers. Such customers also usually require customized modifications to be made to the data centre premises leased to them to cater for their specific needs, which would require approval from the landlord.

The current leasing arrangements in respect of the BI Property between the Group and the BI Acquisition Company, which constitute continuing connected transactions of the Company, are limited to a maximum term of 3 years, which are often not long enough to cover the full term required by the Group’s major customers before further renewal. Besides, approval from the BI Acquisition Company as the landlord would be needed for effecting the requirements of such major customers for modifications of the data centre premises leased to them.

LETTER FROM THE BOARD

Upon the BI Completion, the Group will have more control over the BI Property and greater flexibility to fulfil the requirements of long-term leasing and modifications of the data centre premises of such types of customers, which will facilitate the long-term development of the Group's business.

The Directors consider that the transactions under the Agreements will assist the Group in eliminating continuing connected transactions, and minimise potential competition and conflict of interests, with SHKP going forward.

The terms of the Agreements were negotiated by the parties on an arm's length basis. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements, including their respective considerations, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FURTHER INFORMATION

Intention regarding the dividend for the year ending 30 June 2020

According to the annual results announcement of the Group for the year ended 30 June 2019 dated 6 September 2019 (the "**2019 Annual Results Announcement**"), the Company has recommended a final dividend of HK16.5 cents per share to Shareholders and payment of HK16.5 cents to convertible noteholders of the Company for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on or before 5 November 2019 (equivalent to a total amount of HK\$667.7 million) for the year ended 30 June 2019. Having considered the net cash outflow of approximately HK\$411.9 million, it is expected that the Transactions would not have a material impact on the Group's results for the year ending 30 June 2020. It is the intention of the Company, in the absence of unforeseen circumstances, to maintain its dividend payment and payment in respect of the convertible notes for the financial year ending 30 June 2020 at an amount at least equal to that recommended to be paid for the year ended 30 June 2019, totalling HK\$667.7 million.

No immediate plan for equity fund-raising

As disclosed in the 2019 Annual Results Announcement, the Group is expected to commit capital expenditure mainly on the development of the new data centres and enhancing the operating capacity of the existing data centre facilities, which will be funded by the Group's available banking facilities and/or internal resources. Having further considered the materiality of the expected aggregate cash outflow for the Transactions and the existing available banking facilities and internal resources of the Group, the Company expects

LETTER FROM THE BOARD

the Group to have sufficient funding for its capital expenditure and working capital after making the net payment of the considerations under the Transactions. Accordingly, the Group presently does not see the need for equity fund-raising exercise.

LISTING RULES IMPLICATIONS

The BI Acquisition Vendor, the RD Disposal Purchaser and the MI Disposal Purchaser are indirect wholly-owned subsidiaries of SHKP, which in turn is the controlling shareholder of the Company. Accordingly, the BI Acquisition Vendor, the RD Disposal Purchaser and the MI Disposal Purchaser are associates of SHKP and connected persons of the Company, and therefore the entering into of each of the Transactions constitutes a connected transaction of the Company.

Since the Agreements are inter-conditional and will be completed simultaneously, they are regarded as one transaction involving both an acquisition and a disposal under Rule 14.24 of the Listing Rules, and the transactions under the Agreements are classified by reference to the larger of the acquisition or the disposal. As one or more of the applicable percentage ratios in respect of the BI Acquisition as well as in respect of the Disposals (in aggregate) is greater than 5% but all are less than 25%, each of the Transactions constitutes (i) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

Messrs. Kwok Ping-luen, Raymond, Fung Yuk-lun, Allen, Tung Chi-ho, Eric and Kwok Kai-wang, Christopher, who are directors of both the Company and SHKP, are regarded as materially interested in the Transactions, and had abstained from voting on the board resolutions approving the entering into of each of the Agreements pursuant to the amended and restated articles of association of the Company and the Listing Rules. Mr. Cheung Wing-yui is a consultant of the firm of solicitors which has provided professional services to the Company in relation to the Transactions, and he had also abstained from voting on the board resolutions approving the entering into of each of the Agreements to avoid potential conflicts of interests.

LETTER FROM THE BOARD

EGM

The EGM will be convened by the Company at 4th Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Wednesday, 30 October 2019 at 12:30 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 12:00 noon shall have been concluded or adjourned) for the purposes of considering and, if thought fit, approving the Agreements and the transactions contemplated thereunder, and the notice of the EGM is set out in this circular. As at the Latest Practicable Date, SHKP (through its associates) is interested in approximately 73.9% of the issued shares of the Company. As certain wholly-owned subsidiaries of SHKP have a material interest in the Transactions, the associates of SHKP which hold shares in the Company are required to abstain from voting on the resolution at the EGM. To the best of the Directors' knowledge, none of the other Shareholders is materially interested in the Transactions and required to abstain from voting on the resolution to be proposed at the EGM.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution to be put to vote at the EGM will be taken by way of poll, and an explanation of the detailed procedures for conducting a poll will be provided to the Shareholders at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of each of the Agreements and the Transactions contemplated thereunder are fair and reasonable, whether the entering into of each of the Agreements is in the interests of the Company and the Shareholders as a whole, and how to vote at the EGM in respect of the entering into of each of the Agreements.

Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

RECOMMENDATION

Having taken into account the factors as disclosed in the section headed “**REASONS FOR AND BENEFITS OF THE TRANSACTIONS**” above, the Directors (including the independent non-executive Directors whose views are set out in the “**Letter from the Independent Board Committee**” in this circular after taking into consideration the advice from the Independent Financial Adviser) consider that the terms of the Agreements and the Transactions contemplated thereunder are fair and reasonable, and although the Agreements and the Transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they will be conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreements and the Transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 32 to 33 of this circular, the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 34 to 61 of this circular, and the information set out in the appendices on pages 62 to 85 of this circular.

Yours faithfully,
By order of the Board
SUNEVISION HOLDINGS LTD.
Au King-lun, Paulina
Company secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee, setting out its recommendation to the Independent Shareholders in relation to the Agreements and the Transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1686)

11 October 2019

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE PROPOSED ACQUISITION OF A PROPERTY HOLDING COMPANY
AND
(2) THE PROPOSED DISPOSALS OF
TWO INDIRECT WHOLLY-OWNED PROPERTIES HOLDING SUBSIDIARIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 11 October 2019 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings when used in this letter.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the terms of the Agreements and the Transactions contemplated thereunder are fair and reasonable and whether the Agreements and the Transactions contemplated thereunder are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreements and the Transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the Transactions contemplated thereunder. The text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 61 of the Circular.

We wish to draw your attention to the letter from the Board as set out on pages 8 to 31 of the Circular.

After taking into consideration the terms of the Agreements and the Transactions contemplated thereunder and the advice of the Independent Financial Adviser, we consider that terms of the Agreements and the Transactions contemplated thereunder are fair and reasonable, and although the Agreements and the Transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they will be conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreements and the Transactions contemplated thereunder.

Yours faithfully

Independent Board Committee

SUNEVISION HOLDINGS LTD.

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

Set out below is the letter of advice from Somerley Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Transactions, 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

11 October 2019

*To: The Independent Board Committee and the Independent Shareholders of
SUNeVision Holdings Ltd.*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE PROPOSED ACQUISITION OF A PROPERTY HOLDING COMPANY
AND
(2) THE PROPOSED DISPOSALS OF
TWO INDIRECT WHOLLY-OWNED PROPERTIES HOLDING SUBSIDIARIES**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the Transactions. Details of the Agreements and the Transactions are set out in the circular issued by the Company to the Shareholders and, for information only, the noteholders of the Company dated 11 October 2019 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 9 September 2019, (i) the BI Acquisition Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the BI Acquisition Agreement with the BI Acquisition Vendor, pursuant to which the BI Acquisition Purchaser conditionally agreed to purchase, and the BI Acquisition Vendor conditionally agreed to sell and procure to sell, the BI Sale Shares and the BI Sale Loan at the BI Consideration of approximately HK\$2,215.4 million; (ii) the RD Disposal Vendor, an indirect wholly-owned subsidiary of the Company, entered into the RD Disposal Agreement with the RD Disposal Purchaser, pursuant to which the RD Disposal Vendor conditionally agreed to sell and procure to sell, and the RD Disposal Purchaser conditionally agreed to purchase, the RD Sale Share and the RD Sale Loan at the RD Consideration of approximately HK\$1,051.5 million; and (iii) the MI Disposal Vendor, a direct wholly-owned subsidiary of the Company, entered into the MI Disposal Agreement with the MI Disposal Purchaser, pursuant to which the MI Disposal Vendor conditionally agreed to sell and procure to sell, and the MI Disposal Purchaser conditionally agreed to purchase, the MI Sale Shares and the MI Sale Loan at the MI Consideration of approximately HK\$755.5 million.

Under the BI Acquisition, the Group will acquire from the SHKP Group the BI Acquisition Company which holds the BI Property, comprising an entire industrial building in Fo Tan, Shatin, New Territories, Hong Kong. Under the RD Disposal and the MI Disposal, the Group will dispose of to the SHKP Group: (i) the RD Disposal Company which holds the RD Properties, comprising certain units of Standard Chartered Tower, Millennium City 1 in Kwun Tong, Kowloon, Hong Kong; and (ii) the MI Disposal Company which, through a direct subsidiary, holds the MI Properties, comprising a number of workshops and storerooms at Kodak House II in North Point, Hong Kong, respectively.

As at the Latest Practicable Date, the BI Acquisition Vendor, the RD Disposal Purchaser and the MI Disposal Purchaser are indirect wholly-owned subsidiaries of SHKP, a controlling shareholder of the Company. Accordingly, the BI Acquisition Vendor, the RD Disposal Purchaser and the MI Disposal Purchaser are associates of SHKP and connected persons of the Company and the entering into of each of the Agreements constitutes a connected transaction of the Company. Since the Agreements are inter-conditional and will be completed simultaneously, they are regarded as one transaction involving both an acquisition and a disposal under Rule 14.24 of the Listing Rules, and the transactions under the Agreements are classified by reference to the larger of the acquisition or the disposal. As one or more of the applicable percentage ratios in respect of the BI Acquisition as well as in respect of the Disposals (in aggregate) is greater than 5% but all of them are less than 25%, each of the Transactions constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

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The Independent Board Committee, comprising all 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 advise the Independent Shareholders in respect of the Agreements and the Transactions and on how they should vote at the EGM. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, the BI Acquisition Purchaser, the BI Acquisition Vendor, the RD Disposal Purchaser, the RD Disposal Vendor, the MI Disposal Purchaser, the MI Disposal Vendor, SHKP or their respective core connected persons, close associates or associates (all as defined in the Listing Rules) and accordingly are considered eligible to give independent advice on the above matter. Apart from normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, the BI Acquisition Purchaser, the BI Acquisition Vendor, the RD Disposal Purchaser, the RD Disposal Vendor, the MI Disposal Purchaser, the MI Disposal Vendor, SHKP or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, among other things, the Agreements, the annual reports of the Company for the year ended 30 June 2019 (the “**2018/19 Annual Report**”) and the year ended 30 June 2018 (the “**2017/18 Annual Report**”), the unaudited financial information of each of the BI Acquisition Company, the RD Disposal Company and the MI Disposal Company for the years ended 30 June 2018 and 2019, the valuation report of the BI Property, the RD Properties and the MI Properties (the “**Valuation Report**”) dated 3 October 2019 (the “**Valuation Date**”) prepared by Cushman & Wakefield Limited (the “**Valuer**”), an independent property valuer appointed by the Company, as set out in appendix I to the Circular and the information as set out in the Circular. We have discussed the business and future prospects of the Group as they may be affected by the Transactions with the management of the Group and the valuation methodology and bases and assumptions used in the Valuation Report with the Valuer.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach

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an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, the BI Acquisition Company, the RD Disposal Company and the MI Disposal Company, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below.

1. Information of the Group

(a) Business activities of the Group

The Group is principally engaged in the provision of data centre and information technology (IT) facilities management. The Group derives revenue from three segments, namely (i) provision of data centre, facilities management and value-added services (the “**Data Centre and IT Facilities Segment**”); (ii) installation and maintenance services for the extra-low voltage (“**ELV**”) and IT Systems (the “**ELV and IT Systems Segment**”); and (iii) investment properties which generate rental and other related income (the “**Property Holding Segment**”). The Company was listed on the Growth Enterprise Market of the Stock Exchange in 2000. In January 2018, the Company successfully completed the transfer of listing to the Main Board of the Stock Exchange.

As at the Latest Practicable Date, the Group operated 5 data centres in Hong Kong, namely, MEGA-i in Chai Wan, MEGA Plus in Tseung Kwan O, MEGA Two in Shatin, JUMBO in Tsuen Wan and ONE in Kwun Tong, among which MEGA Two (being a number of floors of the BI Property) is currently leased by the Group for data centre operation. MEGA Plus commenced operations as the Group’s flagship data centre in October 2017. In the same year, the Group established dark fiber connection to form “MEGA Campus”, connecting MEGA-i, MEGA Two and MEGA Plus. The Group also expanded the capacity in MEGA Two during the year. In January 2018, the Group won the tender for a Tsuen Wan land parcel for the development of a high grade industrial building. In December 2018, the Group acquired a land parcel adjacent to MEGA Plus in Tseung Kwan O from the Hong Kong SAR Government at a land premium of approximately HK\$5,456.0 million. The land parcel in Tseung Kwan O is designated for a high-tier data centre.

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Apart from the operation of the data centres, as at the Latest Practicable Date, the Group also owned certain properties, comprising office units 1 to 3 and 5 to 9 on level 31 and the whole of the office spaces on levels 32, 33, 35 and 37 of Standard Chartered Tower, Millennium City 1 in Kwun Tong (i.e. the RD Properties) and 24 workshops and 2 storerooms at Kodak House II in North Point (i.e. the MI Properties), for rental income purpose.

(b) Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the year ended 30 June 2019 and 2018 as extracted from the 2018/19 Annual Report.

	For the year ended	
	30 June	
	2019	2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Revenue		
Data Centre and IT Facilities Segment	1,384.0	1,138.2
ELV and IT Systems Segment	176.8	165.8
Property Holding Segment	64.3	60.8
	1,625.1	1,364.8
Segment results		
Data Centre and IT Facilities Segment	764.3	669.5
ELV and IT Systems Segment	33.0	26.5
Property Holding Segment <i>(Note)</i>	51.1	47.4
	848.4	743.4
Profit before taxation	999.3	896.2
Profit for the year attributable to the Shareholders	865.2	776.4

Note: The segment results of the Property Holding Segment excluded the increase in fair value of investment properties during the year.

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For the year ended 30 June 2019, the Group recorded a revenue of approximately HK\$1,625.1 million, representing a growth of approximately 19.1% from that for the year ended 30 June 2018. The increase in revenue was largely attributable to the Group's Data Centre and IT Facilities Segment, which managed to secure new contracts and renew existing ones with positive rental reversion. The segment results (excluding the increase in fair value of investment properties) of the Group enhanced from approximately HK\$743.4 million for the year ended 30 June 2018 to approximately HK\$848.4 million, representing an increase of approximately HK\$105.0 million or 14.1%. The improvement of segment results, which was less than that of revenue, was mainly due to the increase in operating expenses for new data centre capacities and enhancing customer services. The revenue derived from the Property Holding Segment only accounted for approximately 4.5% and 4.0% of total revenue for the year ended 30 June 2018 and 2019 respectively and the segment results from the Property Holding Segment (excluding the increase in fair value of investment properties) represented approximately 6.4% and 6.0% of total segment results for the year ended 30 June 2018 and 2019 respectively.

(c) Financial position of the Group

Set out below is a summary of financial position of the Group as at 30 June 2019 and 2018 as extracted from the 2018/2019 Annual Results Announcement.

	As at 30 June 2019 <i>HK\$ (million)</i>	As at 30 June 2018 <i>HK\$ (million)</i>
Non-current assets		
Investment properties	1,769.0	1,686.0
Property, plant and equipment	10,960.7	4,567.0
Other non-current assets	<u>3.7</u>	<u>55.5</u>
	12,733.4	6,308.5
Current assets		
Trade and other receivables	294.8	258.0
Bank balances and deposits	467.8	466.0
Other current assets	<u>140.5</u>	<u>61.4</u>
	903.1	785.4

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	As at 30 June 2019	As at 30 June 2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Current liabilities		
Trade and other payables	956.9	834.5
Bank borrowings	2,180.2	—
Other current liabilities	168.6	111.8
	<u>3,305.7</u>	<u>946.3</u>
Net current liabilities	<u>2,402.6</u>	<u>160.9</u>
Non-current liabilities		
Bank borrowings	2,572.5	1,983.3
Shareholder's loan	3,300.0	—
Other non-current liabilities	267.1	236.6
	<u>6,139.6</u>	<u>2,219.9</u>
Equity		
Equity attributable to the Shareholders	4,176.8	3,912.8
Non-controlling interests	14.4	14.9
	<u>4,191.2</u>	<u>3,927.7</u>

As at 30 June 2019, non-current assets of the Group amounted to approximately HK\$12,733.4 million, up approximately 101.8% from that as at 30 June 2018, of which property, plant and equipment (the “PP&E”) and investment properties accounted for approximately 86.1% and 13.9% respectively. PP&E mainly consisted of leasehold properties, data centre facilities and construction in progress in Hong Kong owned by the Group for its own operations. The increase in the PP&E was mainly attributable to the acquisition of the land adjacent to MEGA Plus in Tseung Kwan O, which was completed in January 2019, at a land premium of approximately HK\$5,456.0 million. As at 30 June 2019, investment properties wholly comprised the RD Properties and the MI Properties.

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The acquisition of the land in Tseung Kwan O was financed by, among other things, bank borrowings and loans from the SHKP Group. As a result, total bank borrowings grew by approximately HK\$2,769.4 million or 139.6% from approximately HK\$1,983.3 million as at 30 June 2018 to approximately HK\$4,752.7 million as at 30 June 2019 and shareholder's loan of HK\$3,300.0 million from the SHKP Group, which was unsecured, interest-bearing at a fixed rate of 4% per annum and repayable in 6 years, was recorded as at 30 June 2019. Accordingly, the Group's gearing ratio, being net borrowings to shareholders' fund (i.e. equity attributable to the Shareholders), increased from approximately 38.8% as at 30 June 2018 to approximately 181.6% as at 30 June 2019. For information purpose only, the Group's gearing ratio would be approximately 102.6% if the shareholder's loan from the SHKP Group of HK\$3,300.0 million was excluded from net borrowings. The Group's net current liabilities stood at approximately HK\$2,402.6 million as at 30 June 2019.

Equity attributable to the Shareholders enhanced from approximately HK\$3,912.8 million as at 30 June 2018 to approximately HK\$4,176.8 million as at 30 June 2019. The increase was mainly due to the combined effects of: (i) the profit attributable to the Shareholders for the year ended 30 June 2019 of approximately HK\$865.2 million; and (ii) the payment of final dividend and distribution of approximately HK\$610.9 million for the year ended 30 June 2018.

2. Information on the BI Property and the BI Acquisition Company

(a) *Information on the BI Property*

The BI Property comprises an 18-storey warehouse building with a total gross floor area ("GFA") of approximately 428,715 sq. ft., 17 car parking spaces and 11 goods vehicle parking spaces at 8-12 Wong Chuk Yeung Street, Shatin, New Territories. The BI Property is currently leased out for rental income purpose by the BI Acquisition Company. As advised by the management of the Group, except for the 12th, 14th, 15th and 16th floors of the BI Property which were leased to independent third parties, all other floors were rented by the Group as a data centre, commonly known as MEGA Two, as at the Latest Practicable Date.

According to the Valuation Report, as at the Valuation Date, the BI Property was fully let with the latest tenancy due to expire on 30 June 2022 and had a total monthly rent of approximately HK\$8.1 million based on the existing tenancies (exclusive of management charges and rates), of which approximately HK\$6.5 million was attributable to the Group.

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Based on the Valuation Report, the market value of the BI Property as at the Valuation Date was HK\$2,250.0 million. According to the Valuer, the market value of the BI Property is equivalent to approximately HK\$5,248 per sq. ft., which is arrived by dividing the market value of the BI Property by the GFA of approximately 428,715 sq. ft..

(b) Information on the BI Acquisition Company

As set out in the letter from the Board contained in the Circular, the BI Acquisition Company is principally engaged in property investment (i.e. the leasing of the BI Property for rental income).

Set out below is a summary of the unaudited income statement of the BI Acquisition Company for the year ended 30 June 2019 and 2018.

	For the year ended	
	30 June	
	2019	2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Revenue	101.0	98.3
Cost of sales	<u>(15.2)</u>	<u>(14.5)</u>
Gross profit	85.8	83.8
Interest expenses	(4.3)	(4.2)
Increase in fair value of investment property	<u>101.0</u>	<u>74.0</u>
Profit before taxation	182.5	153.6
Taxation	<u>(13.4)</u>	<u>(13.1)</u>
Profit after taxation	169.1	140.5

Revenue of the BI Acquisition Company mainly consists of property rental income and building management fee income. The revenue of the BI Acquisition Company increased from approximately HK\$98.3 million for the year ended 30 June 2018 to approximately HK\$101.0 million for the year ended 30 June 2019, which was mainly attributable to the renewal of lease by the Group. As advised by the management of the Group, rent and license fee of approximately HK\$66.8 million and HK\$68.7 million were paid by the

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Group to the BI Acquisition Company for the year ended 30 June 2018 and 2019 respectively. Cost of sales mainly comprises building management fee expense and agency fee expense. Profit after taxation for the year ended 30 June 2019 was approximately HK\$169.1 million, representing an increase of approximately HK\$28.6 million from that of approximately HK\$140.5 million for the year ended 30 June 2018, which was mainly due to a larger increase in fair value of investment property for the year ended 30 June 2019. Excluding the increase in fair value of investment property, the profit after taxation was approximately HK\$68.1 million, representing an increase of approximately HK\$1.6 million or 2.4% from that for the prior year of approximately HK\$66.5 million.

Set out below is a summary of the unaudited financial position of the BI Acquisition Company as at 30 June 2019 and 2018.

	As at 30 June	
	2019	2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Non-current asset		
Investment property	1,791.0	1,690.0
Current asset		
Trade and other receivables	17.4	14.2
Current liabilities		
Trade and other payables	25.3	22.3
Tax payable	13.9	15.3
	<u>39.2</u>	<u>37.6</u>
Net current liabilities	<u>21.8</u>	<u>23.4</u>
Non-current liabilities		
Loan from a fellow subsidiary	156.1	156.1
Deferred taxation	12.8	12.8
	<u>168.9</u>	<u>168.9</u>
Net asset value	1,600.3	1,497.7

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As at 30 June 2019, the net asset value (the “NAV”) of the BI Acquisition Company was approximately HK\$1,600.3 million. As at 30 June 2019, the assets of the BI Acquisition Company mainly comprised the BI Property. The liabilities of the BI Acquisition Company mainly consisted of trade and other payables and a loan from a subsidiary of SHKP (i.e. the BI Sale Loan).

3. Information on the RD Properties, the MI Properties, the RD Disposal Company and the MI Disposal Company

(a) Information on the RD Properties

The RD Properties comprise 8 office units on level 31 and the whole of the office spaces on levels 32, 33, 35 and 37 of Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong with a GFA of approximately 89,684 sq. ft.. The RD Properties are currently held as investment property and leased out to independent third parties for rental income by the Group.

According to the Valuation Report, as at the Valuation Date, the RD Properties were fully let and subject to various tenancies for terms of 3 to about 4 and a half years with the latest tenancy due to expire on 31 December 2023 and had a total monthly rent of approximately HK\$2.7 million based on the existing tenancies (exclusive of rates, air-conditioning and management charges and other outgoings).

Based on the Valuation Report, the market value of the RD Properties as at the Valuation Date was HK\$1,070.0 million. According to the Valuer, the market value of the RD Properties is equivalent to approximately HK\$11,931 per sq. ft., which is arrived by dividing the market value of the RD Properties by the total GFA of approximately 89,684 sq. ft..

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(b) Information on the MI Properties

The MI Properties comprise 24 workshops and 2 storerooms at Kodak House II, 39 Healthy Street East, North Point, Hong Kong with a total GFA of approximately 96,848 sq. ft. plus a total storeroom area of approximately 1,056 sq. ft. and a total flat roof and roof area of approximately 754 sq. ft.. The MI Properties are currently held as investment property and leased out to independent third parties for rental income by the Group.

According to the Valuation Report, as at the Valuation Date, except for portions with a total GFA of approximately 17,591 sq. ft. (approximately 18.0% of the total GFA excluding total flat roof and roof area) in the MI Properties that were vacant, the MI Properties were let mainly for terms of 2 to 3 years with the latest tenancy due to expire on 14 September 2021 and had a total monthly rent of approximately HK\$1.8 million based on the existing tenancies (exclusive of rates and management fees).

Based on the Valuation Report, the market value of the MI Properties as at the Valuation Date was approximately HK\$760.0 million. According to the Valuer, the market value of the MI Properties is equivalent to approximately HK\$7,763 per sq. ft., which is arrived by dividing the market value of the MI Properties by the total GFA of workshops and storerooms of approximately 97,904 sq. ft..

(c) Information on the RD Disposal Company and the MI Disposal Company

As set out in the letter from the Board contained in the Circular, the RD Disposal Company and the MI Disposal Company (through its direct subsidiary) are principally engaged in property holding (i.e. the leasing of the RD Properties and the MI Properties for rental income respectively).

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Set out below is a summary of the unaudited income statement of the RD Disposal Company and the MI Disposal Company (consolidated) for the year ended 30 June 2019 and 2018.

	The RD Disposal Company		The MI Disposal Company (consolidated)	
	For the year ended		For the year ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Revenue	40.0	36.7	27.8	24.3
Cost of sales	<u>(7.9)</u>	<u>(8.0)</u>	<u>(4.4)</u>	<u>(4.2)</u>
Gross profit	32.1	28.7	23.4	20.1
Selling and administrative expenses	(1.3)	(1.0)	(0.8)	(1.0)
Finance cost	(9.5)	—	—	—
Increase in fair value of investment properties	<u>88.0</u>	<u>103.0</u>	<u>107.0</u>	<u>56.0</u>
Profit before taxation	109.3	130.7	129.6	75.1
Taxation	<u>(5.3)</u>	<u>(4.6)</u>	<u>(3.7)</u>	<u>(3.1)</u>
Profit after taxation	104.0	126.1	125.9	72.0

Revenue of the RD Disposal Company mainly consists of property rental income and management fee income. The revenue of the RD Disposal Company increased from approximately HK\$36.7 million for the year ended 30 June 2018 to approximately HK\$40.0 million for the year ended 30 June 2019, which was mainly attributable to the increase in rental income from lease of previously vacant units and lease renewal. Cost of sales mainly comprises property management fees, government rent and rates, rental commissions to SHKP. The cost of sales decreased slightly from approximately HK\$8.0 million for the year ended 30 June 2018 to approximately HK\$7.9 million for the year

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ended 30 June 2019 due to the decrease in repairs and maintenance expense during the year ended 30 June 2019. Profit after taxation for the year ended 30 June 2019 was approximately HK\$104.0 million, representing a decrease of approximately HK\$22.1 million from that of approximately HK\$126.1 million for the year ended 30 June 2018, which was mainly attributable to the larger increase in fair value of the investment properties for the year ended 30 June 2018 and the finance cost of approximately HK\$9.5 million incurred for the year ended 30 June 2019. The finance cost represents the interest expense for the RD Sale Loan which bears fixed interest at the rate of 4% per annum. No interest expense was charged to the RD Disposal Company for the year ended 30 June 2018. Excluding the increase in fair value of investment properties, the profit after taxation was approximately HK\$16.0 million for the year ended 30 June 2019, representing a decrease of approximately HK\$7.1 million or 30.7% compared with that of approximately HK\$23.1 million for the prior year.

The nature of incomes and expenses of the MI Disposal Company is similar to that of the RD Disposal Company. The revenue of the MI Disposal Company increased by approximately HK\$3.5 million from approximately HK\$24.3 million for the year ended 30 June 2018 to approximately HK\$27.8 million for the year ended 30 June 2019, which was mainly attributable to the new leases of previously vacant units. Profit after taxation was approximately HK\$125.9 million for the year ended 30 June 2019, representing an increase of approximately HK\$53.9 million from that of approximately HK\$72.0 million for the year ended 30 June 2018, which was mainly attributable to the larger increase in fair value of investment properties for the year ended 30 June 2019. Excluding the increase in fair value of investment properties, the profit after taxation was approximately HK\$18.9 million for the year ended 30 June 2019, representing an increase of approximately HK\$2.9 million or 18.1% from that for the prior year.

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Set out below is a summary of the unaudited financial position of the RD Disposal Company and the MI Disposal Company (consolidated) as at 30 June 2019 and 2018:

	The RD Disposal Company		The MI Disposal Company (consolidated)	
	As at 30 June		As at 30 June	
	2019	2018	2019	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Non-current asset				
Investment properties	1,031.0	1,055.0	738.0	631.0
Current assets				
Trade and other receivables	3.8	4.5	5.4	5.8
Current liabilities				
Trade and other payables	12.1	12.0	8.2	8.2
Amount due to fellow subsidiaries	367.2	496.9	82.4	102.8
Other current liabilities	<u>6.0</u>	<u>6.2</u>	<u>3.7</u>	<u>2.8</u>
	385.3	515.1	94.3	113.8
Net current liabilities	<u>381.5</u>	<u>510.6</u>	<u>88.9</u>	<u>108.0</u>
Non-current liability				
Deferred taxation	10.4	9.3	5.0	4.8
Net asset value	639.1	535.1	644.1	518.2

As at 30 June 2019, the NAV of the RD Disposal Company and the MI Disposal Company (consolidated) were approximately HK\$639.1 million and HK\$644.1 million respectively. As at 30 June 2019, the assets of the RD Disposal Company and the MI Disposal Company mainly comprised the RD Properties and the MI Properties respectively. The liabilities of the RD Disposal Company and the MI Disposal Company mainly consisted of amount due to fellow subsidiaries (i.e. the RD Sale Loan and the MI Sale Loan respectively). The RD Sale Loan was unsecured and bore interest at the rate of 4% per annum and the MI Sale Loan was unsecured and non-interest bearing.

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4. Reasons for and benefits of the Transactions

As stated in the letter from the Board contained in the Circular, the Group is principally engaged in the provision in data centre, facilities management and value-added services, and installation and maintenance services. The Group's approach is to build a portfolio of data centres equipped with superior infrastructure and facilities at different locations, connected by high-speed dark fibers to form a campus to meet customers' needs.

The Transactions involve the acquisition of property in relation to the data centre and the disposal of investment properties by the Group. The Group has accumulated many years of experience and possesses competitive advantage in the data centre market in Hong Kong. The Board believes that the Transactions can help the Group to further clearly define its business positioning. To facilitate the Group's future strategic development, the disposal of the investment properties under the Disposals will help the Group adjust its business mix, define its business positioning in a clearer way and focus on its data centre business development.

Furthermore, it is common market practice for major and hyper-scale data centre customers to enter into long-term service contracts with roll-over terms (i.e. the customer has the right to automatically renew the service contract) with data centre providers for a period up to 10 years or beyond. Such customers also usually require customised modifications to be made to the data centre premises leased to them to cater for their specific needs, which would require approval from the landlord. The current leasing arrangement in respect of the BI Property between the Group and the BI Acquisition Company, which constitute continuing connected transactions of the Company, are limited to a maximum term of three years, which are often not long enough to cover the full term required by the Group's major customers before further renewal. Besides, approval from the BI Acquisition Company as the landlord would be needed for effecting the requirements of such major customers for modification of the data centre premises leased to them. Upon the BI Completion, the Group will have more control over the BI Property and greater flexibility to fulfill the requirements of long-term leasing and modifications of the data centre premises of such types of customers, which will facilitate the long-term development of the Group's business.

Also, as stated in the letter from the Board contained in the Circular, members of the Group lease and license from the BI Acquisition Company certain premises in the BI Property for the purpose of providing data centres and related services to the customers of the Group. The BI Acquisition Company charges the members of

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the Group rental and license fee for the leasing and licensing of such premises. The lease agreement in relation to the leasing and licensing of such premises in the BI Property shall expire on 30 June 2022, the latest. In addition, Kai Shing, a wholly-owned subsidiary of SHKP, is the building manager of both the RD Properties and the MI Properties. As such, property management fees are paid by the members of the Group to Kai Shing for the performance of its services. Upon completion of the Transactions, the BI Acquisition Company will become a subsidiary of the Company, and the RD Disposal Company and the MI Disposal Company will cease to be subsidiaries of the Company. Therefore, (i) the lease arrangements between the BI Acquisition Company and the Group in respect of the BI Property; and (ii) the provision of property management services by the SHKP Group in respect of the RD Properties and the MI Properties will cease to be continuing connected transactions of the Company. Moreover, the Group will no longer be subject to pressure of rental increase in relation to the BI Property in the future.

As stated in the 2018/19 Annual Report, while the Group leased and licensed certain premises in the BI Property as a data centre, commonly known as MEGA Two, from the BI Acquisition Company, the Group had been investing in MEGA Two. The transformation of MEGA Two facility was completed in 2018 and has proven to be a strong attraction to customers with high standard for mission critical data centre requirements. As advised by the management of the Group, the Transactions allow the Group to deploy more resources and focus on its core Data Centre and IT Facilities Segment and conduct further upgrade on the facilities of the entire BI Property. Also, by disposing the non-core assets, the Disposals provide the financial resources to the Group to finance the BI Acquisition. The Transactions also reduce the continuing connected transactions between the Company and the SHKP Group, which demonstrates good corporate governance practice of the Group.

Having considered the business strategy of the Group and the aforesaid benefits to be achieved by the Group, we are of the view that the Transactions are in line with the Group's stated strategy.

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5. Principal terms of the Agreements

Set out below is the summary of the principal terms of the Agreements:

(a) Date

9 September 2019

(b) Parties and subject matter of the Agreements

	The BI Acquisition Agreement	The RD Disposal Agreement	The MI Disposal Agreement
Purchaser	the BI Acquisition Purchaser, an indirect wholly-owned subsidiary of the Company	the RD Disposal Purchaser, an indirect wholly-owned subsidiary of SHKP	the MI Disposal Purchaser, an indirect wholly-owned subsidiary of SHKP
Vendor	the BI Acquisition Vendor, an indirect wholly-owned subsidiary of SHKP	the RD Disposal Vendor, an indirect wholly-owned subsidiary of the Company	the MI Disposal Vendor, a direct wholly-owned subsidiary of the Company
Assets to be acquired/ disposed of	<p>(i) the BI Sale Shares, representing the entire issued share capital of the BI Acquisition Company; and</p> <p>(ii) the BI Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Fidelity Finance Company, Limited, a direct wholly-owned subsidiary of SHKP</p>	<p>(i) the RD Sale Share, representing the entire issued share capital of the RD Disposal Company; and</p> <p>(ii) the RD Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Grandwide Development Limited, an indirect wholly-owned subsidiary of the Company</p>	<p>(i) the MI Sale Shares, representing the entire issued ordinary shares of the MI Disposal Company; and</p> <p>(ii) the MI Sale Loan, being the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to iAdvantage (Solutions) Services Limited, an indirect wholly-owned subsidiary of the Company</p>
Consideration	Approximately HK\$2,215,390,000	Approximately HK\$1,051,514,000	Approximately HK\$755,494,000

Each of the consideration is subject to potential adjustments in accordance with the terms of the relevant Agreements as set out below.

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Basis of Consideration The respective consideration was determined after arm's length negotiations between the relevant purchaser and the relevant vendor with reference to (i) the agreed values of the BI Property, the RD Properties and the MI Properties (the "Subject Property") of HK\$2,250,000,000, HK\$1,076,208,000 and HK\$767,044,000 respectively, taking into account a preliminary indicative market value of the Subject Property as advised by C&W; (ii) the financial and operating performance of the Subject Company (as defined below) and the unaudited attributable net liabilities value (excluding the unaudited carrying value of the Subject Property) of the BI Acquisition Company, the RD Disposal Company and the MI Disposal Company (on a consolidated basis) (the "Subject Company") as at 30 June 2019; and (iii) the unaudited amounts of the BI Sale Loan, the RD Sale Loan and the MI Sale Loan (the "Subject Sale Loan") as at 30 June 2019. The respective consideration is equal to the agreed value of the respective Subject Property plus the unaudited amount of the respective Subject Sale Loan minus the unaudited attributable net liabilities value of the respective Subject Company.

The consideration for the respective Subject Sale Loan shall be a sum equal to the aggregate principal amount of the respective Subject Sale Loan as at the completion date of the respective Transactions, while the consideration for the respective sale shares shall be the remainder of the respective consideration (i.e. the respective consideration less the consideration for the respective Subject Sale Loan).

Adjustment to the consideration Pursuant to the Agreements, after completion of the respective Transactions, the relevant consideration shall be adjusted by the change in the net liabilities values (excluding the unaudited carrying values of the Subject Property and the Subject Sale Loan) of the Subject Company as at 30 June 2019 to their net assets or net liabilities values (excluding the unaudited carrying values of the Subject Property and the Subject Sale Loan) to be determined as at the completion date of the respective Transactions (as the case may be).

Payment terms (i) on the date of the Agreements, the relevant purchaser procured to pay to the relevant vendor a deposit in the sum of:

- HK\$221,539,000 for the BI Acquisition
- HK\$105,151,400 for the RD Disposal
- HK\$75,549,400 for the MI Disposal

(ii) subject to fulfilment (or waiver if applicable) of the conditions precedent under the relevant Agreements, the relevant purchaser shall pay or procure to be paid to the relevant vendor the balance upon completion of the relevant Transactions in the sum of:

- HK\$1,993,851,000 for the BI Acquisition
- HK\$946,362,600 for the RD Disposal
- HK\$679,944,600 for the MI Disposal

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(iii) after completion of the relevant Transactions, the relevant purchaser shall pay/ receive the amount of the adjustment to the consideration in the event of an upward/ downward adjustment (as the case may be).

Conditions precedent The completion of the relevant Transactions shall be conditional upon, inter alia, (i) proof of good title to the relevant Subject Property; (ii) the approval by the Independent Shareholders of the respective Agreements and the Transactions contemplated thereunder in compliance with the requirements of the Listing Rules; and (iii) the fulfillment (or waiver if applicable) of the respective conditions precedent under the Agreements.

For the avoidance of doubt, the Agreements are inter-conditional upon each other.

Completion Subject to the fulfilment or waiver (if applicable) of all the conditions precedent under the respective Agreements by no later than 4:00 p.m. on the respective completion date, completion of the sale and purchase of the respective sale shares and assignment of the respective sale loans shall take place simultaneously on the respective completion date.

Other key terms of the Agreements are set out in the letter from the Board contained in the Circular.

Pursuant to the Agreements, payment of considerations (including the deposits and the balance of considerations) shall be made by way of netting off the relevant amount payable for the BI Acquisition (i.e. the BI Consideration) against the relevant amounts receivable from the Disposals (i.e. the RD Consideration and the MI Consideration). Subject to potential adjustments to the considerations, a net amount of approximately HK\$408.4 million (before including the relevant costs and expenses in relation to the Transactions) in aggregate is payable by the Group, which will be funded by the Group's existing available banking facilities and/or internal resources. The amounts payable/receivable upon adjustment of the considerations under the Agreements shall also be netted off.

If any of the conditions precedent to the BI Completion, the RD Completion and the MI Completion is not satisfied or (where applicable) waived, the Transactions will not be completed and the net amount of the deposit paid by the Group will be refunded.

6. The valuation of the BI Property, the RD Properties and the MI Properties

(a) Information on the Valuer

The BI Property, the RD Properties and the MI Properties were valued by the Valuer, an independent property valuer appointed by the Company. The full text of the valuation report of the BI Property, the RD Properties and the MI

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Properties as at 3 October 2019 is set out in appendix I to the Circular. The valuation of the BI Property, the RD Properties and the MI Properties as at 3 October 2019 (the “**Valuation**”) has been carried out in accordance with The HKIS Valuation Standards 2017 Edition published by The Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 of the Listing Rules.

We have reviewed the Valuation Report and certain valuation workings of the Valuer and interviewed the relevant staff of the Valuer with particular attention to: (i) the Valuer’s terms of engagement with the Company; (ii) the Valuer’s qualification and experience in relation to the preparation of the Valuation; and (iii) the steps and due diligence measures taken by the Valuer in performing the Valuation.

In our review of the engagement letter between the Company and the Valuer, we are satisfied that the terms of engagement between the Company and the Valuer are appropriate to the opinion the Valuer is required to give. The Valuer has confirmed that it is independent from the Company, the BI Acquisition Company, the RD Disposal Company and the MI Disposal Company, SHKP and their respective core connected persons, close associates and associates. We further understand that the Valuer is certified with the relevant professional qualifications required to perform the Valuation and the person-in-charge of the Valuation has over 20 years of experience in conducting valuation of properties in Hong Kong. We noted that the Valuer mainly carried out its due diligence through management interviews and conducted its own proprietary research and has relied on publicly available information obtained through its own research as well as the financial information provided by the management of the Group.

(b) *Valuation methodology*

In arriving at its opinion of value, the Valuer has valued the BI Property, the RD Properties and the MI Properties by adopting the market approach assuming sale of each of the properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties including but not limited to, location, time, size, age and maintenance standard, etc. We have discussed with the Valuer about the rationale of adopting the abovementioned valuation methodology for valuing the BI Property, the RD Properties and the MI Properties. According to the Valuer, the direct comparison approach is the most appropriate valuation method for assessing the market value of the BI Property, the RD Properties

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and the MI Properties as there is transparent and readily available market price information for office, workshops and industrial properties.

After considering the reasons for the Valuer's choice of adopting the valuation methodology for valuing the BI Property, the RD Properties and the MI Properties and the current status of the BI Property, the RD Properties and the MI Properties, we are of the opinion that the valuation methodology used is reasonable and acceptable in establishing the market values of the BI Property, the RD Properties and the MI Properties as at the Valuation Date.

(c) Valuation bases and assumptions

In arriving at its opinion of value of the BI Property, the RD Properties and the MI Properties, the Valuer generally starts the process by collecting and analysing the recent transactions of the market comparables located in the vicinity of the BI Property, the RD Properties and the MI Properties. In particular, the Valuer selected market comparable transactions that (i) were located in the same district or, if not available, nearby districts; and (ii) were conducted during the month of the Valuation Date, or if not available, as close as the Valuation Date starting from the second half of 2018. The collected comparables were then adjusted to reflect the difference between the comparables and the BI Property, the RD Properties and the MI Properties in terms of, among others, location, time, size, age and maintenance standard. We have reviewed and discussed about the Valuer's workings on the selection of the market comparables and the relevant adjustments made. We are of the view that the basis of selection of market comparables and the adjustments, including various factors (i.e. date of transaction, location, time, size, age and maintenance standard) taken into account, made for reflecting the difference between the selected comparables and the BI Property, the RD Properties and the MI Properties are reasonable and relevant for the purpose of establishing the market values of the BI Property, the RD Properties and the MI Properties. The appraised values of the BI Property, the RD Properties and the MI Properties after applying the direct comparison approach were then derived from the estimated average unit price and gross floor area of the BI Property, the RD Properties and the MI Properties.

Taking into account the above, we consider that the bases and assumptions adopted by the Valuer for the valuation methodology discussed above are reasonable and in line with market practices.

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Based on the Valuation Report, the market values of the BI Property, the RD Properties and the MI Properties as at the Valuation Date were HK\$2,250.0 million, HK\$1,070.0 million and HK\$760.0 million respectively.

7. Evaluation of the consideration for the Transactions

(a) *Evaluation of the BI Consideration*

The BI Consideration of approximately HK\$2,215.4 million was determined after arm's length negotiations between the BI Acquisition Purchaser and the BI Acquisition Vendor with reference to, among other things, the agreed value of the BI Property.

In order to assess the fairness and reasonableness of the BI Consideration, we have computed the reassessed NAV of the BI Acquisition Company (excluding the BI Sale Loan) and compared it with the BI Consideration. The reassessed NAV of the BI Acquisition Company (excluding the BI Sale Loan) is calculated as the sum of (i) the market value of the BI Property as appraised by the Valuer as at the Valuation Date of HK\$2,250.0 million; and (ii) net liabilities value of the BI Acquisition Company (excluding the BI Property and the BI Sale Loan) as at 30 June 2019 of approximately HK\$34.6 million. In the above calculation, the market value of the BI Property as appraised by the Valuer as at the Valuation Date is adopted since the carrying value of the BI Property in the accounts of the BI Acquisition Company as at 30 June 2019 did not reflect the latest market value of the BI Property. Based on the above calculation, the reassessed NAV of the BI Acquisition Company (excluding the BI Sale Loan) is approximately HK\$2,215.4 million, which is equal to the BI Consideration.

(b) *Evaluation of the RD Consideration and the MI Consideration*

The considerations for the RD Disposal and the MI Disposal of approximately HK\$1,051.5 million and approximately HK\$755.5 million were determined after arm's length negotiations between the relevant purchaser and the relevant vendor with reference to, among other things, the agreed values of the RD Properties and the MI Properties respectively.

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In order to assess the fairness and reasonableness of the RD Consideration, we have computed the reassessed NAV of the RD Disposal Company (excluding the RD Sale Loan) and compared it with the RD Consideration. The reassessed NAV of the RD Disposal Company (excluding the RD Sale Loan) is calculated as the sum of (i) the market value of the RD Properties as appraised by the Valuer as at the Valuation Date of HK\$1,070.0 million; and (ii) net liabilities value of the RD Disposal Company (excluding the RD Properties and the RD Sale Loan) as at 30 June 2019 of approximately HK\$24.7 million. In the above calculation, the market value of the RD Properties as appraised by the Valuer as at the Valuation Date is adopted since the carrying value of the RD Properties in the accounts of the RD Disposal Company as at 30 June 2019 did not reflect the latest market value of the RD Properties. Based on the above calculation, the reassessed NAV of the RD Disposal Company (excluding the RD Sale Loan) is approximately HK\$1,045.3 million, which is lower than the RD Consideration of approximately HK\$1,051.5 million. Accordingly, the RD Consideration represents a premium of approximately HK\$6.2 million or approximately 0.6%.

Similarly, in order to assess the fairness and reasonableness of the MI Consideration, we have computed the reassessed consolidated NAV of the MI Disposal Company (excluding the MI Sale Loan) and compared it with the MI Consideration. The reassessed consolidated NAV of the MI Disposal Company (excluding the MI Sale Loan) is calculated as the sum of (i) the market value of the MI Properties as appraised by the Valuer as at the Valuation Date of HK\$760.0 million; and (ii) consolidated net liabilities value of the MI Disposal Company (excluding the MI Properties and the MI Sale Loan) as at 30 June 2019 of approximately HK\$11.5 million. In the above calculation, the market value of the MI Properties as appraised by the Valuer as at the Valuation Date is adopted since the carrying value of the MI Properties in the consolidated accounts of the MI Disposal Company as at 30 June 2019 did not reflect the latest market value of the MI Properties. Based on the above calculation, the reassessed consolidated NAV of the MI Disposal Company (excluding the MI Sale Loan) is approximately HK\$748.5 million, which is lower than the MI Consideration of approximately HK\$755.5 million. Accordingly, the MI Consideration represents a premium of approximately HK\$7.0 million or approximately 0.9%.

On the basis that (i) the reassessed NAV of the BI Acquisition Company (excluding the BI Sale Loan) is equal to the BI Consideration; (ii) the RD Consideration and the MI Consideration have premium over the reassessed

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NAV of the RD Disposal Company (excluding the RD Sale Loan) and the reassessed consolidated NAV of MI Disposal Company (excluding the MI Sale Loan) respectively; and (iii) the valuation methodologies adopted by the Valuer in establishing the market values of the BI Property, the RD Properties and the MI Properties are reasonable and acceptable, we consider that the BI Consideration, the RD Consideration and the MI Consideration to be fair and reasonable.

8. Financial impacts of the Transactions

Set out below is a discussion of the effects on earnings, NAV, working capital and gearing of the Group as a result of the Transactions.

(a) *Earnings*

Upon the BI Completion, the BI Acquisition Company will become a wholly-owned subsidiary of the Company and, accordingly, the profit or loss of the BI Acquisition Company will be consolidated into that of the Group. Revenue generated from leasing of premises of the BI Property to independent third parties will be taken up by the Group. As discussed in the section headed “2. Information on the BI Property and the BI Acquisition Company” above, the Group has been leasing from the BI Acquisition Company certain premises in the BI Property. For the year ended 30 June 2019, the rental and license fee in respect of the lease charged to the Group by the BI Acquisition Company was approximately HK\$68.7 million. Upon BI Completion, the relevant rental and license fee will no longer be charged by the SHKP Group.

As discussed in the section headed “3. Information on the RD Properties, the MI Properties, the RD Disposal Company and the MI Disposal Company”, the profit after taxation (excluding the increase in fair value of investment properties) of the RD Disposal Company and the MI Disposal Company for the year ended 30 June 2019 were approximately HK\$16.0 million and HK\$18.9 million respectively. Upon the RD Completion and the MI Completion, the RD Disposal Company and the MI Disposal Company will cease to be subsidiaries of the Company, and the financial results of the RD Disposal Company and the MI Disposal Company will no longer be consolidated in the accounts of the Group and the Group will no longer be entitled to the rental income of the RD Properties and the MI Properties.

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After taking into account: (i) the additional leasing income from independent third party tenants of the BI Property; (ii) the savings of rental and license fee payable by the Group in respect of the lease of certain premises in the BI Property; and (iii) the loss of earnings from the RD Disposal Company and the MI Disposal Company, it is expected that there will be positive cash income to the Group upon completion of the Transactions.

Furthermore, upon the RD Completion and the MI Completion, an estimated one-off gain arising from the Disposals of approximately HK\$74.2 million (before relevant expenses) will be recognised by the Group. Such estimated gain arising from the Disposals will be the fair value gain on the investment properties upon completion of the Disposals, which is estimated primarily based on the differences between the agreed values of the RD Properties and the MI Properties, and the fair values of the RD Properties and the MI Properties as at 30 June 2019.

(b) NAV

Upon the BI Completion, the BI Acquisition Company will become a wholly-owned subsidiary of the Company and the assets and liabilities of the BI Acquisition Company will be consolidated into the consolidated statement of financial position of the Company. There will be no change in the consolidated NAV of the Company upon the BI Completion as the BI Consideration is equal to the reassessed NAV of the BI Acquisition Company as at 30 June 2019.

Upon the RD Completion and the MI Completion, the RD Disposal Company and the MI Disposal Company will cease to be subsidiaries of the Company. Accordingly, the assets and liabilities of the RD Disposal Company and the MI Disposal Company will no longer be consolidated into the consolidated statement of financial position of the Company. The NAV of the Group attributable to the Shareholders as at 30 June 2019 was approximately HK\$4,176.8 million, of which approximately HK\$1,283.2 million was attributable to the RD Disposal Company and the MI Disposal Company.

Upon the RD Completion and the MI Completion, the NAV of the Group attributable to the Shareholders will be enhanced by the one-off gain arising from the Disposals of approximately HK\$74.2 million (before relevant expenses) as set out in paragraph (a) above.

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(c) Working capital

As at 30 June 2019, the Group had bank balances and deposits of approximately HK\$467.8 million and net current liabilities (i.e. total current assets less total current liabilities) of approximately HK\$2,402.6 million. Assuming completion of the Transactions took place on 30 June 2019, the net borrowings of the Group would increase by approximately HK\$411.9 million, being: (i) the BI Consideration of approximately HK\$2,215.4 million; plus (ii) the relevant transaction costs and expenses in relation to the Transactions of approximately HK\$3.5 million; and less (iii) the Aggregate Consideration for Disposals of approximately HK\$1,807.0 million, or 5.4% to approximately HK\$7,996.8 million.

As set out in the letter from the Board contained in the Circular, it is the intention of the Group to finance the BI Consideration (after netting off by the RD Consideration and the MI Consideration) by the Group's existing available banking facilities and/or internal resources. Having considered: (i) the unutilised banking facilities of approximately HK\$1,700.0 million as at 30 June 2019; (ii) the bank balances and deposits of the Group of approximately HK\$467.8 million as at 30 June 2019; and (iii) the positive operating cash flow of the Group, it is expected that the Group will not have insufficient working capital solely as a result of the Transactions.

(d) Gearing

As at 30 June 2019, the Group's gearing ratio, being net borrowings to shareholders' fund, was approximately 181.6%. For information purpose only, the Group's gearing ratio (excluding the shareholder's loan of HK\$3,300.0 million) as at 30 June 2019 was approximately 102.6%. Assuming completion of the Transactions took place on 30 June 2019, due to: (i) the aggregated cash outflow of approximately HK\$411.9 million from the Transactions; and (ii) the one-off gain arising from the Disposals of approximately HK\$74.2 million as mentioned in paragraph (b) above, the gearing ratio of the Group would increase to approximately 188.1% (including the shareholder's loan in the net borrowings) and approximately 110.5% (excluding the shareholder's loan in the net borrowings). Having considered: (i) the positive cash income as mentioned in paragraph (a) above; (ii) the enhancement on NAV upon completion of the Transactions; and (iii) there is sufficient working capital for the Group to settle the aggregate cash outflow of the Transactions, we consider the increase in gearing ratio to be acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Agreements and the Transactions contemplated thereunder are fair and reasonable, and although the Agreements and the Transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they will be conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Agreements and the Transactions.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

Mr. Danny Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, who 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 15 years of experience in the corporate finance industry.

The following is the text of a letter and a valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the value of the properties held by and to be acquired by SUNeVision Holdings Ltd. as at 3 October 2019.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

3 October 2019

The Directors
SUNeVision Holdings Ltd.
Unit 3110, Level 31, Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

- Re: (1) Units 1 to 3 and 5 to 9 on Level 31 and Units 1 to 3, 5 to 13 and 15 to 19 on Levels 32, 33, 35 and 37, Standard Chartered Tower, Millennium City I, 388 Kwun Tong Road, Kwun Tong, Kowloon**
- (2) 24 workshop units on 1st, 10th, 11th, 12th, 13th, 14th, 17th, 19th, 22nd and 23rd Floors, and 2 storerooms on 22nd and 23rd Floors, Kodak House II, 39 Healthy Street East, North Point, Hong Kong**
- (3) 8-12 Wong Chuk Yeung Street, Sha Tin, New Territories**

Instructions, Purpose & Valuation Date

In accordance with the instructions of SUNeVision Holdings Ltd. (the “**Company**”) for Cushman & Wakefield Limited (“**C&W**”) to value the properties held by and the property to be acquired by the Company and/or its subsidiaries (collectively the “**Group**”) situated in Hong Kong (as more particularly described in the attached valuation report), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the properties as at 3 October 2019 (the “**Valuation Date**”).

Basis of Valuation

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2017 issued by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2017 issued by The Hong Kong Institute of Surveyors.

Our valuation of each of the properties is on an entirety interest basis.

Valuation Assumptions

Our valuation of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that each of the properties is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Method of Valuation

We have valued the properties by market approach assuming sale of each of the properties in its existing state by making reference to comparable sales transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, tenancy details, site and floor plans and all other relevant matters.

Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Title Investigation

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry. However, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuers, Gordon Ng, Shirley Kwong (Probationer of HKIS) and Terrence Lai (Probationer of HKIS), inspected the exterior and where possible the interior of the properties in July 2019. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Confirmation of Independence

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Gordon M. Y. Ng
MRICS, MHKIS, RPS(GP)
Director, Valuation & Advisory Services

Note: Mr. Gordon Ng is a Registered Professional Surveyor (General Practice) who has over 20 years' experience in the valuation of properties in Hong Kong. Mr. Ng is competent and has sufficient current knowledge of the market and the skill to undertake the valuation.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 3 October 2019 HK\$
Group I – Properties held by the Group for Investment	
1. Units 1 to 3 and 5 to 9 on Level 31 and Units 1 to 3, 5 to 13 and 15 to 19 on Levels 32, 33, 35 and 37, Standard Chartered Tower, Millennium City I, 388 Kwun Tong Road, Kwun Tong, Kowloon	1,070,000,000
2. 24 workshop units on 1st, 10th, 11th, 12th, 13th, 14th, 17th, 19th, 22nd and 23rd Floors, and 2 storerooms on 22nd and 23rd Floors, Kodak House II, 39 Healthy Street East, North Point, Hong Kong	760,000,000
Total of Group I:	1,830,000,000
Group II – Property to be acquired by the Group for Owner Occupation	
3. 8-12 Wong Chuk Yeung Street, Sha Tin, New Territories	2,250,000,000
Total of Group II:	2,250,000,000

VALUATION REPORT

Group I – Properties held by the Group for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 3 October 2019
1. Units 1 to 3 and 5 to 9 on Level 31 and Units 1 to 3, 5 to 13 and 15 to 19 on Levels 32, 33, 35 and 37, Standard Chartered Tower, Millennium City I, 388 Kwun Tong Road, Kwun Tong, Kowloon 33307/556778th shares of and in Kwun Tong Inland Lot No. 733	<p>The property comprises 8 office units on Level 31 and the whole of the office spaces on Levels 32, 33, 35 and 37 of one of the two 30-storey (there are no Levels 14, 24 and 34) office towers erected over a four-storey common retail podium completed in 1998.</p> <p>The property has a total gross floor area of approximately 8,331.85 sq.m. (89,684 sq.ft.).</p> <p>The property is held from the Government under Conditions of Exchange No. UB12421 for a term from 19 November 1996 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the Valuation Date, the property was fully let and subject to various tenancies for terms of 3 to about 4 and a half years with the latest tenancy due to expire on 31 December 2023 at a total monthly rent of approximately HK\$2,733,000, exclusive of rates, air-conditioning and management charges and other outgoings.	HK\$1,070,000,000 (HONG KONG DOLLARS ONE BILLION AND SEVENTY MILLION)

Notes:

- (1) The registered owner of the property is Riderstrack Development Limited, a wholly-owned subsidiary of the Company.
- (2) The property falls within a land use zone for “Other Specified Uses” for “Business” purpose under Kwun Tong (South) Outline Zoning Plan No. S/K14S/22 dated 30 October 2018.
- (3) In undertaking our valuation, we have made reference to sales prices of comparable properties with a price range of HK\$10,387 to HK\$13,000 psf gross. The unit rate assumed by us is consistent with the relevant comparables after adjustments of location, size, age, time and other relevant factors.

VALUATION REPORT

Group I – Properties held by the Group for Investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 3 October 2019	
2.	<p>24 workshop units on 1st, 10th, 11th, 12th, 13th, 14th, 17th, 19th, 22nd and 23rd Floors, and 2 storerooms on 22nd and 23rd Floors, Kodak House II, 39 Healthy Street East, North Point, Hong Kong (<i>see Note 1</i>)</p> <p>12073/100000th shares of and in the Remaining Portion of Marine Lot No. 705 and the Extension thereto</p>	<p>The property comprises a total of 24 workshop units and 2 storerooms on various floors of a 23-storey industrial building erected over a four-storey carparking podium completed in 1992.</p> <p>The property has a total gross floor area of approximately 8,997.40 sq.m. (96,848 sq.ft.) plus a total store room area of approximately 98.10 sq.m. (1,056 sq.ft.) and a total flat roof and roof area of approximately 70.05 sq.m. (754 sq.ft.).</p> <p>The property is held from the Government by Government Lease for a term of 999 years from 25 December 1869. The Government rent payable for the Remaining Portion of Marine Lot No. 705 and the Extension thereto is HK\$2,636 per annum.</p>	<p>As at the Valuation Date, except portions with a total floor area of 17,591 sq.ft. (1,634.24 sq.m.) that were vacant, the property was let mainly for terms of 2 to 3 years with the latest tenancy due to expire on 14 September 2021 at a total monthly rent of approximately HK\$1,824,000, exclusive of rates and management fees.</p>	<p>HK\$760,000,000 (HONG KONG DOLLARS SEVEN HUNDRED AND SIXTY MILLION)</p>

Notes:

- (1) The property comprises:-

Workshop No. 1 on 1st Floor,
 Workshop Nos. 10 and 11 on 10th Floor,
 Workshop Nos. 9 to 12 on 11th Floor,
 Workshop No. 10 on 12th Floor,
 Workshop No. 7 on 13th Floor
 Workshop Nos. 9 and 11 on 14th Floor,
 Workshop Nos. 4, 10 and 11 on 17th Floor,
 Workshop No. 6 on 19th Floor,
 Workshop Nos. 1 (including Flat Roof), 6, 7 and 8 and Storeroom No. 6 on 22nd Floor, and
 Workshop Nos. 1 (including Roof), 5, 6, 8 and 9 and Storeroom No. 6 on 23rd Floor,
 Kodak House II, 39 Healthy Street East, North Point, Hong Kong.

- (2) The registered owner of the property is Splendid Sharp Limited, a subsidiary of the Company.
- (3) The property (excluding the 2 storerooms) is subject to a Waiver Letter with Plans from the Chief Executive of the Hong Kong Special Administrative Region by the District Lands Officer/Hong Kong East dated 4 May 2009 vide Memorial No. 09081403360013.
- (4) The property falls within a land use zone for “Commercial” purpose under North Point Outline Zoning Plan No. S/H8/26 dated 15 August 2017.
- (5) In undertaking our valuation, we have made reference to sales prices of comparable properties with a price range of HK\$6,744 to HK\$8,867 psf gross. The unit rate assumed by us is consistent with the relevant comparables after adjustments of location, size, age, time and other relevant factors.

VALUATION REPORT

Group II – Property to be acquired by the Group for Owner Occupation

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 3 October 2019																					
3. 8-12 Wong Chuk Yeung Street, Sha Tin, New Territories Sha Tin Town Lot No. 135	<p>The property comprises a 18-storey warehouse building completed in 1988. Parking and loading/unloading spaces are provided on the Upper Ground Floor.</p> <p>The registered site area of the property is approximately 4,344 sq.m. (46,759 sq.ft.).</p> <p>Based on the latest approved A&A Works Plans of the building, the approximate gross floor areas of the property are as follows:-</p> <table border="1"> <thead> <tr> <th>Floor</th> <th colspan="2">Gross Floor Area</th> </tr> <tr> <td></td> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Lower Ground Floor</td> <td>956.379</td> <td>10,294</td> </tr> <tr> <td>Upper Ground Floor</td> <td>649.031</td> <td>6,986</td> </tr> <tr> <td>Upper Part of Upper Ground Floor</td> <td>519.090</td> <td>5,587</td> </tr> <tr> <td>1st to 16th</td> <td><u>37,704.240</u></td> <td><u>405,848</u></td> </tr> <tr> <td>Total:</td> <td>39,828.740</td> <td>428,715</td> </tr> </tbody> </table>	Floor	Gross Floor Area			sq.m.	sq.ft.	Lower Ground Floor	956.379	10,294	Upper Ground Floor	649.031	6,986	Upper Part of Upper Ground Floor	519.090	5,587	1st to 16th	<u>37,704.240</u>	<u>405,848</u>	Total:	39,828.740	428,715	<p>As at the Valuation Date, the property was fully let with the latest tenancy due to expire on 30 June 2022 at a total monthly rent and income of about HK\$8,139,000 exclusive of management charges and rates.</p>	<p>HK\$2,250,000,000 (HONG KONG DOLLARS TWO BILLION TWO HUNDRED AND FIFTY MILLION)</p>
Floor	Gross Floor Area																							
	sq.m.	sq.ft.																						
Lower Ground Floor	956.379	10,294																						
Upper Ground Floor	649.031	6,986																						
Upper Part of Upper Ground Floor	519.090	5,587																						
1st to 16th	<u>37,704.240</u>	<u>405,848</u>																						
Total:	39,828.740	428,715																						
	<p>There are a total of 11 goods vehicle parking spaces and 17 car parking spaces provided within the property.</p> <p>The property is held from the Government under New Grant No. 11509 for a term of 99 years from 1 July 1898 which has been statutorily extended to 30 June 2047. The Government Rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>																							

Notes:

- (1) The registered owner of the property is Branhall Investments Limited.
- (2) The property is subject to a Waiver Letter from Chief Estate Surveyor/Headquarters dated 10 October 2014 vide Memorial No. 14102101430011.
- (3) The property is subject to a Relaxation of Prior Consent Letter dated 28 July 2016 vide Memorial No. 16081800910034.
- (4) The property falls within a land use zone for “Industrial” purpose under Sha Tin Outline Zoning Plan No. S/ST/34 dated 29 May 2018.
- (5) In undertaking our valuation, we have made reference to sales prices of comparable properties with a price range of HK\$4,500 to HK\$5,576 psf gross. The unit rate assumed by us is consistent with the relevant comparables after adjustments of location, size, age, time and other relevant factors.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

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 or any of 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in Shares and underlying Shares

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
Fung Yuk-lun, Allen	—	—	—	—	8,000,000 ²	8,000,000	0.34
Tong Kwok-kong, Raymond	100,000	—	—	100,000	4,000,000 ²	4,100,000	0.18
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 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 2019 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 01.07.2019	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	—	—	—	4,000,000
Tong Kwok-kong, Raymond	19.06.2018	5.048	19.06.2019 to 18.06.2023	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 by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late 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) SHKP

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)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	70,000 ¹	—	524,284,686 ²	524,543,429	—	524,543,429	18.10
Kwok Kai-wang, Christopher	110,000 ³	60,000 ⁴	—	651,238,101 ^{2&5}	651,408,101	—	651,408,101	22.48
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:

- These shares in SHKP were held by the spouse of Mr. Kwok Ping-luen, Raymond.
- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 524,284,686 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 shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

(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	—	5,162,337 ¹	5,162,337	—	5,162,337	0.46
Fung Yuk-lun, Allen	437,359	—	437,359	—	437,359	0.04
Kwok Kai-wang, Christopher	—	12,011,498 ^{1&2}	12,011,498	—	12,011,498	1.07

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 5,162,337 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 6,849,161 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late 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 or any of 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 the Model Code.

3. 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 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	

4. COMPETING INTERESTS

Professor Li On-kwok, Victor (“**Professor Li**”), 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.

Professor Li is a co-founder and a director of Fano Labs Limited, which is a spin-off from The University of Hong Kong and an artificial intelligence company building multilingual virtual customer assistant for large enterprises, with primary clients being mostly leaders in the utility industry and property development industry. Professor Li also serves as a director of Versitech Limited, a non-profit making company and the commercial arm of The University of Hong Kong, which negotiates, executes and manages commercial business contracts and agreements on behalf of The University of Hong Kong. He is also an alternate director of the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, a research centre founded with funding from the Hong Kong Government and hosted by three universities in Hong Kong, which supports and performs applied research related to logistics and supply chain management.

Given the difference in nature of the businesses operated by the Group and those of the aforesaid institutions and companies, as at the Latest Practicable Date, none of the above institutions and companies was in any direct competition with the Group.

Save as disclosed in this section, none of the Directors or the controlling Shareholders or their respective close associates (as defined in the Listing Rules) has any business or interest which competes or may compete, either directly or indirectly, with the businesses of the Group or any other conflicts of interest with the Group as at the Latest Practicable Date.

5. 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 22 May 2015, Wealth Up Development Limited (“**Wealth Up**”, a wholly-owned subsidiary of the Company) 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 Tseung Kwan O Town Lot No. 122 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 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.

- (c) 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 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.

- (d) (i) On 2 May 2017, 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 certain networking arrangements concerning the design, installation, operation and provision of satellite master antenna television system (“**SMATV**”)/communal aerial broadcasting distribution (“**CABD**”), access control and other security systems and laying of network cabling system, optical fiber network, broadband network and other information technology (“**IT**”) infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the “**Networking Arrangement**”) to members of the SHKP Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$109,300,000.
- (ii) On 2 May 2017, 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 certain maintenance arrangements concerning the maintenance and repair works for SMATV/ CABD, access control and other security systems and cabling systems, 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**”) to members of the SHKP Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$77,700,000.
- (iii) On 2 May 2017, 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 certain networking subcontracting arrangements concerning the provision of services pursuant to the Networking Arrangement to members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$20,100,000.

- (iv) On 2 May 2017, 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 certain maintenance sub-contracting arrangements concerning the provision of services pursuant to the Maintenance Arrangement to members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$8,600,000.
- (v) On 2 May 2017, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to enter into certain arrangements concerning the leasing and licensing of premises in Hong Kong to members of the Group for the purpose of providing data centres and related services to the customers of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$91,900,000.
- (vi) On 2 May 2017, 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$3,600,000.
- (vii) On 2 May 2017, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide to the 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 Limited ("**iAdvantage**", a wholly-owned subsidiary of the Company) and premises owned by other members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 for the above transactions as well as other transactions pertaining to the provision of building management services by a member of the SHKP Group to the relevant members of the Group under certain deeds of mutual covenant and management agreements was HK\$18,600,000.

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 regarded as materially interested in the agreements mentioned in this paragraph 5(d) and the transactions contemplated thereunder. Further particulars of the agreements mentioned in this paragraph 5(d) were set out in the announcement of the Company dated 2 May 2017.

- (e) On 2 May 2017, the Company and Sun Hung Kai Properties Insurance Limited (“**SHKI**”, a wholly-owned subsidiary of SHKP) entered into an agreement pursuant to which the Company appointed SHKI to maintain the insurance coverage for the benefit of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$4,900,000.

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 regarded as materially interested in the agreement mentioned in this paragraph 5(e) and the transactions contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 5(e) were set out in the announcement of the Company dated 2 May 2017.

- (f) On 16 May 2018, iAdvantage entered into a project management agreement (“**Project Management Agreement**”) with Sun Hung Kai Real Estate Agency Limited (“**SHK Real Estate**”, a wholly-owned subsidiary of SHKP) for a project management fee of HK\$11,000,000 in relation to the appointment of SHK Real Estate as the project manager to generally manage, supervise and control two projects for the construction of a building to be constructed on a piece of land located at Ma Kok Street, Tsuen Wan, New Territories, Hong Kong and registered in the Land Registry as Tsuen Wan Town Lot No. 428 and the revitalization of MEGA-iAdvantage located at Chai Wan (the “**Chai Wan Project**”).

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 Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Project Management Agreement and the transactions contemplated thereunder. Further particulars of the Project Management Agreement were set out in the announcement of the Company dated 16 May 2018.

- (g) (i) On 23 May 2018, iAdvantage entered into a contract with Sanfield, pursuant to which Sanfield has agreed to carry out, be responsible for, and complete the addition and alteration builder's works, fitting out works and building services installation at the ground floor to the fourth floor of MEGA-iAdvantage which form part of the Chai Wan Project at a contract sum not exceeding HK\$59,070,000.
- (ii) On 23 May 2018, iAdvantage entered into a contract with Lik On Security Limited ("**Lik On**", a wholly-owned subsidiary of SHKP), pursuant to which Lik On has agreed to carry out, be responsible for, and complete the security systems enhancement works of MEGA-iAdvantage which form part of the Chai Wan Project at a contract sum not exceeding HK\$20,160,000.

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 regarded as materially interested in the contracts mentioned in this paragraph 5(g) and the transactions contemplated thereunder. Further particulars of the contracts mentioned in this paragraph 5(g) were set out in the announcement of the Company dated 23 May 2018.

- (h) On 28 December 2018, Grandwide Development Limited ("**Grandwide**", a wholly-owned subsidiary of the Company), and SHK Real Estate entered into a loan agreement (the "**Loan Agreement**") pursuant to which SHK Real Estate has agreed to make available unsecured term loan facility(ies) in an aggregate amount of HK\$3,800,000,000 to Grandwide for a term of 72 months at an interest rate of 4% per annum for general working capital requirements.

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 Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Loan Agreement and the transactions contemplated thereunder.

- (i) On 21 January 2019, Easy Vision Development Limited (“**Easy Vision**”, a wholly-owned subsidiary of the Company), entered into a project management agreement (“**Project Management Agreement 2**”) with SHK Real Estate for a project management fee of HK\$6,000,000 in relation to the appointment of SHK Real Estate as the project manager to manage, supervise and control the development comprising 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. 131.

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 Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Project Management Agreement 2 and the transactions contemplated thereunder.

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

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was 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.

6. DIRECTORS’ INTERESTS IN ASSETS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 30 June 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2019, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERTS

The following are the qualifications of the experts which had given their opinions or advice contained in this circular:

Name	Qualification
Somerley	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Transactions contemplated thereunder
C&W	Cushman & Wakefield Limited, an independent property valuer

As at the Latest Practicable Date, each of Somerley and C&W did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Somerley and C&W did not have any direct or indirect interest in any assets which had been, since 30 June 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

Each of Somerley and C&W has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they appear.

9. 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 30 October 2019:

- (a) the BI Acquisition Agreement;
- (b) the RD Disposal Agreement;
- (c) the MI Disposal Agreement;
- (d) the letter from the Board, the text of which is set out on pages 8 to 31 of this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 32 to 33 of this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 34 to 61 of this circular;
- (g) the valuation report from C&W, the text of which is set out in Appendix I of this circular; and
- (h) this circular.

10. 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 Unit 3110, 31/F, Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, 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 Ms. Au King-lun, Paulina who is a member of the Hong Kong Institute of Certified Public Accountants.

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: 1686)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of SUNeVision Holdings Ltd. (the “**Company**”) will be held at 4th Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Wednesday, 30 October 2019 at 12:30 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at the same place and on the same date at 12:00 noon shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution. Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meanings as defined in the circular of the Company dated 11 October 2019 (the “**Circular**”).

ORDINARY RESOLUTION

- (i) “**THAT:**
- (a) the BI Acquisition Agreement (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 contemplated thereunder be and are hereby approved, confirmed and ratified; and
 - (b) any Director be and is hereby authorised to do all such further acts and things and execute such further documents on behalf of the Company and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the BI Acquisition Agreement and the transactions contemplated thereunder.”;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(ii) “**THAT:**

- (a) the RD Disposal Agreement (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 contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any Director be and is hereby authorised to do all such further acts and things and execute such further documents on behalf of the Company and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the RD Disposal Agreement and the transactions contemplated thereunder.”; and

(iii) “**THAT:**

- (a) the MI Disposal Agreement (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 contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any Director be and is hereby authorised to do all such further acts and things and execute such further documents on behalf of the Company and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the MI Disposal Agreement and the transactions contemplated thereunder.”.

By order of the Board
SUNEVISION HOLDINGS LTD.
Au King-lun, Paulina
Company secretary

Hong Kong, 11 October 2019

Registered Office:

PO Box 309, Umland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business:

Unit 3110, 31/F,
Standard Chartered Tower,
Millennium City 1,
388 Kwun Tong Road,
Kwun Tong, Kowloon,
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 Wednesday, 30 October 2019 (the “EGM”), the register of members of the Company will be closed from Friday, 25 October 2019 to Wednesday, 30 October 2019, both dates 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 Thursday, 24 October 2019; and
 - (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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for conversion into Shares not later than 4:30 p.m. on Tuesday, 10 September 2019.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint a person or persons (who must be individual) 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 notorially 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, as soon as possible and in any event not later than 12:30 p.m. on Monday, 28 October 2019 or not less than 48 hours before the time for holding any adjourned EGM (as the case may be) 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 will not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof; in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. If a black rainstorm warning signal is in force or a tropical cyclone warning signal no. 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:30 p.m. on the day of the EGM, the EGM will be adjourned. The Company will publish an announcement on its website at www.sunevision.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify shareholders of the date, time and venue of the adjourned meeting.

Shareholders should decide on their own whether they would attend the EGM under bad weather conditions having regard to their own situations and, if they choose to do so, they are advised to exercise care and caution.

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