

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the Directors (except Mr. Leung Kui King, Donald who is out of Hong Kong and cannot be contacted at the date of this announcement) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Sunevision Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.



SUNEVISION HOLDINGS LIMITED

新意網集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

SUMMARY

The Directors of the Company announce that on 5th May, 2000, its wholly-owned subsidiary iAdvantage has entered into the Agreement with Networks whereby each of iAdvantage and Networks has agreed to subscribe for shares in the other at a consideration of US\$100 million (approximately HK\$778 million).

As the consideration for the subscription of the shares under the Agreement exceeds 15% of the consolidated net asset value of the Company as set out in its prospectus dated 6th March, 2000, the entering into of the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 19.36 of the GEM Listing Rules to issue a circular relating to the Agreement to the shareholders of the Company and the Stock Exchange has granted such waiver.

DATE OF THE AGREEMENT

5th May, 2000

PARTIES TO THE AGREEMENT

- (a) iAdvantage, a wholly owned subsidiary of the Company; and
- (b) Networks, an independent third party not connected with the Company or the directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

PARTICULARS OF IADVANTAGE

iAdvantage was incorporated in the British Virgin Islands with limited liability and through its subsidiary iAdvantage Limited is principally engaged in the business of the operation of internet server co-location centres in Hong Kong.

PARTICULARS OF NETWORKS

Networks is a limited company incorporated in Alberta and continued in Nova Scotia, Canada. Networks is listed on Nasdaq under the symbol “TSIX”.

According to the Networks Prospectus, Networks is a leading independent, facilities-based provider of fibre optic communications network products and services. By the end of 2001, Networks expect its network to consist of approximately 56,300 route miles.

Networks intends to expand its network to provide connectivity on a global basis. Networks network’s design uses state-of-the-art optical technologies that it believes greatly reduces complexity and cost while allowing Networks to offer increased reliability and a wide range of products and services. Networks recently agreed, subject to execution of definitive agreements, to acquire colocation facilities or site rights in ten cities in North America comprising approximately 2.9 million square feet.

Networks offers network services to meet its customers’ reliability requirement and enable Internet services and intend to develop products and services that capitalise on the convergence of telecommunications and high-bandwidth applications and services.

The following table, extracted from the Networks Prospectus except for the Hong Kong dollar translations, presents summary financial information for Networks:

	5th February, 1998 to 31st December, 1998		Year Ended 31st December, 1999	
	<i>(USD, 000)</i>	<i>(HK\$,000)</i>	<i>(USD, 000)</i>	<i>(HK\$,000)</i>
Income Statement Data:				
Revenue	164,319	1,278,402	359,746	2,798,824
Operating expenses				
Costs	147,621	1,148,491	250,612	1,949,762
General and administrative	2,274	17,692	21,846	169,962
Stock-based compensation	—	—	7,116	55,362
Depreciation	464	3,610	2,998	23,324
Total operating expenses	<u>150,359</u>	<u>1,169,793</u>	<u>282,572</u>	<u>2,198,410</u>
Operating income	13,960	108,609	77,174	600,414
Interest expense, net	<u>225</u>	<u>1,751</u>	<u>15,786</u>	<u>122,815</u>
Income (loss) before income taxes, minority interest and equity accounted for investment	13,735	106,858	61,388	477,599
Provision for income taxes	<u>5,643</u>	<u>43,902</u>	<u>30,314</u>	<u>235,843</u>
	8,092	62,956	31,074	241,756
Income attributable to minority interest and equity accounted for investment	<u>928</u>	<u>7,220</u>	<u>(7,434)</u>	<u>(57,837)</u>
Net income (loss)	<u>9,020</u>	<u>70,176</u>	<u>23,640</u>	<u>183,919</u>

December 31, 1999
(USD, 000) (HK\$,000)

Balance Sheet Data:

Cash and cash equivalents	521,362	4,056,196
Property and equipment	77,009	599,130
Assets under construction	300,403	2,337,135
Total assets	1,310,989	10,199,494
Total debt	675,000	5,251,500
Redeemable convertible preferred shares	349,827	2,721,654
Shareholders' equity	29,861	232,319

PARTICULARS OF THE AGREEMENT

Pursuant to the Agreement, iAdvantage shall subscribe for US\$100 million (approximately HK\$778 million) worth of Networks Shares based on the Networks IPO Price of US\$14.00 (approximately HK\$108.92) per share, being 7,142,857 Networks Shares. The Networks Shares issued to iAdvantage will represent approximately 0.873% of Networks' enlarged outstanding share capital immediately after the Networks IPO unless further shares are issued as may be permitted under the Agreement.

Pursuant to the Agreement, Networks shall subscribe for US\$100 million (approximately HK\$778 million) of iAdvantage Shares, representing 5.37% of the enlarged issued share capital of iAdvantage immediately after completion of the Agreement, being 537 iAdvantage Shares, unless further shares are issued by iAdvantage as may be permitted under the Agreement. Pursuant to the Agreement, such issue of further shares by iAdvantage will be at a price equal to or greater than Networks' Entry Price (except for shares to be issued under the employee option scheme or shares issued to qualify directors to the extent required by applicable law or bonus shares or scrip dividend issued to shareholders of iAdvantage).

The terms are reached via arm's length negotiation between the parties to the Agreement based on IPO valuations of Networks and the Company and iAdvantage's share of valuation in the Company.

CONDITIONS OF THE AGREEMENT

The obligations of iAdvantage under the Agreement is conditional upon the satisfaction of, inter alia, the following conditions on or before the Closing Date, any of which may be waived in whole or in part in writing by iAdvantage:—

- (a) Networks and iAdvantage shall have entered into the Bandwidth Agreement no later than 15th June 2000;
- (b) Networks and iAdvantage shall have executed and delivered each of the iAdvantage Rights Agreement, the Networks Rights Agreement, the iAdvantage Lock-up Agreement and the Networks Lock-up Agreement;
- (c) Networks still qualifies for trading on Nasdaq; and
- (d) iAdvantage shall have completed its due diligence analysis of Networks no later than 15th June 2000..

The obligations of Networks under the Agreement is conditional upon the satisfaction of, inter alia, the following conditions on or before the Closing Date, any of which may be waived in whole or in part in writing by Networks:—

- (a) Networks and iAdvantage shall have entered into the Bandwidth Agreement no later than 15th June, 2000;
- (b) Networks and iAdvantage shall have executed and delivered each of the iAdvantage Rights Agreement, the Networks Rights Agreement, the iAdvantage Lock-up Agreement and the Networks Lock-up Agreement;
- (c) the IPO Event shall have occurred; and
- (d) Networks shall have completed its due diligence analysis of iAdvantage no later than 15th June, 2000.

iAdvantage and Networks had also on 5th May, 2000 entered into the Bandwidth Term Sheet which summarises the terms which shall form the basis of the Bandwidth Agreement. According to the Bandwidth Term Sheet, Networks will lease to iAdvantage a portion of the capacity on the

Network System; iAdvantage will appoint Networks as the sole preferred (but not exclusive) supplier of connectivity to iAdvantage's internet co-location centres in cities throughout Asia reached by the Network System; iAdvantage and Networks will work on a strategy for building iAdvantage data centres in major cities in Asia and connecting the Network System to such data centres; and Networks will lease as anchor tenant certain amount of space in each of those co-location centres in each of those Asian cities to be established by iAdvantage over the next 5 years.

COMPLETION OF THE AGREEMENT

Completion of the Agreement shall take place on

(in the case where such shares shall be listed on GEM): the date when the underwriting agreement in respect of the iAdvantage Qualified Offering shall become unconditional;

or

(in the case where such shares shall be listed on Nasdaq): two business days after the iAdvantage Qualified Offering shall have been consummated.

TERMINATION OF THE AGREEMENT

Other than due to the non-fulfillment of the conditions set out in the section headed "Conditions of the Agreement" above, the Agreement may also be terminated prior to closing:—

- (a) by iAdvantage if (i) there is a material breach of any covenant or obligation of Networks, or (ii) iAdvantage reasonably determines that the timely satisfaction of any conditions to its obligations under the Agreement has become impossible or unreasonable (other than as a result of any failure on the part of iAdvantage to comply with or perform its covenants and obligations under the Agreement or any other documents in connection therewith);
- (b) by Networks if (i) there is a material breach of any covenant or obligation of iAdvantage, or (ii) Networks reasonably determines that the timely satisfaction of any conditions to its obligations

under the Agreement has become impossible or unreasonable (other than as a result of any failure on the part of Networks to comply with or perform its covenants and obligations under the Agreement or any other documents in connection therewith);

- (c) by iAdvantage if the IPO Event has not occurred on or before 15th September, 2001;
- (d) by Networks if the IPO Event has not occurred on or before 15th June, 2001 (other than as a result of the failure on the part of Networks to comply with or perform its covenants and obligations under the Agreement or any other documents in connection therewith);
- (e) by either iAdvantage or Networks if any permanent injunction or other order, decree or ruling of a court of competent jurisdiction or other competent governmental body preventing the consummation of the transactions contemplated hereby shall have become final and nonappealable;
- (f) by the mutual written consent of iAdvantage and Networks;
- (g) by iAdvantage on the Price Determination Date if the Weighted Average Trading Price falls below 90% of the Networks IPO Price; and
- (h) by Networks no later than 5 p.m. (Hong Kong time) on the Price Determination Date if it can be reasonably ascertained from information and documents supplied by iAdvantage and its advisers to Networks that the market capitalisation in respect of the iAdvantage Qualified Offerings is less than 90% of the derived valuation of iAdvantage based on Networks' Entry Price.

REASONS FOR ENTERING INTO THE AGREEMENT

The Directors believe that it is in the interest of the Group to acquire an interest in Networks and for Networks to become a shareholder of iAdvantage as the transaction is expected to significantly enhance both the Company's and iAdvantage's ability to expand internationally by establishing a close partnership with Networks. The Bandwidth Supply and Facilities Development Agreement can also help Networks and iAdvantage to build up a new IT network throughout Asia.

The terms of the Agreement and the consideration had been reached after arms length negotiations between the parties thereto and the Directors consider that the Agreement is fair and reasonable and in the interest of the shareholders of the Company as a whole.

INFORMATION FOR SHAREHOLDERS

As the consideration for the subscription of both the Networks Shares and the iAdvantage Shares under the Agreement exceeds 15% of the consolidated net asset value of the Company as set out in its prospectus dated 6th March, 2000, the entering into of the Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 19.36 of the GEM Listing Rules to issue a circular relating to the Agreement to the shareholders of the Company and the Stock Exchange has granted such waiver. The purpose of this announcement is to provide shareholders of the Company with information relating to the Agreement pursuant to the GEM Listing Rules.

By Order of the Board
Chan Wing Yuen, Hubert

Company Secretary and Director of Compliance

Hong Kong, 6th May, 2000

DEFINITIONS

“Agreement”	the conditional subscription and cross exchange agreement dated 5th May, 2000 between iAdvantage and Networks whereby iAdvantage agreed to subscribe for Networks Shares and Networks agreed to subscribe for iAdvantage Shares
“Bandwidth Agreement”	the Bandwidth Supply and Facilities Development Agreement to be entered into between Networks and iAdvantage and covering, among other things, the matters contemplated and as outlined in the Bandwidth Term Sheet

“Bandwidth Term Sheet”	the Bandwidth Supply and Facilities Development Term Sheet dated 5th May, 2000 between Networks and iAdvantage as referred to in the section headed “Conditions of the Agreement” of this announcement
“Closing Date”	(i) the date when the underwriting agreement in respect of the iAdvantage Qualified Offering shall become unconditional in the case where such shares shall be listed on GEM or (ii) two business days after the iAdvantage Qualified Offering shall have been consummated in the case where such shares shall be listed on Nasdaq.
“Company”	Sunevision Holdings Limited
“Company IPO Price”	HK\$10.38
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“iAdvantage”	iAdvantage Holdings Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“iAdvantage Lock-up Agreement”	The agreement to be entered into between iAdvantage and Networks whereby iAdvantage agrees not to dispose of the Networks Shares acquired by it pursuant to the Agreement without the prior written consent of Networks for the period of one year commencing on the date of such agreement

“iAdvantage Rights Agreement”	the agreement to be entered into between iAdvantage and Networks whereby, inter alia, Networks shall grant to iAdvantage the right to require Networks to file a registration statement under the securities laws of the United States of America
“iAdvantage Qualified Offering”	the initial public offering of the capital stock of iAdvantage or of iAdvantage’s holding company whose sole asset shall be all of the outstanding capital stock of iAdvantage and formed for the sole purpose of the iAdvantage Qualified Offering
“iAdvantage Shares”	Shares of iAdvantage
“IPO Event”	in connection with an iAdvantage Qualified Offering, (i) the underwriting agreement shall be deemed unconditional in the case where such shares shall be listed on GEM or (ii) the iAdvantage Qualified Offering shall have been consummated in the case where such shares shall be listed on Nasdaq
“Nasdaq”	the Nasdaq National Market
“Network System”	the fiber optic cable capacity which Networks plans to make available throughout Asia connecting Asia with North America and Europe
“Networks”	360Networks Inc., a corporation incorporated in Alberta, Canada and continued under the laws of Nova Scotia, Canada, and formerly known as Worldwide Fiber Inc
“Networks’ Entry Price”	Networks’ initial subscription price for iAdvantage Shares of US\$100 million for 5.37% of the enlarged share capital of iAdvantage (subject to dilution as disclosed in the paragraph headed Particulars of the Agreement)

“Networks IPO”	the initial public offering of the Networks Shares to be quoted on Nasdaq and to be listed on the Toronto Stock Exchange
“Networks IPO Price”	the subscription price of US\$14.00 per Networks Shares offered under the Networks IPO
“Networks Lock-up Agreement”	the agreement to be entered into between iAdvantage and Networks whereby Networks agrees not to dispose of the iAdvantage Shares acquired by it pursuant to the Agreement without the prior written consent of iAdvantage for the period of one year commencing on the date of such agreement
“Networks Prospectus”	the prospectus of Networks dated 19th April, 2000 issued in connection with the Networks IPO
“Networks Rights Agreement”	the agreement to be entered into between iAdvantage and Networks whereby, inter alia, iAdvantage shall grant to Networks the right to require iAdvantage to file a registration statement under the securities laws of the United States of America
“Networks Shares”	subordinate voting shares in the capital of Networks
“Price Determination Date”	with respect to the iAdvantage Qualified Offering, the date that is two days prior to the applicable Printing/Filing Date
“Printing/Filing Date”	with respect to the iAdvantage Qualified Offering, (a) in the case a listing of such shares on Nasdaq, the date the registration statement with the SEC becomes effective in accordance with the rules of the SEC; or (b) in the case of a listing of a listing of such shares on GEM, the date of printing of the related final prospectus

“SEC”	Securities and Exchange Commission of the United States of America
“Trading Period”	the five days immediately preceding the Price Determination Date on which TSE is open for trading (but excluding the Price Determination Date)
“TSE”	The Toronto Stock Exchange
“Weighted Average Trading Price”	with respect to the Networks Shares on TSE during the Trading Period, the quotient by dividing the aggregate sale price of all such shares sold on TSE during such Trading Period by the number of such shares sold, as determined by an independent member of the Investment Dealers Association of Canada mutually selected by iAdvantage and Networks for such purpose
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, United States dollars has been converted into Hong Kong dollars at the rate of US\$1 = HK\$7.78 for indication purpose only.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting.

** For identification purpose only*