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sunEvision

**SUNeVision Holdings Ltd.**  
**新意網集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8008)

**RENEWAL OF  
EXISTING CONTINUING CONNECTED TRANSACTIONS**

**SUMMARY**

The Group has been carrying on the Existing Continuing Connected Transactions. At the extraordinary general meeting of the Company held on 9 June 2003, the then independent Shareholders approved, inter alia, the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing Agreements for a period up to 30 June 2005. Details of the Existing Continuing Connected Transactions were disclosed in the announcement and circular of the Company dated 6 May 2003 and 23 May 2003 respectively. The period covered by the then independent Shareholders' approval in respect of, inter alia, the Existing Continuing Connected Transactions will expire on 30 June 2005.

It is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions after 30 June 2005.

As at the date of this announcement, SHKP indirectly owns an aggregate of 1,719,427,500 Shares representing approximately 84.84% of the entire issued share capital of the Company. SHKP is therefore a substantial shareholder of the Company. As such, SHKP and its associates are connected persons of the Company under the GEM Listing Rules for so long as SHKP remains a substantial shareholder of the Company.

On 23 May 2005, the Company entered into the Renewed Agreements with SHKP each for a term of three years commencing on 1 July 2005 and ending on 30 June 2008. Transactions of each category of the Transactions Requiring Approval will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules, and will be subject to reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to the GEM Listing Rules. Transactions of each category of the Transactions Exempt from Approval and the Lease Arrangements will constitute non-exempt continuing connected transactions of the Company, and will only be subject to the reporting and announcement requirements and will be exempt from Independent Shareholders' Approval requirement under the GEM Listing Rules.

The Company will seek the Independent Shareholders' Approval (by way of poll) in relation to each category of the Transactions Requiring Approval.

A circular containing, among other things, (1) further information on the Transactions Requiring Approval; (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval; (3) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions Requiring Approval; and (4) notice of the EGM to be convened at which an ordinary resolution will be proposed to approve the Transactions Requiring Approval and all matters contemplated thereunder will be sent to the Shareholders as soon as practicable.

## **1. THE EXISTING CONTINUING CONNECTED TRANSACTIONS**

The Group has been conducting, inter alia, the Existing Continuing Connected Transactions. At the extraordinary general meeting of the Company held on 9 June 2003, the then independent Shareholders approved, inter alia, the Existing Continuing Connected Transactions and the annual caps for transactions under each of the Existing Agreements for a period up to 30 June 2005. Details of the Existing Continuing Connected Transactions were disclosed in the announcement of the Company dated 6 May 2003 and the circular of the Company dated 23 May 2003 respectively. The period covered by the then independent Shareholders' approval in respect of, inter alia, the Existing Continuing Connected Transactions will expire on 30 June 2005.

## **2. THE RENEWAL OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS**

It is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the period covered by the Existing Approval on 30 June 2005. On 23 May 2005, the Company entered into the Renewed Agreements with SHKP each for a term of three years commencing from 1 July 2005 and ending on 30 June 2008. It is also expected that the Lease Arrangements may continue for the period from 1 July 2005 to 30 June 2008.

Details of the Transactions Requiring Approval, the Transactions Exempt from Approval and the Lease Arrangements are as follows.

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

#### ***A. Installation, operation and provision of cable networking by the Group for buildings owned and/or managed by the SHKP Group***

##### **Background**

Super e-Network and Super e-Tech have been providing and they will continue to provide, and other members of the Group may in the future provide, services to members of the SHKP Group in connection with the design, installation, operation and provision of SMATV/CABD and other security systems and laying of network cabling system (such as voice and data network, building services access, and power supply), optical fiber

network, broadband network and other IT infrastructure network in buildings owned and/or managed by the SHKP Group (the “**Networking Arrangement**”). The Group charges and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

#### The new agreement

On 23 May 2005, the Company and SHKP entered into a new agreement whereby the Company had agreed to procure relevant members of the Group to provide services contemplated under the Networking Arrangements to members of the SHKP Group for a period from 1 July 2005 to 30 June 2008. This agreement is conditional upon the obtaining of the Independent Shareholders’ Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined between the Company and SHKP in respect of each transaction to be carried out pursuant to the Networking Arrangement. The said principles include the service provided by the Group to the SHKP Group pursuant to the Networking Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms which are fair and reasonable to the Group. In particular, with respect to the payment terms for the services provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale and quality of services required and the time frame for provision of such services), the payment terms to be offered by the Group to the SHKP Group shall be no less favourable to the Group than the payment terms that may be offered to the SHKP Group by other independent third parties service providers for such services; and for those services where no other service providers are able to meet the requirements of the SHKP Group, the payment terms shall be fair and reasonable to the Group. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 6 May 2003 which is due to expire on 30 June 2005.

The Group was informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by the SHKP Group and will then select bidders whom it considers are able to offer the most attractive terms for the services concerned taking into account all relevant factors including the price, the quality of work and schedule of completion offered by the service providers.

Relevant members of the Group and the SHKP Group have entered into and will enter into definitive agreements providing the terms of each single transaction for the provision of the different types of services pursuant to the arrangement from time to time. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements concluded between the Group and the SHKP Group.

### The historical amounts

Under the Existing Approval, the annual cap for the Networking Arrangement for the financial year ended 30 June 2004 and the financial year ending 30 June 2005 was HK\$39,000,000. The following table sets out the aggregate service fees received by the Group under the Networking Arrangement during the Relevant Historical Periods:—

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2003	42,107,000
Financial year ended 30 June 2004	25,168,000
Six months period ended 31 December 2004	9,870,000

The decrease in the aggregate service fees received by the Group for the financial year ended 30 June 2004 as compared to the amount received in the financial year ended 30 June 2003, and the possible decrease in those receivable for the financial year ending 30 June 2005 as compared to the those received in the previous two financial years is mainly due to the decline in the level of demand for services required during the respective periods. The level of demand of the services under the Networking Arrangement is principally affected by (a) the number of property developments constructed, completed and/or launched to the market in the relevant financial year, (b) the standard of facilities that a particular development project is to be equipped with, and (c) the number of projects that the Group was able to get from the SHKP Group. The decline in the aggregate service fees received or expected to be received by the Group in the Relevant Historical Periods is mainly attributable to:—

- (i) the decrease in the number of projects successfully obtained by the Group; and
- (ii) the provision of the advanced technology facilities covered by the Networking Arrangement was comparatively not in great demand for development projects launched to the market during the Relevant Historical Periods.

### Proposed annual cap and basis of cap

It is expected that the amount of service fees to be received by the Group in respect of the Networking Arrangement during the three financial years ending 30 June 2008 will not exceed HK\$45,000,000. The proposed annual cap is determined by reference to the historical value of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees which the Group may charge in respect of such services.

It is expected that the level of demand for the services will increase, while there will be no material change in the anticipated level of fees chargeable by the Group. The expected increase of level of demand is mainly due to:—

- (i) the property market conditions have become more favourable when compared to the previous financial years; and
- (ii) the increase in the demand for luxurious accommodation, and that it has become more common that advanced technology facilities are to be installed in such accommodation.

The Networking Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that, in view of the fact that the Group has to bid for the projects, the Networking Arrangement has been and will continue to be negotiated on an arm's length basis, on normal commercial terms and that the service fees charged/to be charged by the Group in respect of the Networking Arrangement have been and will continue to be at rates comparable to the rates at which other independent third parties may charge the SHKP Group for such services.

*B. Maintenance and repair of network infrastructure and security systems by the Group for buildings owned and/or managed by the SHKP Group*

Background

Super e-Network and Super e-Tech have been engaged and they will continue to be engaged, and other members of the Group may in the future be engaged, by certain members of the SHKP Group to carry out maintenance and repair works for SMATV/CABD and other security systems and cabling systems (such as voice and data network, building services access, and power supply), optical fiber network, broadband network, computer systems and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group (the “**Maintenance Arrangement**”). The Group charges and will continue to charge fees for services provided under the Maintenance Arrangement after the expiry of the warranty periods of the cable, broadband, computer systems and other IT infrastructure networks and security systems provided, installed or laid by the Group.

The new agreement

On 23 May 2005, the Company and SHKP entered into a new agreement whereby the Company had agreed to procure relevant members of the Group to provide services contemplated under the Maintenance Arrangement to members of the SHKP Group for a period commencing on 1 July 2005 and ending on 30 June 2008. This agreement is conditional upon the obtaining of the Independent Shareholders' Approval, and is a master agreement which sets out the principles upon which detailed terms are to be determined in relation to each transaction to be carried out pursuant to the Maintenance Arrangement. The said principles include the service provided by the Group to the

SHKP Group pursuant to the Maintenance Arrangement shall be on normal commercial terms or, if there are no or not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms which are fair and reasonable to the Group. In particular, with respect to the payment terms for the services provided, for those services where there are available market rates for comparable services (taking into account factors such as the scale, the quality and the duration of services required), the payment terms to be offered by the Group to the SHKP Group shall be no less favourable to the Group than the payment terms that may be offered to the SHKP Group by other independent third party service providers; and for those services where no other service providers are able to meet the requirements of the SHKP Group, the payment terms shall be fair and reasonable to the Group. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 6 May 2003 which is due to expire on 30 June 2005.

The Group was informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required and will then select bidders whom it considers are able to offer the most attractive terms taking into account all relevant factors, including the price, the quality of work and schedule of completion offered by the service providers.

Relevant members of the SHKP Group have entered into and will enter into separate and definitive agreements with members of the Group to provide for the detailed terms of service to be provided pursuant to the Maintenance Arrangement. The fees chargeable to the SHKP Group in accordance with such definitive agreements concluded between the Group and the SHKP Group.

#### The historical amounts

Under the Existing Approval, the annual cap for Maintenance Arrangement for the financial year ended 30 June 2004 and the financial year ending 30 June 2005 was HK\$42,000,000. The following table sets out the aggregate amount of service fees received by the Group under the Maintenance Arrangement during the Relevant Historical Periods:—

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2003	35,991,000
Financial year ended 30 June 2004	34,463,000
Six months period ended 31 December 2004	18,162,000

#### Proposed annual cap and basis of cap

It is expected that the service fees in respect of the Maintenance Arrangement to be received by the Group during the three financial years ending 30 June 2008 will not exceed HK\$56,000,000.

The proposed annual cap is determined by reference to the historical value of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees at which the Group may charge in respect of such services. It is expected that the level of demand of such services would increase in the forthcoming three financial years. Some of the buildings owned and/or managed by the SHKP Group equipped with the facilities covered by the Maintenance Arrangement were relatively new at the time the Maintenance Arrangement were entered into a number of years ago. As a result of fair wear and tear, the frequency and extent of routine maintenance and repair work which may be required on such facilities are expected to be increased in the coming years. Furthermore, residents or incorporated owners of certain buildings covered by the Maintenance Arrangement had previously requested the Group, and the Group has granted one-off reductions in the services fees chargeable by the Group. It is expected that the said reductions in service fees may not continue in the forthcoming three financial years. Thus it is expected that the amount of services fees to be received by the Group under the Maintenance Arrangement in the coming three years would increase as compared to the past. However, it is expected that there would be no material change to the rate of service fees chargeable by the Group.

The Maintenance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that in view of the fact that the Group has to bid for the projects under the Maintenance Arrangement as set out above, the Maintenance Arrangement has been and will continue to be negotiated on an arm's length basis, on normal commercial terms and that the service fees charged/to be charged by the Group in respect of the Maintenance Arrangement were and will continue to be at rates comparable to those at which other independent third parties may charge the SHKP Group.

## II. TRANSACTIONS EXEMPT FROM APPROVAL

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

#### Background

Members of the SHKP Group have been using, and will continue to use, the Group's internet services whereby they place advertisements on or conduct promotion activities via various internet websites operated by members of the Group, such as superhome.net, superstreets.net, red-dots.com and reinsurancemall.com (the "**Advertising Transactions**"). Members of the Group also provide, and will continue to provide, internet-related services to members of the SHKP Group which services include the setting-up of e-management systems and resident communities, reservation and booking services, systems maintenance and management services, website development and maintenance services and online marketing campaigns (the "**e-Commerce Transactions**" and together with the Advertising Transactions are collectively referred to as the "**Advertising and e-Commerce Transactions**"). The Group charges, and will continue to charge, the relevant members of SHKP Group service fees for the provision of such services.

### The new agreement

On 23 May 2005, the Company and SHKP entered into a new agreement whereby SHKP had agreed to procure its subsidiaries to enter into the Advertising and e-Commerce Transactions with members of the Group for a period commencing on 1 July 2005 and ending on 30 June 2008. This agreement took effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined between the Company and SHKP in relation to each transaction to be carried out pursuant to the Advertising and e-Commerce Transactions. Such principles include the service to be provided by the Group to the SHKP Group pursuant to the Advertising and e-Commerce Transactions shall be on normal commercial terms and the fees payable by the relevant members of the SHKP Group shall be at rates comparable to the rates at which the Group charges other independent third party customers for similar transactions. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 6 May 2003 which is due to expire on 30 June 2005.

In determining the rates chargeable to the SHKP Group, the Group will refer to the available rates in local and international markets from time to time. Relevant members of the Group and SHKP Group have entered and will enter into separate and definitive agreements to provide for the detailed terms of each single transaction pursuant to such arrangement from time to time.

### The historical amounts

Under the Existing Approval, the annual cap for the financial year ended 30 June 2004 and the financial year ending 30 June 2005 was HK\$15,000,000. The following table sets out the aggregate service fees received by the Group in respect of the Advertising Transactions and e-Commerce Transactions during the Relevant Historical Periods:—

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2003	8,147,000
Financial year ended 30 June 2004	5,031,000
Six months period ended 31 December 2004	2,053,000

As a result of the relatively less favourable market conditions regarding the e-Commerce services prevailing in the Relevant Historical Periods, the Group had lowered the level of service fees so as to remain competitive in the market. This is principal factor which resulted or may result in the decrease in the aggregate service fees received for the financial year ended 30 June 2004 as compared to the amount received for the financial year ended 30 June 2003 and the possible decrease in the amount of fees receivable for the year ended 30 June 2005 as compared to the amount received in the previous two financial years.



## Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees receivable by the Group in respect of the Advertising Transactions and e-Commerce Transactions during the three financial years ending 30 June 2008 will not exceed HK\$7,000,000. The proposed annual cap is determined by reference to the historical value of such transactions, projected level of demand of such services by members of the SHKP Group and the anticipated level of fees at which the Group may charge in respect of such services. The recent improvement in the market conditions in Hong Kong is expected to bring about an increase in the level of service fees. The turnaround in the market has already caused an increase in the cost for provision of services by the Group. The salary and the fees payable for outsourcing parts of services are generally increasing at present and are expected to continue to increase gradually in the coming three years. As such, the Group expects to raise the level of service fees in line with the market in order to cover the increase in its cost. This gives rise to the projected increase in the maximum amount of service fees to be received by the Group.

The Advertising and e-Commerce Transactions have been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the service fees charged/to be charged by the Group were and will continue to be based on comparable rates at which the Group charges other independent third party customers and are and will continue to be on normal commercial terms.

### *B. Space and rack rental*

#### Background

Members of the SHKP Group has been renting and will continue to rent spaces and racks located in the Group's data centres (the "**Space and Rack Rental Arrangement**"). The Group charges and will continue to charge the relevant members of the SHKP Group rent at rates no less favourable to the Group than the rates at which the Group charges other independent third party customers of the Group taking into account the area of space and/or number of racks rented and the rental term.

#### The new agreement

On 23 May 2005, the Company and SHKP entered into a new agreement whereby the Company has agreed to procure relevant members of the Group to let space and racks at the Group's data centres to members of the SHKP Group for a period from 1 July 2005 to 30 June 2008. This agreement took effect from the date of signing, and is a master agreement which sets out principles between the Company and SHKP upon which detailed terms are to be determined in relation to each transaction to be carried out pursuant to the Space and Rack Rental Arrangement. Such principles include the transactions under the Space and Rack Rental Arrangement shall be on normal commercial terms and the

rental payable by the relevant members of the SHKP Group shall be comparable with the rates at which the Group charges independent third party customers of the Group taking into account the area of space and/or number of racks rented and the rental term. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 6 May 2003, which is due to expire on 30 June 2005.

Relevant members of the SHKP Group and SHKP have entered into and will enter into separate lease agreements with members of the Group to provide the detailed terms with respect to the leasing of space/rack pursuant to the arrangement. Members of the Group will refer to the then available market rates when transactions under the Space and Rack Rental Arrangement are entered into with the SHKP Group from time to time.

#### The historical amounts

Under the Existing Approval, the annual cap for the Space and Rack Rental Arrangement for the financial year ended 30 June 2004 and the financial year ending 30 June 2005 was HK\$2,800,000. The following table sets out the aggregate rental received by the Group under the Space and Rack Rental Arrangement during the Relevant Historical Periods: —

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2003	972,000
Financial year ended 30 June 2004	2,782,000
Six months period ended 31 December 2004	1,288,000

#### Proposed annual cap and basis of cap

It is expected that the amount of rental to be received by the Group in respect of the Space and Rack Rental Arrangement during the three financial years ending 30 June 2008 will not exceed HK\$3,700,000. The SHKP Group has indicated that it may require additional space and racks. The expected increase in the amount of fees receivable is on the assumption that the SHKP Group does lease such additional space and racks from the Group in addition to the space and racks they currently rent from the Group and further on the assumption that the rates of rental will be similar to the existing rates.

The Space and Rack Rental Arrangement has been and will continue to be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Space and Rack Rental Arrangement is and will continue to be on normal commercial terms and the rent at which the Group has charged/will charge members of the SHKP Group under such arrangement is and will continue to be at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area of space and/or number of racks rented and the rental term.

C. *Provision of property management services by the SHKP Group to the Group*

Background

Kai Shing Management Services Limited, a wholly-owned subsidiary of SHKP, is the manager of both Kodak House II at North Point, Hong Kong and Millennium City at Kwun Tong, Kowloon. The building manager is appointed by the owners of the buildings, and performs duties for the benefit of all owners of the respective buildings in accordance with the terms of the relevant deeds of mutual covenant. As the Group owns certain units of these two buildings, the relevant members of the Group pay property management fees to the relevant building manager, which is on the same basis as the other owners of the buildings in accordance with the relevant deeds of mutual covenant (the “**Building Management Services**”).

Members of the SHKP Group also provide and will continue to provide cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to data centres owned by iAdvantage, such properties include ONE-iAdvantage in Millennium City at Kwun Tong, Kowloon, Jumbo-iAdvantage in Tsuen Wan, New Territories and Mega-iAdvantage in Chai Wan, Hong Kong. iAdvantage pays monthly service fee to the SHKP Group for the services provided at the same rates to those chargeable by the SHKP Group to other owners/tenants requesting for the same types of services (the “**Extra Management Services**” and arrangements under the Building Management Services are collectively referred to as the “**Property Management Arrangement**”).

The new agreement

On 23 May 2005, the Company and SHKP entered into a new agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide Extra Management Services required by members of the Group for a period from 1 July 2005 to 30 June 2008. This agreement took effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined in relation to the provision of the Extra Management Services. Relevant members of the Group shall enter into definitive agreements with detailed terms for the service required from time to time pursuant to such arrangement. Such principles include the Extra Management Services shall be on normal commercial terms and that the amount of service fees payable by the Group to the SHKP will be at rates comparable with those charged by other third party service providers. The new agreement is in essence of the same terms as those under the previous agreement entered into by the parties on 6 May 2003.

Of the total fees payable under the Property Management Arrangement, approximately 90% is attributable to those payable in respect of the Building Management Services and approximately 10% is attributable to those payable for Extra Management Services.

Under the Existing Approval, the annual cap for the Property Management Arrangement for the financial year ended 30 June 2004 and the financial year ending 30 June 2005 was HK\$9,100,000. The following table sets out the aggregate fees paid by the Group under the Property Management Arrangement during the Relevant Historical Periods: —

<i>Period</i>	<i>Approximate Amount (HK\$)</i>
Financial year ended 30 June 2003	8,363,000
Financial year ended 30 June 2004	8,780,000
Six months period ended 31 December 2004	4,275,000

#### Proposed annual cap and basis of cap

It is expected that the amount of fees payable by the Group in respect of the Property Management Arrangement during the three financial years ending 30 June 2008 will not exceed HK\$9,000,000. The cap is determined with reference to (1) the management fees in respect of the Building Management Services (which is fixed by the owners of the buildings concerned in accordance with the respective deeds of mutual covenants and management agreements), which is not expected to have any material changes during the period to which the cap relates; and (2) an expected increase of level of the Extra Management Services required.

The Property Management Arrangement has been and will continue to be conducted on normal commercial terms (including the payment terms) and in the ordinary and usual course of business of the Group. As mentioned above, the property management fees paid/payable by the relevant members of the Group for the Building Management Services have been and will continue to be on the same basis as those payable by the other owners of the buildings. The transactions in relation to the provision of the Extra Management Services are and will continue to be on normal commercial terms and the fees payable to the SHKP Group is and will continue to be at market rates.

### *III. THE LEASE ARRANGEMENTS*

CST iAdvantage has been leasing and will continue to lease from members of the SHKP Group certain premises in the PRC (the “**Lease Arrangements**”). Set out below is information regarding such leases.

A. *Units 809 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the PRC*

Date of agreements:           30 June 2000 — original lease agreement  
   6 November 2002 — surrender agreement (see remarks below)

Landlord:                        Beijing Sun Dong An Company Limited, a jointly controlled entity in which SHKP is interested in 50%

Tenant:	CST iAdvantage
Term:	Six years commencing on 1 May 2000 (with five renewal options for a term of three years each)
Rental:	<p>In relation to the period covered by the Existing Approval, the rental was US\$9,273 per month for the period from 9 June 2003 to 30 April 2004, US\$10,116 per month for the period from 1 May 2004 to 30 June 2005; and</p> <p>in relation to the remainder of the term, the rental is US\$10,116 per month for the period from 1 July 2005 to 30 April 2006; if the option to renew is exercised, the rental for the period from 1 May 2006 to 30 April 2009 will be at open market rent (subject to a cap of <math>\pm 35\%</math> of the rent of the 6th year of the term), and will be at open market rent for the period from 1 May 2009 to 30 April 2021 (four renewal options for a term of three years each (subject to government regulation)); and</p> <p>all rental being exclusive of air-conditioning, management fees and other outgoings</p>
Rent free periods:	12 months being the aggregate of the periods from 1 May 2000 to 31 August 2000, 1 May 2001 to 30 June 2001, 1 May 2003 to 30 June 2003, 1 May 2004 to 30 June 2004, and 1 May 2005 to 30 June 2005
Air-conditioning and property management charges:	RMB26,976 per month for the period up to 30 April 2006 (during the rent free periods, 50% of the aforesaid monthly charges), and the charges after 30 April 2006 will be determined by the parties in accordance with the agreement
User:	This property is used by the Group as its office premises and data centre.
Remarks:	CST iAdvantage surrendered part of Room 809 with an area of 266 square meters to the landlord on 30 October 2002. There has been no change in the rent per square meter as agreed under the original lease agreement. However, due to a reduction in the area leased by CST iAdvantage, the monthly rental payable by CST iAdvantage from 1 November 2002 to 30 April 2004 has been reduced from US\$12,199 to US\$9,273 and from 1 May 2004 to 30 April 2006 has been reduced from US\$13,308 to US\$10,116.

*B. Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai, the PRC*

Date of agreement:	1 April 2000
Landlord:	Shanghai Central Plaza Property Co. Limited, a subsidiary of SHKP in which SHKP has a 75% interest
Tenant:	CST iAdvantage
Term:	Six years commencing on 1 April 2000 (with five renewal options for a term of three years each)
Rental:	<p>In relation to the period covered by the Existing Approval, the rental is US\$20,542.15 per month from 9 June 2003 to 30 June 2005, and</p> <p>in relation to the remainder of the term, the rental will be US\$20,542.15 per month from 1 July 2005 to 31 March 2006; and if the option to renew is exercised, the rental for the period from 1 April 2006 to 31 March 2009 will be at open market rent subject to a cap of <math>\pm 35\%</math> of the rental for the sixth year, and if any of the four further options to renew are exercised, the rental for the period from 1 April 2009 to 31 March 2021 will be at an open market rent; and</p> <p>all rental being exclusive of air-conditioning, management fees and other outgoings</p>
Rent free periods:	Six months being the periods from 1 April 2000 to 31 May 2000, 1 April 2001 to 31 May 2001, and 1 April 2002 to 31 May 2002
Air-conditioning and property management charges:	RMB24,372.90 per month up to 31 March 2006 and the charges after 31 March 2006 will be determined by the parties in accordance with the agreement
User:	This property is used by the Group as its office premises and data centre

As set out above, the agreements in respect of the Lease Arrangements are for periods of more than three years. Under Rule 20.35(1) of the GEM Listing Rules, in respect of a continuing connected transaction not falling under Rule 20.33 of the GEM Listing Rules, the term of an agreement for a continuing connected transaction must not exceed three

years except in special circumstances. The Company has applied for and the Stock Exchange has granted a waiver at the time of the listing of the Shares on GEM from strict compliance with the requirements that the periods of the agreements under the Lease Arrangements should not exceed three years.

The Directors confirm that the terms of the agreements in respect of the Lease Arrangements were entered into in the ordinary course of business and were negotiated on an arm's length basis and on normal commercial terms. The amounts of rental, management fees and air-conditioning charges payable by the Group under the Lease Arrangements were determined at the relevant time by reference to rental, management fees and air-conditioning charges chargeable by the SHKP Group for lease of similar units in the respective buildings for similar periods to third parties for similar transactions. The rental, management fees and air-conditioning charges were at market rates at the time the relevant agreements governing the Lease Arrangements were entered into, and such amounts for the leases are also comparable with current market rates as at the date of this announcement. The Directors further confirm that the Lease Arrangements has been conducted in accordance with the relevant lease agreements governing them on terms that are fair and reasonable so far as the Shareholders as a whole are concerned.

### **3. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

The Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval and Lease Arrangements only) consider that the Transactions Requiring Approval, the Transactions Exempt from Approval and the Lease Arrangements have been and will be conducted in the ordinary and usual course of business of the Group and on an arm's length basis, on normal commercial terms or on terms no less favourable than those available from or to independent third parties (as the case may be), and are fair and reasonable and in the interests of the Shareholders as a whole.

In relation to the Transactions Requiring Approval, the Independent Board Committee will advise on the terms of the Transactions Requiring Approval and its advice to the Independent Shareholders will be set out in the circular to be despatched to the Shareholders.

### **4. REQUIREMENTS UNDER THE GEM LISTING RULES**

#### *Relationship with SHKP*

As at the date of this announcement, SHKP indirectly owns an aggregate of 1,719,427,500 Shares representing approximately 84.84% of the entire issued share capital of the Company. SHKP is therefore a substantial shareholder of the Company. As such, SHKP and its associates are connected persons of the Company under the GEM Listing Rules for so long as SHKP remains a substantial shareholder of the Company.

### *Transactions Requiring Approval*

In respect of each category of the Transactions Requiring Approval, as it is anticipated that the applicable percentage ratios in respect of the transactions contemplated thereunder (when separately aggregated) will, on an annual basis, be more than 2.5% but less than 25% and the annual consideration is more than HK\$10,000,000, such transactions will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to Rules 20.45 to 20.54 of the GEM Listing Rules in relation to those transactions.

### *Transactions Exempt from Approval and the Lease Arrangements*

In respect of each category of the Transactions Exempt from Approval, it is anticipated that the applicable percentage ratios in respect of the transactions contemplated thereunder (when separately aggregated) will, on annual basis, either be (i) more than 0.1% but less than 2.5%; or (ii) more than 2.5% but less than 25% and the annual consideration is less than HK\$10,000,000.

In respect of the rental payable by the Group under the Lease Arrangements determined in accordance with the respective lease agreements, assuming that the options to renew the lease agreements are exercised and the rental are to be fixed at the upper limit under the respective lease agreements, it is anticipated that the applicable percentage ratio will, on annual basis, be more than 0.1% but less than 2.5%.

Hence each of the category of the Transactions Exempt from Approval and each of the Lease Arrangements will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules and will only be subject to the reporting and announcement requirements set out in Rules 20.45 to 20.47 of the GEM Listing Rules and is exempt from the Independent Shareholders' Approval requirements.

Accordingly, the Company will seek the Independent Shareholders' Approval by way of poll for the Group to conduct each category of the Transactions Requiring Approval for the period from 1 July 2005 up to 30 June 2008 on the condition that each category of the transactions (when separately aggregated) shall not exceed the relevant annual cap set out below: —

<b>Category of the Transactions Requiring Approval</b>	<b>Proposed annual cap (HK\$) For each of the three financial years of the Company ending 30 June 2008</b>
A. Networking Arrangement	45,000,000
B. Maintenance Arrangement	56,000,000



If there are changes or updates in any terms of the agreements for the Transactions Requiring Approval mentioned above or the relevant caps stated above are exceeded or that the Company and any connected persons (as defined under the GEM Listing Rules) reach any new arrangements, the Company will have to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

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

It is proposed that an ordinary resolution will be proposed at the EGM to approve by way of poll the Transactions Requiring Approval and the proposed annual caps therefor mentioned above. SHKP and its associates will be required to abstain from voting on the ordinary resolution.

An Independent Board Committee will be appointed to advise the Independent Shareholders on whether or not the terms of the Transactions Requiring Approval are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions Requiring Approval.

A circular containing, among other things, (1) further information on the Transactions Requiring Approval; (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Transactions Requiring Approval; (3) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions Requiring Approval; and (4) the notice to convene the EGM in which an ordinary resolution will be proposed to approve the Transactions Requiring Approval will be despatched to the Shareholders as soon as practicable.

## **6. GENERAL**

The principal activity of the Company is investment holding. The Group is principally engaged in the business of providing IT infrastructure and enabling services. The principal activities of the SHKP Group are development of and investment in properties for sale and rental purpose.

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

“Advertising and e-Commerce Transactions”	the provision of internet services and inter-related services by the Group to the SHKP, as defined in the paragraph 2.II.A of this announcement
“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“Board”	the Board of Directors
“Building Management Services”	the building management services provided by the SHKP Group to the Group as defined under the paragraph 2.II.C of this announcement

“CABD”	Communal Aerial Broadcasting Distribution, the traditional means of receiving free-to-air programming via a roof-top aerial
“Company”	SUNeVision Holdings Ltd. 新意網集團有限公司, a company incorporated in the Cayman Islands whose shares are listed on GEM
“CST iAdvantage”	CST iAdvantage Co. Ltd., a subsidiary of the Company
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, the Transactions Requiring Approval
“Existing Agreements”	the agreements all dated 6 May 2003 entered into by the Company and SHKP in relation to the Networking Arrangement, Maintenance Arrangement, Advertising and e-Commerce Transactions, Space and Rack Rental Arrangement and the Extra Management Services; and the agreements entered into by the Group and the SHKP Group in relation to the Lease Arrangements
“Existing Approval”	the approval by the then Independent Shareholders in respect of, inter alia, the Existing Continuing Connected Transactions
“Existing Continuing Connected Transactions”	the transactions entered or to be entered into between members of the Group and the SHKP Group pursuant to the Existing Agreements
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iAdvantage”	iAdvantage Limited, a wholly-owned subsidiary of the Company
“Independent Board Committee”	an independent committee of the board of Directors consisting of the independent non-executive Directors
“Independent Shareholders”	Shareholders other than SHKP and its associates

“Independent Shareholders’ Approval”	the approval of the Independent Shareholders
“IT”	information technology incorporating Internet related services and business
“Lease Arrangements”	the lease arrangements between the Group and the SHKP Group, as defined in the paragraph 2.III of this announcement
“Maintenance Arrangement”	the maintenance and repair services of network infrastructure and security systems provided or to be provided by the Group to the SHKP Group as defined in the paragraph 2.I.B of this announcement
“Networking Arrangement”	the installation, operation and provision of cable networking services provided or to be provided by the Group to the SHKP Group as defined in the paragraph 2.I.A of this announcement
“percentage ratios”	the percentage ratios determined in accordance with Chapter 19 of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Property Management Arrangement”	the provision of the property management services by the SHKP Group to the Group as defined in the paragraph 2.II.C of this announcement
“Relevant Historical Periods”	the two financial years respectively ended 30 June 2003 and 30 June 2004 and the six-month period ended 31 December 2004
“Renewed Agreements”	the agreements governing the Transactions Requiring Approval and the Transactions Exempt from Approval
“RMB”	Renminbi
“Shareholders”	holders of shares of HK\$0.10 each in the capital of the Company
“SHKP”	Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange
“SHKP Group”	SHKP, its subsidiaries and its associates from time to time, but excluding the Group
“SMATV”	Satellite Master Antenna Television System
“Space and Rack Rental Arrangement”	the leasing of the space and racks located in the Group’s data centres by the Group to the SHKP Group as defined in the paragraph 2.II.B of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Super e-Network”	SUNeVision Super e-Network Limited, a subsidiary of the Company
“Super e-Tech”	SUNeVision Super e-Technology Services Limited, a subsidiary of the Company
“Transactions Exempt from Approval”	the Advertising and e-Commerce Transactions, the transactions under the Space and Rack Rental Arrangement and the Property Management Arrangement
“Transactions Requiring Approval”	the transactions under the Maintenance Arrangement and Networking Arrangement
“US\$”	United States Dollars
“%”	per cent.

By Order of the Board  
**TAM Sai-ming, William**  
*Company Secretary*

Hong Kong, 23 May 2005

*In this announcement, RMB has been converted to HK\$ at the rate of RMB1.06 = HK\$1 and US\$ has been converted to HK\$ at the rate of HK\$7.8 = US\$1 for illustration purpose only. No representation is made that any amounts in RMB, HK\$ or US\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

*As at the date of this announcement, the Executive Directors of the Company are Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas, So Sing-tak, Andrew, Chan Kui-yuen, Thomas, Wong Yick-kam, Michael, Leung Kui-king, Donald, So Chung-keung, Alfred, Tung Chi-ho, Wong Chin-wah and Tung Yiu-kwan, Stephen; the Non-Executive Director is Cheung Wing-yui; and the Independent Non-Executive Directors are Professor Kao Kuen, Charles, Professor Li On-kwok, Victor and Dr. Fong Ching, Eddy.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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 the Company. The directors of the Company, 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 founded on bases and assumptions that are fair and reasonable.*

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page at least 7 days from the day of its posting.