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**SUNEVISION HOLDINGS LTD.**

**新意網集團有限公司**

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

(Stock Code: 8008)

**CONTINUING CONNECTED TRANSACTIONS  
LEASE AND LICENCE**

**SUMMARY**

On 4 February 2010, iAdvantage, a wholly-owned subsidiary of the Company, entered into (i) the Lease Agreement as tenant with SHKREA as agent for the landlord, namely Branhall, in respect of the Lease Premises for a term of three years commencing on 1 March 2010; and (ii) the Licence Agreement as licensee with SHKREA as agent for the licensor, namely Branhall, in respect of the Licence Premises for a term of three years commencing from 1 April 2010. The Lease Agreement and the Licence Agreement are subject to the availability of the Lease Premises and the Licence Premises respectively.

As at the date of this announcement, SHKP is a substantial shareholder of the Company indirectly holding approximately 84.35% of the entire issued share capital of the Company. Since both SHKREA and Branhall are wholly-owned subsidiaries of SHKP, both of them are associates of SHKP and thus connected persons of the Company and the Lease Arrangement and the Licence Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Since the applicable percentage ratios calculated in accordance with rule 19.07 of the GEM Listing Rules in respect of the annual cap amounts of the Lease Payment Items and the Licence Payment Items to be paid by the Group exceed 0.1% but all of them are less than 2.5% and the aggregated annual cap amount will be higher than HK\$1,000,000, the Lease Arrangement and the Licence Arrangement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but are exempt from independent Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

## THE LEASE AGREEMENT AND THE LICENCE AGREEMENT

### *(A) The Lease Agreement*

- Date: 4 February 2010
- Parties: 1. iAdvantage, as tenant  
2. SHKREA, as agent for the landlord, namely Branhall
- Premises: the whole of 3<sup>rd</sup> Floor of SHK Logistics Centre
- Term of lease: 3 years commencing from 1 March 2010 to 28 February 2013 (both days inclusive) (the “**Lease Initial Term**”)
- Options to renew: 1. 1<sup>st</sup> renewal term: 1 March 2013 to 29 February 2016 (both days inclusive)  
2. 2<sup>nd</sup> renewal term: 1 March 2016 to 28 February 2019 (both days inclusive)  
3. 3<sup>rd</sup> renewal term: 1 March 2019 to 31 August 2020 (both days inclusive)

(collectively, the “**Lease Renewal Terms**”)

The options are exercisable not more than seven months and not less than six months before the expiry of the immediately preceding term at the discretion of iAdvantage.

- Gross floor area: approximately 32,318 square feet
- Monthly rental: 1. For the Lease Initial Term: HK\$226,226 (at HK\$7 per square feet) (exclusive of management charges, rates, government rent and other outgoings), which is payable in advance on the 1<sup>st</sup> day of each calendar month  
2. For each of the Lease Renewal Terms, at the then prevailing market rent, which shall be assessed on bare shell condition and comparables on similar buildings, but in any event shall not exceed or be less than the rent for the preceding term by 25% thereof

- User: For godown purpose; or  
For data centre purpose, provided that the tenant shall have obtained the landlord’s approval, and applied for and obtained the necessary approval and consent for the change of user from the relevant government departments / authorities (all costs and expenses including but not limited to the waiver fees thereof to be borne by the tenant)

Monthly premium for data centre use (payable only if the tenant uses the Lease Premises for data centre purpose):

1. For the Lease Initial Term, HK\$64,636 (at HK\$2 per square feet), payable starting from 6 months after commencement of works
2. For the Lease Renewal Terms, to be revised in line with the percentage change in rental.

Monthly management charges: HK\$32,318, to be paid by the tenant and subject to revision

Rates: HK\$28,500 per quarter, to be paid by the tenant and subject to revision

Government rent and other outgoings: HK\$17,100 per quarter, to be paid by the tenant and subject to revision

Other miscellaneous charges including fitting out plan vetting fees of HK\$5,000 per submission of plan, utilities provision fees and other outgoings are payable by the tenant under the Lease Arrangement. The Lease Agreement is subject to the availability of the Lease Premises.

***(B) The Licence Agreement***

Date: 4 February 2010

Parties:

1. iAdvantage, as licensee
2. SHKREA, as agent for the licensor, namely Branhall

Premises: the space on the Upper Ground Floor (the “**1<sup>st</sup> Space**”) and the space of the Flat Roof on the 1<sup>st</sup> Floor (the “**2<sup>nd</sup> Space**”) of SHK Logistics Centre

Term of licence: 3 years commencing from 1 April 2010 to 31 March 2013 (both days inclusive) (the “**Licence Initial Term**”)

Options to renew:

1. 1<sup>st</sup> renewal term: 1 April 2013 to 31 March 2016 (both days inclusive)
2. 2<sup>nd</sup> renewal term: 1 April 2016 to 31 March 2019 (both days inclusive)
3. 3<sup>rd</sup> renewal term: 1 April 2019 to 31 August 2020 (both days inclusive)

(collectively, the “**Licence Renewal Terms**”)

The options are exercisable not more than seven months and not less than six months before the expiration of the immediately preceding licence period at the discretion of iAdvantage

Gross floor area: The 1<sup>st</sup> Space: approximately 950 square feet, and the 2<sup>nd</sup> Space: approximately 1,150 square feet, subject to actual measurement

Monthly licence fee and management charges:

1. For the Licence Initial Term: HK\$4,200 (at HK\$2 per square feet), to be adjusted (if any) in accordance with the actual measurement of the area (inclusive of management charges, but exclusive of rates, government rent and all other outgoings), which is payable in advance on the 1<sup>st</sup> day of each calendar month
2. For each of the Licence Renewal Terms, at the then open market rate, provided that the revised licence fee shall not be less than the licence fee payable for the preceding term but not exceeding the same by 25% thereof

User: For storage purpose; or

Provided that the licensee has, at its costs and expenses, first applied for and obtained all relevant consent, approval, permit or waiver and, if applicable, renewal thereof from all relevant government departments / authorities, the licensee may (i) demolish the existing room at the 1<sup>st</sup> Space and then build and construct thereon a new room to become a CLP HV switch room; and (ii) install and place on and at the 2<sup>nd</sup> Space the Genset System. The licensee shall upon expiry or earlier termination of the licence demolish the said CLP HV switch room to the satisfaction of the licensor at its own costs but shall not be required to re-build the original room at the 1<sup>st</sup> Space

Liquidated damages payable to the licensor as a result of erection of new CLP HV switch room at the Upper Ground Floor: Not more than HK\$30,000 per month from 1 April 2010 to 31 July 2011

Rates, Government rent and other outgoings: To be payable by the licensee

Other miscellaneous charges including utilities provision fees and other outgoings are payable by the licensee under the Licence Arrangement. The Licence Agreement is subject to the availability of the Licence Premises.

The Lease Agreement and the Licence Agreement were entered into in the ordinary and usual course of business of iAdvantage and the terms of which were negotiated on an arm's length basis and were on normal commercial terms. The amounts of (i) in respect of the Lease Agreement, the rental, management charges and other miscellaneous charges; and (ii) in respect of the Licence Agreement, the licence fee, management charges and other

miscellaneous charges, payable by iAdvantage were determined by reference to rental, licence fee and the relevant charges chargeable by Branhall for other leases or licences in SHK Logistics Centre and were at market rates. The amount of the premium for data centre use in respect of the Lease Arrangement was determined by reference to the premium chargeable by Branhall for leases of other units at SHK Logistics Centre for data centre use and were at market rates. The liquidated damages payable as a result of erection of new CLP HV switch room in respect of the Licence Arrangement were determined based on the loss of licence fees of Branhall from the existing licensee(s) of the Licence Premises for early termination of the existing licence(s).

The rental, licence fee and other charges payable pursuant to the Lease Agreement and Licence Agreement will be financed by internal resources of iAdvantage.

## **ANNUAL CAP AMOUNTS**

The table below sets out the annual cap amounts of the Lease Payment Items and the Licence Payment Items under the Lease Arrangement and the Licence Arrangement respectively for the Lease Initial Term and the Licence Initial Term:

	Annual cap amounts			
	For the period from the respective commencement dates to 30 June 2010 (HK\$)	For the financial year ending 30 June 2011 (HK\$)	For the financial year ending 30 June 2012 (HK\$)	For the period from 1 July 2012 to the end of the Lease Initial Term / Licence Initial Term (HK\$)
Lease Payment Items	1,090,000	3,900,000	4,030,000	2,690,000
Licence Payment Items	160,000	570,000	240,000	140,000
<b>Total</b>	<b>1,250,000</b>	<b>4,470,000</b>	<b>4,270,000</b>	<b>2,830,000</b>

The above annual cap amounts are determined in accordance with the estimated amounts payable for the Lease Payment Items and the Licence Payment Items taking into account of the projected adjustments which may be made to the relevant items during the term of the Lease Agreement and the Licence Agreement.

## **REASONS FOR ENTERING INTO THE LEASE AGREEMENT AND THE LICENCE AGREEMENT**

iAdvantage is principally engaged in the provision of data centre services. In order to offer a more diversified supply of data centres to meet the requirements of iAdvantage's customers, the Lease Agreement and the Licence Agreement were entered into for the use of the Lease Premises as data centre and for the use of the Licence Premises for installation of transformer and ancillary equipment for data centre use.

The Directors (including the independent non-executive Directors) consider that the terms of the Lease Agreement and the Licence Agreement, including the rental, licence fee and other related charges, and also the annual caps set out in the above table, are fair and reasonable and in the interests of the Shareholders as a whole.

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

As at the date of this announcement, SHKP is a substantial shareholder of the Company indirectly holding approximately 84.35% of the entire issued share capital of the Company. Since both SHKREA and Branhall are wholly-owned subsidiaries of SHKP, both of them are associates of SHKP and thus connected persons of the Company and the Lease Arrangement and the Licence Arrangement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Since the applicable percentage ratios calculated in accordance with rule 19.07 of the GEM Listing Rules in respect of the annual cap amounts of the Lease Payment Items and the Licence Payment Items to be paid by the Group exceed 0.1% but all of them are less than 2.5% and the aggregated annual cap amount will be higher than HK\$1,000,000, the Lease Arrangement and the Licence Arrangement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but are exempt from independent Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

## **GENERAL**

The principal activity of the Company is investment holding. The Group's principal business activities include IT infrastructure, Internet services and IT investments.

The principal activities of SHKREA are property agency services and investment holding.

The principal activity of Branhall is property investment.

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless otherwise indicated or the context otherwise requires, the following expressions have the meaning set out below:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Branhall”	Branhall Investments Limited, a wholly-owned subsidiary of SHKP
“Company”	SUNeVision Holdings Ltd., a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“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 People’s Republic of China
“iAdvantage”	iAdvantage Limited, a wholly-owned subsidiary of the Company
“Lease Agreement”	the offer letter of SHKREA (as agent for the landlord, namely Branhall) accepted by iAdvantage on 4 February 2010 in respect of the leasing of the Lease Premises
“Lease Arrangement”	the lease arrangement pursuant to the Lease Agreement
“Lease Payment Items”	items payable to the landlord under the Lease Arrangement, including rental, management charges, premium for data centre use and other miscellaneous charges, but excluding government rent and rates
“Lease Premises”	the whole of 3 <sup>rd</sup> Floor of SHK Logistics Centre
“Licence Agreement”	the offer letter of SHKREA (as agent for the licensor, namely Branhall) accepted by iAdvantage on 4 February 2010 in respect of the licensing of the Licence Premises
“Licence Arrangement”	the licence arrangement pursuant to the Licence Agreement
“Licence Payment Items”	items payable to the licensor under the Licence Arrangement, including licence fee, management charges, liquidated damages payable to the licensor as a result of erection of a new switch room and other miscellaneous charges, but excluding government rent and rates
“Licence Premises”	the 1 <sup>st</sup> Space and the 2 <sup>nd</sup> Space of SHK Logistics Centre
“percentage ratios”	the percentage ratios determined in accordance with Chapter 19 of the GEM Listing Rules
“Shareholder(s)”	holder(s) of shares of HK\$0.10 each in the capital of the Company
“SHK Logistics Centre”	Sun Hung Kai Logistics Centre (Shatin), No. 8 Wong Chuk Yeung Street, Fo Tan, Shatin, Hong Kong
“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
“SHKREA”	Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“1 <sup>st</sup> Space”	has the meaning as defined under the paragraph headed “The Lease Agreement and the Licence Agreement – (B) The Licence Agreement” of this announcement
“2 <sup>nd</sup> Space”	has the meaning as defined under the paragraph headed “The Lease Agreement and the Licence Agreement – (B) The Licence Agreement” of this announcement
“%”	per cent.

By Order of the Board  
**SUNEVISION HOLDINGS LTD.**  
**CHAN Kin-chu Harry**  
*Company Secretary*

Hong Kong, 4 February 2010

*As at the date of this announcement, the Board comprises nine Executive Directors, being KWOK Ping-luen, Raymond, KWOK Ping-sheung, Walter, KWOK Ping-kwong, Thomas, TSIM Wing-kit, Alfred, CHAN Kui-yuen, Thomas, SO Chung-keung, Alfred, TUNG Chi-ho, Eric and WONG Chin-wah and SO Wai-kei, Godwin; one Non-executive Director, being CHEUNG Wing-yui; and three Independent Non-executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose and WONG Kai-man.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (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.*

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