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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)**

**CONNECTED TRANSACTION  
LEASE AGREEMENT**

On 7 July 2021, iAdvantage, a subsidiary of the Company, entered into the Lease Agreement with the Landlord for the leasing of the Property (comprising a six-storey warehouse building in Fanling, New Territories, Hong Kong) by iAdvantage as tenant from the Landlord for a term of 11 years and 5 months commencing from 1 June 2023 and expiring on 31 October 2034 (both days inclusive) for the use of provision of data centre services.

**LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 “Leases”, the Company will recognise a right-of-use asset in its consolidated statement of financial position in respect of the leased asset under the Lease Agreement in the amount of HK\$211 million. Accordingly, the transaction under the Lease Agreement is regarded as an acquisition of right-of-use asset by the Group pursuant to the Listing Rules.

SHKP is a substantial shareholder of the Company indirectly holding an aggregate of 1,719,427,500 Shares as at the date of this announcement, representing approximately 73.55% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the Listing Rules for so long as SHKP remains a substantial shareholder of the Company.

The Landlord is a joint venture company, 50% of the issued shares of which are indirectly held by SHKP (through its wholly-owned subsidiary). The Landlord is therefore an associate of SHKP and a connected person of the Company. Accordingly, the entering into of the Lease Agreement by iAdvantage with the Landlord constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Lease Agreement exceed 0.1% but are less than 5%, the connected transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE LEASE AGREEMENT

On 7 July 2021, iAdvantage, a subsidiary of the Company, entered into the Lease Agreement with the Landlord in relation to the leasing of the Property by iAdvantage from the Landlord for the use of provision of data centre services. Principal terms of the Lease Agreement are summarised below:

<b>Date</b>	:	7 July 2021
<b>Parties</b>	:	(i) iAdvantage, a subsidiary of the Company, as the tenant; and (ii) Orientfunds Sourcing (Holdings) Limited, as the landlord
<b>Property</b>	:	The whole of the six-storey warehouse building on No. 11 On Chuen Street, Fanling, New Territories, Hong Kong erected on Fanling Sheung Shui Town Lot No. 2
<b>Term</b>	:	A term of 11 years and 5 months commencing from 1 June 2023 and expiring on 31 October 2034 (both days inclusive)
<b>Rent-free period</b>	:	One month rent free period will be applied in the first month for each of the first 3 years of the Lease Agreement

- Rental payment and aggregate value of consideration payable** : The rent is payable on the first day of each calendar month and the monthly rental payable during the term of the Lease Agreement is subject to progressive increment each year. The total rent payable during the term of the Lease Agreement amounts to approximately HK\$251 million
- Government rent, rates, outgoings, utility charges and other expenses arising out of the use of the Property shall be borne by iAdvantage
- Rate** : A prescribed rate of 2% per month is payable as interest by iAdvantage in the event of late payment of rent
- Authorised Use** : Such legal use or purpose including the provision of data centre services (including ancillary offices and storage space, cage areas and/or cabinets or rack spaces)
- Deposit** : A sum equivalent to one month's rent payable under the Lease Agreement
- Sub-letting** : iAdvantage has the right to sub-let or license or share possession of the Property (in whole or in part) to any party without approval of the Landlord provided that the term granted in all such sub-leases and/or licences and the sharing arrangements shall not exceed the term of the Lease Agreement
- Delivery** : The Property shall be delivered by the Landlord to iAdvantage on an "as is" basis on the commencement date of the term of the Lease Agreement
- Renewal option** : iAdvantage has an option at its discretion to renew the Lease Agreement for a further term of 3 years from the expiration of the initial term of the Lease Agreement at a yearly rent equal to 1% above the amount of rent payable in the immediately preceding year of the initial term which shall thereafter be increased annually by 1% during the renewal term

## **RIGHT-OF-USE ASSET**

The value of the right-of-use asset to be recognised by the Company under the Lease Agreement amounts to approximately HK\$211 million which is the present value of aggregated lease payments to be made under the Lease Agreement in accordance with HKFRS 16 "Leases".

The above figure of value of right-of-use asset is unaudited and may be subject to adjustment in the future. The right-of-use asset represents the right to use the underlying leased asset over the lease term and the lease liability represents its obligation to make lease payments (i.e. the rent). The asset and the liability arising from the Lease Agreement are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Lease Agreement, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use asset; and (ii) interest expenses amortised from the lease liability over the lease term.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

The Property being leased under the Lease Agreement comprises a six-storey warehouse building in Fanling, New Territories, Hong Kong and will be used by the Group for the setting up of a new data-centre. The Property is identified by iAdvantage as suitable for the needs and purpose of a new major customer of the Group's data centre services business, and will be upgraded by iAdvantage from a warehouse building into a bespoke single-user data centre premises for the customer, to be delivered in phases as agreed with the customer. The leasing of the Property for such purpose will match the period of the customer contract, facilitate a further expansion of the Group's business of data centre provision, and will also contribute to the revenue and profits of the Group.

The terms of the Lease Agreement were arrived at after arm's length negotiations between iAdvantage and the Landlord with reference to the prevailing market rent and comparable property offerings as available in the market in the same area with similar age, size, land use and attributes. After reviewing the opinion of an independent valuer which confirmed the rental terms as reasonable market rent for the Property, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement are fair and reasonable, the transaction under the Lease Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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SHKP is a substantial shareholder of the Company indirectly holding an aggregate of 1,719,427,500 Shares as at the date of this announcement, representing approximately 73.55% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the Listing Rules for so long as SHKP remains a substantial shareholder of the Company.

The Landlord is a joint venture company, 50% of the issued shares of which are indirectly held by SHKP (through its wholly-owned subsidiary). The Landlord is therefore an associate of SHKP and a connected person of the Company. Accordingly, the entering into of the Lease Agreement by iAdvantage with the Landlord constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Lease Agreement exceed 0.1% but are less than 5%, the connected transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that Messrs. KWOK Ping-luen, Raymond, FUNG Yuk-lun, Allen, TUNG Chi-ho, Eric, and KWOK Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the Lease Agreement and they have therefore abstained from voting on the relevant Board resolutions approving the Lease Agreement. As Mr. CHEUNG Wing-yui is a consultant of the firm of solicitors which provides professional services to the Company in relation to the Lease Agreement, he has also abstained from voting on the Board resolutions approving the Lease Agreement to avoid potential conflicts of interests. Likewise, as Messrs. David Norman PRINCE, SIU Hon-wah, Thomas and CHAN Hong-ki, Robert hold certain posts in the SHKP Group, they have also abstained from voting on the Board resolutions approving the Lease Agreement to avoid potential conflicts of interests.

## **GENERAL**

The principal activity of the Company is investment holding. The Group's principal business activities include the provision of data centre, facilities management and value-added services, and installation and maintenance services.

The Landlord is a joint venture company incorporated in Hong Kong with limited liability, the issued shares of which are indirectly held by SHKP (through its wholly-owned subsidiary), Happy Wish International Limited and Kwok Tsang Limited as to 50%, 15% and 35% respectively. The Landlord is principally engaged in trading, merchandising, investment, property holding and leasing.

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

Happy Wish International Limited is a company incorporated in Hong Kong with limited liability and principally engaged in investment.

Kwok Tsang Limited is a company incorporated in Hong Kong with limited liability and principally engaged in general trading.

The ultimate beneficial owner of Happy Wish International Limited is an individual being a Hong Kong resident, and the ultimate beneficial owners of Kwok Tsang Limited are two individuals being Hong Kong residents (holding in equal shares). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the aforesaid ultimate beneficial owners of Happy Wish International Limited and Kwok Tsang Limited are third parties independent of and not connected with the Group and not connected persons of the Company.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“iAdvantage”	iAdvantage Limited 互聯優勢有限公司, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Landlord”	Orientfunds Sourcing (Holdings) Limited 鴻輝採購(控股)有限公司, a company incorporated in Hong Kong with limited liability, the issued shares of which are indirectly held by SHKP (through its wholly-owned subsidiary), Happy Wish International Limited and Kwok Tsang Limited as to 50%, 15% and 35% respectively
“Lease Agreement”	the lease agreement and the supplemental deed dated 7 July 2021 entered into between iAdvantage and the Landlord in relation to leasing of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time)
“Property”	the whole of the six-storey warehouse building on No. 11 On Chuen Street, Fanling, New Territories, Hong Kong erected on Fanling Sheung Shui Town Lot No. 2 with a gross floor area of approximately 129,240 square feet
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the 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 the controlling Shareholder

“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**SUNEVISION HOLDINGS LTD.**  
**Bonnie LAU**  
*Company Secretary*

Hong Kong, 7 July 2021

*As at the date of this announcement, the Board comprises six Executive Directors, being KWOK Ping-luen, Raymond, FUNG Yuk-lun, Allen, TONG Kwok-kong, Raymond, TUNG Chi-ho, Eric, CHAN Man-yuen, Martin and LAU Yeuk-hung, Fiona; five Non-Executive Directors, being CHEUNG Wing-yui, KWOK Kai-wang, Christopher, David Norman PRINCE, SIU Hon-wah, Thomas and CHAN Hong-ki, Robert; and six Independent Non-Executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose, WONG Kai-man, LEE Wai-kyong, Sunny, CHENG Ka-lai, Lily and LEONG Kwok-kuen, Lincoln.*