
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SUNEVISION HOLDINGS LTD., you should at once hand this circular, together with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

in relation to the Transactions Requiring Approval and the Lease Arrangements



Kingsway Group

Kingsway Capital Limited

A letter from Kingsway Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 47 of this circular.

A notice dated 6 June 2008 convening an extraordinary general meeting of SUNEVISION HOLDINGS LTD. to be held at 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Thursday, 26 June 2008 at 3:00 p.m. to consider and, if thought fit, to pass the ordinary resolutions is set out on pages 57 to 60 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrars and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so desire.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.sunevision.com.

6 June 2008

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

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|-------------------------------------|--|
| “2005 Announcement” | the announcement of the Company dated 23 May 2005 |
| “associate(s)” | has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time) |
| “Beijing Lease” | the lease as disclosed in paragraph 3.II.A of the letter from the Board set out in this circular |
| “Board” | the board of Directors |
| “CABD” | Communal Aerial Broadcasting Distribution, the traditional means of receiving free-to-air programming via a roof-top aerial |
| “Company” | SUNeVision Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM |
| “Continuing Connected Transactions” | the transactions between the respective members of the Group and the SHKP Group pursuant to the Transactions Requiring Approval and the Lease Arrangements |
| “CST iAdvantage” | 北京中科互聯優勢數據有限公司 (CST iAdvantage Co., Ltd.*), a subsidiary of the Company |
| “Directors” | the directors of the Company |
| “EGM” | an extraordinary general meeting of the Company convened to be held at 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong at 3:00 p.m. on Thursday, 26 June 2008, the notice of which is set out on pages 57 to 60 of this circular |
| “Existing Approval” | the approval by the then Independent Shareholders in respect of the Networking Arrangement and the Maintenance Arrangement at the extraordinary general meeting of the Company held on 23 June 2005 |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |

DEFINITIONS

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|--------------------------------------|---|
| “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 |
| “Independent Board Committee” | an independent committee of the Board comprising 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 |
| “Kingsway Capital” | Kingsway Capital Limited, a licensed corporation for Type 6 regulated activities as set out in Schedule 5 of the SFO, and was appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions |
| “Latest Practicable Date” | 2 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Lease Arrangements” | the lease arrangements between the Group and the SHKP Group as defined in paragraph 3.II of the letter from the Board set out in this circular |
| “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 paragraph 3.I.B of the letter from the Board set out in this circular |

DEFINITIONS

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|---|--|
| “Maintenance Sub-contracting Arrangement” | the engagement of members of the SHKP Group by members of the Group in connection with the provision of services pursuant to the Maintenance Arrangement as defined in paragraph 3.I.D of the letter from the Board set out in this circular |
| “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 paragraph 3.I.A of the letter from the Board set out in this circular |
| “Networking Sub-contracting Arrangement” | the engagement of members of the SHKP Group by members of the Group in connection with the provision of services pursuant to the Networking Arrangement as defined in paragraph 3.I.C of the letter from the Board set out in this circular |
| “New Agreements” | the agreements all dated 16 May 2008 entered into between the Company on the one hand and SHKP on the other hand governing the Transactions Requiring Approval |
| “percentage ratios” | the percentage ratios determined in accordance with Chapter 19 of the GEM Listing Rules |
| “PRC” | the People’s Republic of China |
| “Relevant Historical Periods” | the two financial years ended 30 June 2006 and 30 June 2007 respectively and the six-month period ended 31 December 2007 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “Shanghai Lease” | the lease as disclosed in paragraph 3.II.B of the letter from the Board set out in this circular |
| “Share(s)” | share(s) of HK\$0.10 each in the capital of the Company |
| “Shareholders” | holders of the Shares |
| “SHKP” | Sun Hung Kai Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange |

DEFINITIONS

| | |
|-----------------------------------|--|
| “SHKP Group” | SHKP and its subsidiaries and associates from time to time, but excluding the Group |
| “SMATV” | Satellite Master Antenna Television System |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Super e-Network” | Sunevision Super e-Network Limited, a wholly-owned subsidiary of the Company |
| “Super e-Tech” | Sunevision Super e-Technology Services Limited, a wholly-owned subsidiary of the Company |
| “Transactions Requiring Approval” | the transactions under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement |
| “US\$” | United States dollars |
| “%” | per cent. |

** Name translated for reference purpose only in this circular*

LETTER FROM THE BOARD



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

Executive Directors:

Kwok Ping-luen, Raymond
Kwok Ping-sheung, Walter
Kwok Ping-kwong, Thomas
So Sing-tak, Andrew
Chan Kui-yuen, Thomas
Wong Yick-kam, Michael
So Chung-keung, Alfred
Tung Chi-ho, Eric
Wong Chin-wah
Tsim Wing-kit, Alfred

Non-Executive Director:

Cheung Wing-yui

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

Registered Office:

P.O. Box 309GT, Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of Business:

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road
Chai Wan
Hong Kong

6 June 2008

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 16 May 2008. Pursuant to the requirements of the GEM Listing Rules, the Company is required to seek the Independent Shareholders' Approval in relation to the Transactions Requiring Approval and the Lease Arrangements, which constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules, and the respective caps therefor.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information regarding the Transactions Requiring Approval and the Lease Arrangements and to seek your approval of the ordinary resolutions to be proposed at the EGM.

2. BACKGROUND

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant caps) of the Continuing Connected Transactions were disclosed in the 2005 Announcement, except the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, both of which were entered into after the 2005 Announcement. Details of the Networking Arrangement and the Maintenance Arrangement were also disclosed in the circular of the Company dated 7 June 2005. At the extraordinary general meeting of the Company held on 23 June 2005, the then Independent Shareholders approved the Networking Arrangement and the Maintenance Arrangement and the annual caps therefor for the three financial years ending 30 June 2008.

3. THE CONTINUATION OF THE 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 Continuing Connected Transactions after 30 June 2008. On 16 May 2008, the Company entered into the New Agreements with SHKP each for a term of three years commencing from 1 July 2008 and ending on 30 June 2011.

Details of the Transactions Requiring Approval and the Lease Arrangements are set out below.

I. Transactions Requiring Approval

A. *Installation, operation and provision of cable networking on a project basis 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, access control 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

LETTER FROM THE BOARD

by the SHKP Group on a project basis (the “**Networking Arrangement**”). The Group has charged and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into a new agreement whereby the Company had agreed to procure the relevant members of the Group to provide services contemplated under the Networking Arrangement to members of the SHKP Group for a period from 1 July 2008 to 30 June 2011. 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 respect of each transaction to be carried out pursuant to the Networking Arrangement. The said principles include that the service to be 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 no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group. In particular, with respect to the payment terms for the services to be 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 Group by other independent third party customers for such services. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

The Group has been informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by it 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 the schedule of completion offered by the service providers.

Relevant members of the Group and the SHKP Group have entered into and will enter into separate and definitive agreements to provide the detailed terms of each transaction pursuant to the Networking Arrangement. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements.

LETTER FROM THE BOARD

The historical amounts

Under the Existing Approval, the annual cap for the Networking Arrangement for each of the three financial years ending 30 June 2008 was HK\$45,000,000. The following table sets out the aggregate amount of service fees received by the Group pursuant to the Networking Arrangement during the Relevant Historical Periods:

| <u>Period</u> | <u>Approximate Amount</u> <i>(HK\$)</i> |
|--|--|
| Financial year ended 30 June 2006 | 28,180,000 |
| Financial year ended 30 June 2007 | 30,330,000 |
| Six months period ended 31 December 2007 | 15,030,000 |

Proposed annual cap and basis of cap

It is expected that the amount of service fees which may be received by the Group pursuant to the Networking Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$61,000,000. The proposed annual cap is determined by reference to the historical amounts 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.

The property market conditions have become more favourable when compared to the previous financial years thus leading to new installations or upgrading of existing systems to improve quality of service. Furthermore, the increase in the demand for luxurious accommodation raises the demand for the installation of advanced technology facilities in such accommodation. As such, it is expected that the level of demand for the services will increase. On the other hand, it is expected that there will be no material change in the anticipated rates of service fees chargeable by the Group.

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 and on normal commercial terms. The Directors further confirm that in respect of 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

LETTER FROM THE BOARD

of such services), the payment terms have been and will continue to be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers of the Group for such services.

B. Maintenance and repair of network infrastructure and security systems on a project basis 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, access control 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 on a project basis (the “**Maintenance Arrangement**”). The Group has charged and will continue to charge fees for services provided under the Maintenance Arrangement.

The New Agreement

On 16 May 2008, 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 2008 and ending on 30 June 2011. 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 respect of each transaction to be carried out pursuant to the Maintenance Arrangement. The said principles include that the service to be 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 no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group. In particular, with respect to the payment terms (including, where applicable, any service fee free periods) for the services to be 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 Group by other independent third party

LETTER FROM THE BOARD

customers. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 23 May 2005 which is due to expire on 30 June 2008.

The Group has been informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by it 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 the schedule of completion offered by the service providers.

Relevant members of the SHKP Group and members of the Group have entered into and will enter into separate and definitive agreements to provide the detailed terms of each transaction pursuant to the Maintenance Arrangement. The fees payable by the SHKP Group to the Group will be in accordance with such definitive agreements.

The historical amounts

Under the Existing Approval, the annual cap for the Maintenance Arrangement for the each of three financial years ending 30 June 2008 was HK\$56,000,000. The following table sets out the aggregate amount of service fees pursuant to the Maintenance Arrangement (before taking into account service fee free periods offered) during the Relevant Historical Periods:

| <u>Period</u> | <u>Approximate Amount</u> <i>(HK\$)</i> |
|--|--|
| Financial year ended 30 June 2006 | 42,210,000 |
| Financial year ended 30 June 2007 | 43,990,000 |
| Six months period ended 31 December 2007 | 22,610,000 |

Proposed annual cap and basis of cap

It is expected that before taking into account any service fee free periods which may be offered, the amount of service fees which may be received by the Group pursuant to the Maintenance Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$74,000,000.

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

LETTER FROM THE BOARD

services will increase in light of the anticipated increase in demand of services pursuant to the Networking Arrangement and as a result of fair wear and tear, the frequency and extent of routine maintenance and repair work which may be required on the systems and networks installed are expected to increase. On the other hand, it is expected that there will be no material change in the anticipated rates 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. The Directors further confirm that in respect of the payment terms (including, where applicable, any service fee free periods) 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 have been and will continue to be no less favourable to the Group than the payment terms that may be offered to the Group by other independent third party customers of the Group for such services.

C. Sub-contracting of works in connection with the Networking Arrangement

Background

In connection with the Networking Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Networking Arrangement that the Group needs to sub-contract to others (the “**Networking Sub-contracting Arrangement**”) and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Networking Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of

LETTER FROM THE BOARD

services. For example, where the main contractor agreement specifies that only a particular parking system should be used for the relevant building and such parking system is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide that specific parking system for the relevant building. For the remaining parts of work pursuant to the Networking Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through a tendering process. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP had agreed to procure the relevant members of the SHKP Group to provide services contemplated under the Networking Sub-contracting Arrangement to members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011. 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 respect of each transaction to be carried out pursuant to the Networking Sub-contracting Arrangement. Such principles include that the service to be provided by the SHKP Group to the Group pursuant to the Networking Sub-contracting 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 no less favourable to the Group than terms that may be offered by the Group to other independent third party service providers. In particular, with respect to the payment terms for the services to be 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 amount of fees payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those offered by the Group to other independent third party service providers. Relevant members of the Group and SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of each transaction pursuant to such arrangement from time to time.

LETTER FROM THE BOARD

The historical amounts

The following table sets out the aggregate fees paid by the Group pursuant to the Networking Sub-contracting Arrangement during the Relevant Historical Periods:

| <u>Period</u> | <u>Approximate Amount</u> <i>(HK\$)</i> |
|--|--|
| Financial year ended 30 June 2006 | 0 |
| Financial year ended 30 June 2007 | 1,460,000 |
| Six months period ended 31 December 2007 | 170,000 |

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees which may be payable by the Group pursuant to the Networking Sub-contracting Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$9,400,000. The proposed annual cap is determined by reference to the projected level of demand of such services by members of the Group and the anticipated level of fees at which the SHKP Group may charge in respect of such services. Although it is expected that there will be no material change in the anticipated level of the rate of fee, as mentioned in paragraph 3.I.A above, the level of demand of services pursuant to the Networking Arrangement is expected to increase and as such, it is expected that the level of demand of services pursuant to the Networking Sub-contracting Arrangement will also increase. This gives rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the Networking Sub-contracting Arrangement.

The Networking Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Networking Sub-contracting Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors further confirm that in respect of the payment terms for the services, 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 have been and will continue to be no less favourable to the Group than the payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

LETTER FROM THE BOARD

D. Sub-contracting of works in connection with the Maintenance Arrangement

Background

In connection with the Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the maintenance and repair works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happens that these sub-contractors include certain members of the SHKP Group. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Maintenance Arrangement that the Group needs to sub-contract to others (the “**Maintenance Sub-contracting Arrangement**”) and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. In this connection, since the requirements of certain parts of work pursuant to the Maintenance Arrangement have been specified in the main contractor agreement and only certain members of the SHKP Group (which are different from those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services, the Group cannot engage other independent third party service providers for those parts of services. For example, similar to that of the Networking Sub-contracting Arrangement, where the main contractor agreement specifies that only a particular parking system (including its maintenance services) should be used for the relevant building and such parking system (including its maintenance services) is only available from the SHKP Group, the Group will have to engage the relevant member of the SHKP Group to provide the maintenance and repair services for such parking system for the relevant building. For the remaining parts of work pursuant to the Maintenance Sub-contracting Arrangement, relevant members of the SHKP Group are chosen as the service providers by the Group through quotations. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of Group fees for the provision of such services.

The New Agreement

On 16 May 2008, the Company and SHKP entered into an agreement whereby SHKP had agreed to procure the relevant subsidiaries to provide services contemplated under the Maintenance Sub-contracting Arrangement to members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011. This agreement is conditional upon the obtaining of the Independent Shareholders’ Approval, and is a master agreement which sets out the principles

LETTER FROM THE BOARD

upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Maintenance Sub-contracting Arrangement. Such principles include the service to be provided by the SHKP Group to the Group pursuant to the Maintenance Sub-contracting 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 no less favourable to the Group than terms that may be offered by the Group to other independent third party service providers. In particular, with respect to the payment terms for the services to be 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 amount of fees payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those offered by the Group to other independent third party service providers. Relevant members of the Group and SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of the service required pursuant to such arrangement from time to time.

The historical amounts

The following table sets out the aggregate fees paid by the Group pursuant to the Maintenance Sub-contracting Arrangement during the Relevant Historical Periods:

| <u>Period</u> | <u>Approximate Amount</u> <i>(HK\$)</i> |
|--|--|
| Financial year ended 30 June 2006 | 0 |
| Financial year ended 30 June 2007 | 1,760,000 |
| Six months period ended 31 December 2007 | 1,170,000 |

Proposed annual cap and basis of cap

It is expected that the aggregate amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement during each of the three financial years ending 30 June 2011 will not exceed HK\$4,600,000. The proposed annual cap is determined by reference to the projected level of demand of such services by members of the Group and the anticipated level of fees at which the SHKP Group may charge in respect of such services. Although it is expected that there will be no material change in the anticipated level of the rate of fee, as mentioned in paragraph 3.I.B above, the level of demand of services pursuant to the Maintenance Arrangement is

LETTER FROM THE BOARD

expected to increase and as such, it is expected that the level of demand of services pursuant to the Maintenance Sub-contracting Arrangement will also increase. This gives rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement.

The Maintenance Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors confirm that the Maintenance Sub-contracting Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors further confirm that in respect of the payment terms for the services, 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 have been and will continue to be no less favourable to the Group than the payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

II. The Lease Arrangements

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

A. *Beijing Lease*

Date of agreements and term: 30 June 2000 – original lease agreement, for the initial term from 1 July 2000 to 30 April 2006

6 November 2002 – surrender agreement

9 June 2006 – renewal agreement, for the term from 1 May 2006 to 30 April 2009 (being the current term), with four renewal options for a term of three years each

The next renewal term is from 1 May 2009 to 30 April 2012

Premises: Portion of Unit 809 and Units 811 to 817, 8th Floor, Tower 1, Sun Dong An Plaza, 138 Wangfujing Avenue, Dongcheng District, Beijing, the PRC

LETTER FROM THE BOARD

| | |
|---|---|
| Landlord: | Beijing Sun Dong An Company Limited, a wholly-owned subsidiary of SHKP |
| Tenant: | CST iAdvantage |
| Rental: | <p>In relation to the three years ending 30 June 2008, the rental was US\$10,116 per month for the period from 1 July 2005 to 30 April 2006 and US\$12,645 per month for the period from 1 May 2006 to 30 June 2008;</p> <p>in relation to the period from 1 July 2008 to 30 April 2009 (i.e. the date on which the current term will end), the rental will be US\$12,645 per month;</p> <p>(if the four further options to renew are exercised) the rental for each three-year renewal term (i.e. from 1 May 2009 to 30 April 2012, from 1 May 2012 to 30 April 2015, from 1 May 2015 to 30 April 2018 and from 1 May 2018 to 30 April 2021) will be at open market rent; and</p> <p>all rental being exclusive of air-conditioning, management fees and other outgoings</p> |
| Air-conditioning and property management charges: | The charges after 30 April 2006 are to be determined by the parties in accordance with the agreement and the aggregate amount of charges at present is RMB26,976 per month |
| User: | This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties |

LETTER FROM THE BOARD

B. Shanghai Lease

| | |
|---|--|
| Date of agreements and term: | <p>1 April 2000 – original lease agreement, for the initial term from 1 April 2000 to 31 March 2006</p> <p>23 March 2006 – renewal agreement, for the term from 1 April 2006 to 31 March 2009 (being the current term), with three renewal options for a term of three years each, subject to laws and regulations</p> <p>The next renewal term is from 1 April 2009 to 31 March 2012</p> |
| Premises: | Level 37, Shanghai Central Plaza, 381 Huihai Central Road, Luwan District, Shanghai, the PRC |
| Landlord: | Shanghai Central Plaza Property Co. Limited, a subsidiary of SHKP in which SHKP has a 80% interest |
| Tenant: | CST iAdvantage |
| Rental: | <p>In relation to the three years ending 30 June 2008, the rental was US\$20,542.15 per month from 1 July 2005 to 31 March 2006 and US\$27,739 per month from 1 April 2006 to 30 June 2008;</p> <p>in relation to the period from 1 July 2008 to 31 March 2009, the rental will be US\$27,739 per month;</p> <p>(if the three further options to renew are exercised) the rental for each three-year renewal term (i.e. from 1 April 2009 to 31 March 2012, from 1 April 2012 to 31 March 2015 and from 1 April 2015 to 31 March 2018) will be at open market rent; and</p> <p>all rental being exclusive of air-conditioning, management fees and other outgoings</p> |
| Air-conditioning and property management charges: | The charges after 31 March 2006 are to be determined by the parties in accordance with the agreement and the aggregate amount of charges at present is RMB24,372.90 per month |
| User: | This property is partly used as the Group's office premises and mostly as data centre sub-leased to independent third parties |

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The following table sets out the aggregate rental and air-conditioning and property management charges paid by the Group pursuant to the Beijing Lease and the Shanghai Lease during the two financial years ended 30 June 2007 and the aggregate rental and air-conditioning and property management charges expected to be payable by the Group pursuant to the Lease Arrangements for the financial year ending 30 June 2008 and the period from 1 July 2008 to the respective expiry dates of the current terms of the Beijing Lease and the Shanghai Lease:

| | Approximate amount of rental and air-conditioning and property management charges paid/payable | | | |
|----------------|---|--|---|---|
| | For the financial year ended 30 June 2006 <i>(HK\$)</i> | For the financial year ended 30 June 2007 <i>(HK\$)</i> | For the financial year ending 30 June 2008 <i>(HK\$)</i> | For the period from 1 July 2008 to the end of the current term <i>(HK\$)</i> |
| Beijing Lease | 1,054,000 | 1,482,000 | 1,542,000 | 1,302,000 |
| Shanghai Lease | 2,299,000 | 2,799,000 | 2,912,000 | 2,203,000 |
| Total | <u>3,353,000</u> | <u>4,281,000</u> | <u>4,454,000</u> | <u>3,505,000</u> |

If the Beijing Lease is renewed for the term from 1 May 2009 to 30 April 2012 and the Shanghai Lease is renewed for the term from 1 April 2009 to 31 March 2012, it is expected that the aggregate rental and air-conditioning and property management charges payable by the Group pursuant to the Lease Arrangements for the period from the respective commencement dates of the next renewal term to 30 June 2009, the two financial years ending 30 June 2011 and the period from 1 July 2011 to the respective expiry dates of the next renewal term will not exceed the respective amounts set out in the following table:

LETTER FROM THE BOARD

Approximate amount of rental and air-conditioning and property management charges payable

| | From the respective commencement dates of the next renewal term to 30 June 2009 <i>(HK\$)</i> | For the financial year ending 30 June 2010 <i>(HK\$)</i> | For the financial year ending 30 June 2011 <i>(HK\$)</i> | From 1 July 2011 to the respective expiry dates of the next renewal term <i>(HK\$)</i> |
|----------------|--|---|---|--|
| Beijing Lease | 475,000 | 2,989,000 | 3,138,000 | 2,746,000 |
| Shanghai Lease | 1,871,000 | 7,860,000 | 8,253,000 | 6,499,000 |
| Total | <u>2,346,000</u> | <u>10,849,000</u> | <u>11,391,000</u> | <u>9,245,000</u> |

The amounts payable in respect of the renewal terms of the Beijing Lease and the Shanghai Lease set out in the above table have been arrived at based on the present level of rental and air-conditioning and property management charges of the Beijing Lease and the Shanghai Lease, the anticipated increase in the amount of rental and the air-conditioning and property management charges upon renewal of the lease term based on the current and anticipated rental market in Beijing and Shanghai respectively and after taking into account the effect of the anticipated appreciation in RMB.

As disclosed above, the properties under the Lease Arrangements are mostly used for sub-leasing to independent third parties as data centres. Because of the limited market supply of leases of similar data centre, which are distinct from leases for office or residential purposes, several months' time is usually necessary for the sub-tenants to locate other data centre if and when the relevant sub-lease is terminated. In view of the special nature of the Lease Arrangements which the Group requires at least several months' time for negotiation and arrangement of renewal or termination of the sub-leases, disclosure by the announcement of the Company dated 16 May 2008 was made and the Independent Shareholders' Approval would be sought sufficiently in advance of the next renewal dates of the Beijing Lease and the Shanghai Lease which fall in May and April 2009 respectively.

LETTER FROM THE BOARD

The Directors confirm that the terms of the Beijing Lease and Shanghai Lease 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 and air-conditioning and property management charges payable by the Group under the Lease Arrangements were determined at the relevant time by reference to rental and the relevant 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 and relevant charges were at market rates at the time the Beijing Lease and the Shanghai Lease were entered into or at the time of renewal of their respective lease terms (as the case may be). The Directors further confirm that the Lease Arrangements have been conducted in accordance with the Beijing Lease and the Shanghai Lease on terms that are fair and reasonable so far as the Shareholders as a whole are concerned.

4. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Group has entered into and will continue to enter into the Continuing Connected Transactions because they are part of the principal business activities of the Group or are relevant to such principal business activities. The Group has contracted with the SHKP Group for each of the Continuing Connected Transactions since the Group and the SHKP Group are able to meet the respective requirements of the other. For the aforesaid reasons and also taking into account, among other things, the experience of and relationship between the Group and SHKP Group developed through transactions undertaken during the past, the Directors consider that the entering into of each of the Continuing Connected Transactions is in the commercial interest of the Group. The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on page 27 of this circular) consider that the Transactions Requiring 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 and on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on page 27 of this circular) also consider that the relevant annual caps for the three financial years ending 30 June 2009, 2010 and 2011 of the Transactions Requiring Approval and the relevant caps for the respective periods of the Lease Arrangements are fair and reasonable.

5. REQUIREMENTS UNDER THE GEM LISTING RULES

Relationship with SHKP

As at the Latest Practicable Date, SHKP was a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 84.63% of the entire issued share capital 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.

Independent Shareholders' Approval

It is anticipated that as the asset ratio, revenue ratio and the consideration ratio in respect of (i) the Networking Arrangement and the Networking Sub-contracting Arrangement, which the Stock Exchange considers to be of the same nature and therefore are required to be aggregated under Rule 20.27 of the GEM Listing Rules; and (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which the Stock Exchange considers to be of the same nature and therefore are required to be aggregated under Rule 20.27 of the GEM Listing Rules, on an annual basis, will not be less than 2.5% but will be less than 25% and the annual consideration will be more than HK\$10,000,000, such transactions constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company is 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 the Transactions Requiring Approval.

Accordingly, the Company seeks 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 2008 up to 30 June 2011 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant annual cap set out below:

LETTER FROM THE BOARD

| <u>Category of the Transactions Requiring Approval</u> | <u>Proposed annual cap for each of the three financial years ending 30 June 2011</u> <i>(HK\$)</i> |
|--|---|
| Networking Arrangement | 61,000,000 |
| Maintenance Arrangement | 74,000,000 |
| Networking Sub-contracting Arrangement | 9,400,000 |
| Maintenance Sub-contracting Arrangement | 4,600,000 |

Assuming that the options to renew the lease terms are exercised pursuant to the Beijing Lease and the Shanghai Lease, in respect of the anticipated aggregate amount of rental and air conditioning and property management charges payable by the Group pursuant to the Lease Arrangements during the respective next renewal terms of the Beijing Lease and the Shanghai Lease, the revenue ratio on an annual basis will not be less than 2.5% but will be less than 25% and such annual aggregate amount will be more than HK\$10,000,000. As such, the Lease Arrangements during the respective next renewal terms constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company is 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 the Lease Arrangements during the respective next renewal terms.

Accordingly, the Company seeks the Independent Shareholders' Approval (by way of poll) for the Group to conduct the Lease Arrangements during the respective next renewal terms of the Beijing Lease and the Shanghai Lease on the condition that the respective amounts of rental and air conditioning and property management charges payable shall not exceed the relevant cap set out below:

| | <u>Proposed cap amount</u> | | | |
|----------------|---|--|--|--|
| | <u>From the respective commencement dates of the next renewal term to 30 June 2009</u> <i>(HK\$)</i> | <u>For the financial year ending 30 June 2010</u> <i>(HK\$)</i> | <u>For the financial year ending 30 June 2011</u> <i>(HK\$)</i> | <u>From 1 July 2011 to the respective expiry dates of the next renewal term</u> <i>(HK\$)</i> |
| Beijing Lease | 475,000 | 2,989,000 | 3,138,000 | 2,746,000 |
| Shanghai Lease | 1,871,000 | 7,860,000 | 8,253,000 | 6,499,000 |

LETTER FROM THE BOARD

If there are changes or updates in any terms of the agreements for the Transactions Requiring Approval and the Lease Arrangements 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.

Ordinary resolutions will be proposed at the EGM to approve (by way of poll) the Transactions Requiring Approval and the Lease Arrangements and the proposed cap amounts therefor as mentioned above. SHKP and its associates are required to abstain from voting on the ordinary resolutions at the EGM.

As far as the Company was aware, having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) SHKP and its associates controlled or were entitled to exercise control over the voting right in respect of their respective Shares;
- (b)
 - (i) there were no voting trusts or other agreements or arrangements or understanding (other than an outright sale) entered into by or binding upon any of SHKP or its associates;
 - (ii) there were no obligations or entitlements of SHKP or its associates,

whereby it/they had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of its/their Shares to a third party, either generally or on a case-by-case basis; and

- (c) there is no discrepancy between the beneficial shareholding interest of SHKP or its associates in the Company as disclosed in this circular and the number of Shares in respect of which it/they would control or would be entitled to exercise control over the voting rights at the EGM where ordinary resolutions will be proposed to approve the Transactions Requiring Approval, the Lease Arrangements and the respective caps.

The Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Transactions Requiring Approval and the Lease Arrangements are fair and reasonable and whether the Transactions Requiring Approval and the Lease Arrangements are in the interests of the Company and the Shareholders as a whole. Kingsway Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions Requiring Approval and the Lease Arrangements.

LETTER FROM THE BOARD

6. BUSINESS OF THE GROUP AND THE SHKP GROUP

The principal activity of the Company is investment holding. The Group's principle business activities include IT infrastructure, internet services and IT investments. The principal activities of the SHKP Group are development of and investment in properties for sale and rental purpose.

7. EXTRAORDINARY GENERAL MEETING

A notice to convene the EGM to be held at 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Thursday, 26 June 2008 at 3:00 p.m. is set out on pages 57 to 60 of this circular.

An announcement on the outcome of the EGM will be made by the Company after conclusion of the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrars and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

8. RIGHT TO DEMAND POLL

Subject to the requirements under the GEM Listing Rules, pursuant to Article 76 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

LETTER FROM THE BOARD

- (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

Unless a poll is so required under the GEM Listing Rules or demanded and, in the latter case, not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

9. RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 27 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Transactions Requiring Approval and the Lease Arrangements; and (b) the letter from Kingsway Capital set out on pages 28 to 47 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Transactions Requiring Approval and the Lease Arrangements and the principal factors and reasons considered by Kingsway Capital in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Kingsway Capital, considers that the terms of the Transactions Requiring Approval and the Lease Arrangements and the respective caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
For and on behalf of the Board
SUNEVISION HOLDINGS LTD.
Kwok Ping-luen, Raymond
Chairman



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

6 June 2008

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 6 June 2008 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As members of the Independent Board Committee, we have been appointed by the Board to advise the Independent Shareholders on whether the terms of the Transactions Requiring Approval and the Lease Arrangements are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Transactions Requiring Approval and the Lease Arrangements are set out in the text of the letter from the Board on pages 5 to 26 of the Circular.

We wish to draw your attention to the letter of advice from Kingsway Capital as set out on pages 28 to 47 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Transactions Requiring Approval and the Lease Arrangements together with the principal factors and reasons for its advice and recommendation.

Having considered, among other matters, the factors and reasons considered by, and the opinions of, Kingsway Capital as stated in its aforementioned letter of advice, we consider that the Transactions Requiring Approval and the Lease Arrangements are in the ordinary and usual course of business of the Group and on normal commercial terms, the terms of the Transactions Requiring Approval and the Lease Arrangements and the respective caps therefor are fair and reasonable and the Transactions Requiring Approval and the Lease Arrangements are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions Requiring Approval and the Lease Arrangements and the respective caps therefor.

Yours faithfully,

For and on behalf of

Independent Board Committee

Li On-kwok, Victor

King Yeo-chi, Ambrose

Wong Kai-man

Independent Non-Executive Directors

LETTER FROM KINGSWAY CAPITAL

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Kingsway Capital dated 6 June 2008 prepared for the incorporation in this circular.



5/F, Hutchison House,
10 Harcourt Road,
Central, Hong Kong
Tel. No.: (852) 2877-1830
Fax. No.: (852) 2283-7722

6 June 2008

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS — THE TRANSACTIONS REQUIRING APPROVAL AND THE LEASE ARRANGEMENTS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions Requiring Approval and the Lease Arrangements, the relevant caps (the “Caps”) for the Continuing Connected Transactions, details of which are set out in a circular of SUNeVision Holdings Ltd. to the Shareholders dated 6 June 2008 (the “Circular”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 16 May 2008, the Company entered into the New Agreements with SHKP in relation to the transactions under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, each for a term of three years commencing on 1 July 2008 and ending on 30 June 2011. In addition, the Company had entered into the Beijing Lease and the Shanghai Lease with members of the SHKP Group regarding the leasing of certain premises in Beijing and Shanghai respectively, each for a term of 3 years to 30 April 2009 and to 31 March 2009 respectively, with further renewal options.

LETTER FROM KINGSWAY CAPITAL

As at the Latest Practicable Date, SHKP is a substantial shareholder of the Company indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 84.63% of the entire issued share capital 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.

The transactions contemplated under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, constituted non-exempt continuing connected transactions for the Company under the GEM Listing Rules. The Company is 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 the Transactions Requiring Approval. Accordingly, the Company seeks 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 2008 up to 30 June 2011 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant Caps.

In addition, assuming that the options to renew the lease terms are exercised pursuant to the Beijing Lease and the Shanghai Lease, the Lease Arrangements during the respective next renewal terms constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company is 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 the Lease Arrangements during the respective next renewal terms. Accordingly, the Company seeks the Independent Shareholders' Approval (by way of poll) for the Group to conduct the Lease Arrangements during the respective next renewal terms of the Beijing Lease and the Shanghai Lease on the condition that the respective amounts of rental and air conditioning and property management charges payable shall not exceed the relevant Caps.

An Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the Transactions Requiring Approval and the Lease Arrangements are fair and reasonable, and whether the Transactions Requiring Approval and the Lease Arrangements are in the interests of the Company and the Shareholders as a whole. We have been appointed by the Independent Board Committee to give our opinion in relation to the Transactions Requiring Approval, the Lease Arrangements, and the Caps for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether (i)

LETTER FROM KINGSWAY CAPITAL

the Transactions Requiring Approval and the Lease Arrangements are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; (ii) the terms of the Transactions Requiring Approval and the Lease Arrangements are on normal commercial terms and are fair and reasonable and (iii) and the proposed Caps are fair and reasonable.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us, in all material aspect, are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and shall continue to be true, accurate and complete at the date of the dispatch of the Circular.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this Circular is accurate and complete in all material respects and is not misleading; (ii) all opinions expressed in the Circular have been arrived at after due and careful consideration; and (iii) there are no other matters not contained in the Circular the omission of which would make any statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided, and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations have the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Transactions Requiring Approval, the Lease

LETTER FROM KINGSWAY CAPITAL

Arrangements and the Caps, we have considered the principal factors and reasons set out below:

(A) The Networking Arrangement and the Maintenance Arrangement

(i) Background and reasons

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

The entering into of the Networking Arrangement and the Maintenance Arrangement by the Company and the Caps therefor for the three financial years ending 30 June 2008 were approved by the then Independent Shareholders in 2005. Since 26 February 2000, Super e-Network and Super e-Tech has, pursuant to the Networking Arrangement, been providing services to members of the SHKP Group in connection with the design, installation, operation and provision of SMATV/CABD, access control 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 on a project basis. Pursuant to the Maintenance Arrangement, Super e-Network and Super e-Tech has been providing the 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 system and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group. Other members of the Group may in the future provide similar services to the SHKP Group. As the current terms of the Networking Arrangement and the Maintenance Arrangement will expire on 30 June 2008, the Company entered into the New Agreements on 16 May 2008 for a term of three years commencing on 1 July 2008 and ending on 30 June 2011.

As disclosed in the 2007/08 interim report of the Company, Super e-Tech continued to obtain projects through winning the tenders for the installation of extra low voltage systems and SMATV systems at major developments and Super e-Network continued to grow its broadband network coverage and value-added services. As advised by the Directors, the Group's installation and maintenance services business carried out by Super e-Network and Super e-Tech are being carried on leveraging the parent company's significant relationships.

Set out below are the amounts of the turnover received by the Group under the Networking Arrangement and the Maintenance Arrangement during the two financial years ended 30 June 2007 and the six months period ended 31 December 2007.

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Networking Arrangement

| | The approximate amount of turnover received from SHKP Group (HK\$) | The approximate amount of the Group's total turnover (HK\$) |
|--|---|--|
| For the year ended 30 June 2006 | 28,180,000 | 276,332,000 |
| For the year ended 30 June 2007 | 30,330,000 | 323,133,000 |
| For the six months ended 31 December 2007 | 15,030,000 | 189,600,000 |

Maintenance Arrangement

| | The approximate amount of turnover received from SHKP Group (HK\$) | The approximate amount of the Group's total turnover (HK\$) |
|--|---|--|
| For the year ended 30 June 2006 | 42,210,000 | 276,332,000 |
| For the year ended 30 June 2007 | 43,990,000 | 323,133,000 |
| For the six months ended 31 December 2007 | 22,610,000 | 189,600,000 |

As noted above, the Networking Arrangement and the Maintenance Arrangement constituted important business activities of the Group and contributed significant amount of revenue to the Group. For each of the two financial years ended 30 June 2007 and the six months period ended 31 December 2007, the aggregate amount of turnover received by the Group from SHKP Group under the Networking Arrangement and the Maintenance Arrangement amounted to approximately HK\$70.39 million, HK\$74.32 million and HK\$37.64 million respectively, representing approximately 25.47%, 23.00% and 19.85% of the total turnover of the Group during the corresponding year or period.

Given that the Networking Arrangement and the Maintenance Arrangement (i) are in line with the business activities of the Group; (ii) further strengthen the Group's position as an IT infrastructure and enabling services provider in the market; and (iii) contributed a significant amount of revenue to the Group, we

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concur with the view of the Directors that the Networking Arrangement and the Maintenance Arrangement are in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

(ii) Principal terms of the New Agreements governing the Networking Arrangement and the Maintenance Arrangement

Each of the New Agreement governing the Networking Arrangement and the Maintenance Arrangement is a master agreement which sets out the principles while the detailed terms are to be determined in respect of each transaction to be carried out. The said principles include that the service to be 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 no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group. In particular, with respect to the payment terms for the services to be 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 Group by other independent third party customers for such services.

With regard to the Networking Arrangement and the Maintenance Arrangement, we have conducted a sample review of the historical agreements, invoices, and other information in respect of the Group's provision of the networking services and the maintenance services to independent third parties. We have also discussed with the management of the Company on the underlying pricing basis of the project services assigned by the Group's customers (including the SHKP Group and independent third party customers).

Based on our review, we noted that the scope of work and materials involved in the Group's service projects varies depending on the scale, quality, specification and duration of services required by the particular customer. Given the nature of the Group's business, we understand that the actual service fee to be charged by the Group to its customers, whether it is the SHKP Group or independent third party customers, will be determined on a case-by-case basis after taking into account, among others, the actual scope of work done and materials supplied.

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The Directors confirmed that both the Networking Arrangement and the Maintenance Arrangement shall be carried out 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 no less favorable to the Group than those offered to the Group by other independent third party customers of the Group.

Furthermore, as advised by the Directors, the Group has been informed by SHKP that in deciding which service provider is to be engaged, the SHKP Group may invite bidders for the services required by it 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 the schedule of completion offered by the service providers. As a result, the Group may or may not be awarded the service contracts after the tendering process. According to the Directors, the successful bid rate for each of the years of 2005, 2006 and 2007 is about 40%, and the Directors believe that it will maintain the successful bid rate at a similar level for the coming three years.

Given that (i) the services to be provided by the Group to the SHKP Group pursuant to the Networking Arrangement and 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 no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group; and (ii) normally, a bidding process will be implemented by SHKP Group, we consider that the principal terms of the New Agreements governing the Networking Arrangement and the Maintenance Arrangement are on normal commercial terms and are fair and reasonable insofar as the Company and the Shareholders as a whole are concerned.

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(iii) Caps

Set out below are the actual transaction amount for the six months ended 31 December 2007, the average annual transaction amount during the two financial years ended 30 June 2007 and the proposed Caps for the three financial years ending 30 June 2011:

| | Transaction amount for the six months ended 31 December 2007 (HK\$) | Average annual transaction amount during the two financial years ended 30 June 2007 (HK\$) | Caps for the three financial years ending 30 June 2011 (HK\$) |
|-------------|--|---|--|
| Networking | | | |
| Arrangement | 15,030,000 | 29,255,000 | 61,000,000 |
| Maintenance | | | |
| Arrangement | 22,610,000 | 43,100,000 | 74,000,000 |

It is expected that the annual service fees which may be received by the Group during each of the three financial years ending 30 June 2011 for the Networking Arrangement and the Maintenance Arrangement will not exceed HK\$61,000,000 and HK\$74,000,000, respectively.

Networking Arrangement

As set out in the “Letter from the Board”, the proposed Caps are determined with reference to the historical amounts 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.

The annual transaction amount under the Networking Arrangement was HK\$28,180,000 and HK\$30,330,000 during the two years ended 30 June 2007, representing 62.6% and 67.4%, respectively, of the cap therefor as approved by the then Independent Shareholders in 2005. The transaction amount during the six months period ended 31 December 2007 was approximately HK\$15,030,000, representing approximately 33.4% of the cap therefor as approved by the then Independent Shareholders in 2005. According to the Directors, the estimated transaction amount for the Networking Arrangement is expected to increase to

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approximately HK\$30,494,000 for the year ending 30 June 2008, representing approximately 67.8% of the cap therefor as approved by the then Independent Shareholders in 2005. As advised by the Directors, a relatively larger cap is required to provide more flexibility to the Group in expanding its revenue base. In particular, the transactions under the Networking Arrangement depends on, to a large extent, the property development progress of the SHKP Group, which scale can deviate significantly from the original planning, and that changes in timetable is not uncommon. Therefore, a larger cap will provide more flexibility to the Group in participating in the tendering of networking services of the SHKP Group.

It is noted that the proposed Cap for the Networking Arrangement for the three years ending 30 June 2011 is approximately 36% larger than the cap therefor as approved by the then Independent Shareholders in 2005. As advised by the Directors, the nearly doubled number of properties project to be completed in 2009 will match with such large increment on the proposed Cap. As set out in “Letter from the Board” to this Circular, the property market conditions have become more favourable when compared to the previous financial years thus leading to new installations or upgrading of existing systems to improve quality of service. Furthermore, the increase in the demand for luxurious accommodation raises the demand for the installation of advanced technology facilities in such accommodation. As such, it is expected that the level of demand for the services will increase.

According to the statistics issued by SHKP on its website, we note that SHKP has scheduled to complete 32 property projects from 2007 to 2010 and thereafter. The schedules are set out as follow:

| Schedule for completion of projects | Number of projects |
|--|---------------------------|
| 2008 | 4 |
| 2009 | 7 |
| Beyond 2009 | 3 |
| 2010 | 6 |
| Beyond 2010 | 2 |
| Beyond 2011 | 7 |
| From 2007 in phases | 1 |
| From 2008 in phases | 1 |
| From 2010 in phases | 1 |
| | <hr/> |
| Total | <hr/> 32 |

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From the above table, we note that SHKP has scheduled to complete 4 projects in 2008 and 7 projects in 2009. The number of projects to be completed in 2009 almost doubles the number of projects to be completed in 2008. As advised by the Directors, some projects would be carried on for a period of years and are expected to be completed in phases. There are 3 projects which would be commenced from different years from 2007 to the latest 2010 and to be completed in phases. According to such project plan, SHKP will have substantial number of properties projects under development in Hong Kong for the coming three years. Apart from the above, there are 12 properties projects without concrete completion date but are scheduled to be completed in 2011 and thereafter.

The Directors expect that there will be a substantial increase in the demand of the services pursuant to the Networking Arrangement for the year ending 30 June 2009 due to the increase in the number of property projects scheduled to be completed during such years. In the meantime, the projects expected to be completed in phases for year 2007 and 2008 will also contribute to the increase in demand of services under the Networking Arrangement for the year ending 30 June 2009.

Taking into consideration of the above, we are of the view that the proposed Cap for the Networking Arrangement of HK\$61,000,000 for each of the three financial year ending 30 June 2011 is fair and reasonable.

Maintenance Arrangement

As set out in the “Letter from the Board” to this Circular, the proposed Cap for the Maintenance Arrangement 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.

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The annual transaction amount for the two financial years ended 30 June 2007 was HK\$42,210,000 and HK\$43,990,000, representing 75.4% and 78.6%, respectively, of the cap therefor as approved by the then Independent Shareholders in 2005. For the six months period ended 31 December 2007, the actual transaction amount reached approximately HK\$22,610,000, representing approximately 40.4% of the cap therefor as approved by the then Independent Shareholders in 2005. The Directors estimated that the transaction amount for the Maintenance Arrangement for the year ending 30 June 2008 would amount to approximately HK\$46,371,000, representing approximately 82.8% of the cap therefor as approved by the then Independent Shareholders in 2005.

As set out in the “Letter from the Board” to this Circular, it is expected that the demand of services under the Maintenance Arrangement will increase in light of the anticipated increase in demand of services pursuant to the Networking Arrangement and as a result of fair wear and tear, the frequency and extent of routine maintenance and repair work which may be required on the systems and networks installed are expected to increase.

The Directors advised that the demand for services under the Maintenance Arrangement is highly dependent on the durability of the systems being installed and the frequency of checking the systems. According to the Directors, the routine maintenance and repair work would be carried out on a monthly basis. Following the expected increase of maintenance services generated from the new properties project scheduled by the SHKP Group in the coming few years, the Directors expect that, by wear and tear of the installed systems, the demand of maintenance services would arise accordingly in subsequent years and increase at the same pace.

As advised by the Directors, a relatively larger cap is required to provide more flexibility to the Group in expanding its revenue base. Similar to the Networking Arrangement, the transactions under the Maintenance Arrangement depends on, to a large extent, the property development progress of the SHKP Group, which scale can deviate significantly from the original planning, and that changes in timetable is not uncommon. Therefore, a larger cap will provide more flexibility to the Group in participating in the tendering of network maintenance services of the SHKP Group.

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After taking into consideration that (i) the estimated amount of transaction for the year ending 30 June 2008 is expected to reach about 82.8% of the cap therefor as approved by the then Independent Shareholders in 2005, (ii) the nature of maintenance work would increase due to nature wear and tear, (iii) the increase in the number of property projects expected to be completed in the forthcoming few years which in turn will generate an increase in the demand for the Maintenance Arrangement, we are of the view that an increase of about 32% of the proposed Cap for the Maintenance Arrangement for the three financial years ending 30 June 2011 would provide flexibility to the Group to meet the demand when opportunities arise.

Taking into consideration of the above, we are of the view that the proposed Cap for the Maintenance Arrangement of HK\$74,000,000 for each of the three financial year ending 30 June 2011 is fair and reasonable.

(B) Sub-contracting of works in connection with the Networking Arrangement and the Maintenance Arrangement

(i) Background and reasons

In connection with the Networking Arrangement and Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the works involved are performed by members of the Group directly and the Group will need to sub-contract part of the works involved in the individual projects to other sub-contractors. Since January 2007, the Group has from time to time engaged members of the SHKP Group to perform part of the works in connection with the Networking Arrangement and the Maintenance Arrangement and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. As advised by the Directors, such sub-contracting arrangement by the main contractors is a normal and common market practice.

The Directors advised that sub-contracting of networking and maintenance contracts to certain members of the SHKP Group is mainly due to the fact that requirements of certain parts of work pursuant to the Networking Arrangement and Maintenance Arrangement have been specified in the main contractor agreement. Only certain members of the SHKP Group (which are different from

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those members of the SHKP Group which engage the Group to provide services as the main contractor) are qualified to provide such services. Therefore, the Group cannot engage other independent third party service providers for those parts of services. In addition, the Directors considered that sub-contracting the projects to those members of the SHKP Group is more cost effective and more efficient, as the Group could centralized its resources for other projects with other clients or with the SHKP Group that do not have special requirements or specifications.

As advised by the Directors, the aggregate amount of the project size and value are the principle factors in deciding whether the project should undergo a tendering process. If the aggregate value of the sub-contracting project is over HK\$50,000, all sub-contractors shall undergo a tendering process. For those projects with aggregate amount of project size lower than HK\$50,000, the Group will decide the sub-contractors by considering the quotations provided by the sub-contractors. If the relevant members of the SHKP Group intend to be chosen as the service providers for the project with size over HK\$50,000, they also should undergo the same tendering process as the other independent third parties.

In considering the factors above, we are of the view that the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement are in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

(ii) *Principal terms of the New Agreements governing the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement*

Pursuant to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement under the relevant New Agreements, the SHKP Group will procure members of the SHKP Group to provide services to members of the Group for a period commencing on 1 July 2008 and ending on 30 June 2011.

Each of the New Agreements governing the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement is a master agreement which sets out the principles while the detailed terms are to be determined in respect of each transaction to be carried out. Such principles include the service to be provided by the SHKP Group to the Group pursuant to the Networking Sub-contracting Arrangement and Maintenance Sub-contracting 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 no less favourable to the Group

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than terms that may be offered by the Group to other independent third party service providers. In particular, with respect to the payment terms for the services to be 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 amount of fees payable by the relevant members of the Group to the relevant members of the SHKP Group shall be at rates comparable with those offered by the Group to other independent third party service providers. Relevant members of the Group and SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of the service required pursuant to such arrangements from time to time.

With regard to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, we have conducted a sample review of the historical agreements, invoices, and other information in respect of the sub-contracting of the networking services and the maintenance services to the independent third parties. We also have discussed with the management of the Company on the underlying pricing basis of the project services sub-contracted to the Group's sub-contractors (including members of the SHKP Group and independent third party services providers).

Based on our review and discussion with the Directors, we understand that for projects that are of the same nature as the Networking Arrangement and the Maintenance Arrangement, the scope of work and materials involved in the sub-contracting agreements are normally different for each project depending on the scale, quality, duration and also the specification required by the SHKP Group. Accordingly, the actual service fee to be charged by the sub-contractor or the independent third party sub-contractor will be determined on a case-by-case basis after taking into account the actual quantity of work done, the materials involved and the requirement of specification.

For those sub-contracting projects where the Directors consider that non-SHKP Group companies are qualified as subcontractors, in selecting the appropriate sub-contractors to whom the Group will sub-contract the relevant parts of the project under the Networking Arrangement and the Maintenance Arrangement, there will be a tendering process. As advised by the Directors, the Group only offers the project to the bidder who can offer the most attractive terms for the services concerned taking into account all relevant factors including the price, the quality of work, the schedule of completion and the specification requirement set by SHKP. As a result, the members of the SHKP Group may or may not be awarded the service contracts during the tendering process.

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Given that the (i) principal terms pursuant to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting 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 no less favourable to the Group than terms that may be offered to the Group by other independent third party customers of the Group; and (ii) in most cases, a tendering process will be implemented by the Group in the selection of sub-contractors, we consider that the principal terms of the New Agreements governing the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement are on normal commercial terms and are fair and reasonable insofar as the Company and the Shareholders as a whole are concerned.

(iii) Caps

The Group commenced the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement since January 2007. Set out below are the aggregate fees paid by the Group under the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement during the Relevant Historical periods:

Networking Sub-contracting Arrangement

| Period | Approximate amount (HK\$) |
|---|--------------------------------------|
| For the year ended 30 June 2006 | 0 |
| For the year ended 30 June 2007 | 1,460,000 |
| For the six months ended 31 December 2007 | 170,000 |

Maintenance Sub-contracting Arrangement

| Period | Approximate amount (HK\$) |
|---|--------------------------------------|
| For the year ended 30 June 2006 | 0 |
| For the year ended 30 June 2007 | 1,760,000 |
| For the six months ended 31 December 2007 | 1,170,000 |

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According to the Directors, the Caps for the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement for each of the three financial years ending 30 June 2011 will not exceed HK\$9,400,000 and HK\$4,600,000, respectively.

In determining the proposed Caps for both the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, the Directors made references to the projected level of demand of such services by members of the Group and the anticipated level of fees at which the SHKP Group may charge in respect of such services.

The Directors advised that the estimated amount of services fees to be provided for the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement for the year ending 30 June 2008 will be approximately HK\$918,000 and HK\$1,784,000 respectively. We noted that there is a significant increase in the proposed Caps applied for the three years ending 30 June 2011. As discussed in the section headed “Caps” for the Networking Arrangement and the Maintenance Arrangement above, the Directors expect the demand of services pursuant to the Networking Arrangement and the Maintenance Arrangement to increase, and as such, it is also anticipated that the demand for the sub-contracting services pursuant to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement will increase accordingly.

In addition, since 2007, the SHKP Group has increased their requirements and standards of the systems being installed in their properties. The Directors, since commencing sub-contracting the services in connection with the Networking Arrangement and the Maintenance Arrangement to other SHKP Group companies, realised that such sub-contracting arrangement is more cost-effective and cost-efficient to the Group. Given the benefits from cost-effectiveness and cost-efficiency, the Directors intend, where possible and where a tendering process has been gone through (if applicable), to sub-contract more projects to the relevant members of the SHKP Group. As such, it is expected that the annual transaction amounts of sub-contracting projects for each of the three years ending 30 June 2011 will be higher when compared to those for the preceding years.

Moreover, as advised by the Directors, they are aware that for the properties that are expected to be completed on or before the end of 2009 by SHKP, most of them require the installation of systems that involve special specification, and hence, are likely to be sub-contracted by the Group. The Directors also advised that the cost for such systems will be substantially higher than the systems that

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were installed or used in 2007. Therefore, the Directors expect that the increase in the transaction amount of sub-contracting services for the year ending 30 June 2009 and 30 June 2010 will be significant.

After considering that (i) the expected increase in number of property projects required new systems with specification requirement will be completed in 2009; (ii) the need for cost effectiveness and efficiency; and (iii) the significant increase in the cost of the new systems with specification requirements, we consider the Caps for the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement respectively for each of the three years ending 30 June 2011 is fair and reasonable.

(C) The Lease Arrangements

(i) Background and reasons

One of the subsidiaries of the Group, namely CST iAdvantage, has been leasing and will continue to lease from the SHKP Group for certain premises in the PRC under the Lease Arrangements. CST iAdvantage is principally engaged in the operation of internet service centres and provision of system management services. The Lease Arrangements comprised of the Beijing Lease and the Shanghai Lease and have been entered into since 2000. The premises are used as the Group's representative office and as data centres for sub-leasing to independent third parties.

The Directors confirm that the terms of the Beijing Lease and the Shanghai Lease 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 and air-conditioning and property management charges payable by the Group under the Lease Arrangements were determined at the relevant time by reference to rental and the relevant 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 and relevant charges were at market rates at the time the Beijing Lease and the Shanghai Lease were entered into or at the time of renewal of their respective lease terms (as the case may be). The Directors further confirm that the Lease Arrangements have been conducted in accordance with the Beijing Lease and the Shanghai Lease on terms that are fair and reasonable so far as the Shareholders as a whole are concerned.

On 9 June 2006, CST iAdvantage and Beijing Sun Dong An Company Limited entered into a renewal agreement on the Beijing Lease, for the term from 1 May 2006 to 30 April 2009 (being the current term), with four renewal options for a term of three years each. The next renewal term is from 1 May 2009 to 30 April

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2012. On 23 March 2006, CST iAdvantage and Shanghai Central Plaza Property Co. Limited entered into a renewal agreement on the Shanghai Lease, for the term from 1 April 2006 to 31 March 2009 (being the current term), with three renewal options for a term of three years each. The next renewal term is from 1 April 2009 to 31 March 2012.

As mentioned above and disclosed in “Letter from the Board” to this Circular, the properties under the Lease Arrangements are mostly used for sub-leasing to independent third parties as data centres. Owing to the limited market supply of leases of similar data centre, which are distinct from leases for office or residential purposes, several months’ time is usually necessary for the sub-tenants to locate other data centre if and when the relevant sub-lease is terminated. In view of the special nature of the Lease Arrangements which the Group requires at least several months’ time for negotiation and arrangement of renewal or termination of the sub-leases, the Independent Shareholders’ approval will need to be sought sufficiently in advance of the next renewal dates of the Beijing Lease and the Shanghai Lease which fall in May and April 2009, respectively.

(ii) *Rentals pursuant to the Lease Arrangements*

Under the Lease Arrangements, the rental for the Beijing Lease for the period from 1 May 2006 to 30 April 2009 (i.e. the date on which the current renewal option will end) was agreed at US\$12,645 per month. If the next renewal option is exercised, the parties agreed that the rental for each three-year term will be at open market rent.

The rental for the Shanghai Lease for the period from 1 April 2006 to 31 March 2009 (i.e. the date on which the current renewal option will end) was agreed at US\$27,739 per month. If the next renewal option is exercised, the parties agreed that the rental for each three-year term will be at open market rent.

The above rental for the Beijing Lease and the Shanghai Lease are exclusive of air-conditioning, management fees and other outgoings.

The Company has provided us with an opinion issued by an independent property valuer on the prevailing market rental for similar properties in Beijing and Shanghai, respectively. Based on the independent property valuer’s opinion, the prevailing rental charges for the similar district as the premises leased under the Beijing Lease and Shanghai Lease are of a value of RMB135,000 per month and RMB424,000 per month (both excluding management fees and other outgoings), respectively. We note that the current rentals payable by the Group under the

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Beijing Lease and the Shanghai Lease are within the prevailing market range. We have reviewed the assumptions and work done as set out in the opinion letter of the independent valuer and are satisfied with its basis in arriving at its opinion.

As stated in the “Letter from the Board”, the rental charges for the next renewal terms will also be determined based on the then prevailing market rates at the time when the renewal lease agreements are negotiated. We have studied certain property market research reports which, overall, reported that the demand for office space in Beijing remained strong during 2008, with the major driving force generated from the demand of the professional service companies and insurance companies. In the first quarter of 2008, the overall average office rental increased by 5.36% from the fourth quarter of 2007, as a result of the appreciation of RMB and the return of peak period after the Chinese Lunar New Year. It is expected that the increasing trend will continue due to the further appreciation of RMB and the upcoming Olympic Games in the third quarter of 2008. In addition, the PRC government paid great efforts for the city planning of Beijing, which led to a substantial expansion in the high-end retail, office and residential sectors which is a very positive development for the city. Given Beijing is a critical location for the foreign companies to expand their presence in the PRC, the demand from such foreign companies is expected to remain high in the medium to long term after the Olympic Games. As the property market in Shanghai, there is an increasing demand for office building from the corporate sector including the new set up companies or the companies with business expansion of the foreign banks and financial institutions. Besides, the World Expo will be held in Shanghai in 2010. The hosting of World Expo in 2010 would have positive impact in both the Shanghai economic conditions and the property market.

Based on the above, we are of the view that the rentals payable pursuant to the Lease Arrangements which will be determined based on the then prevailing market rates at the time when the renewal lease agreements are negotiated are fair and reasonable.

As for the air-conditioning and property management charges payable, we understand from the Directors that all tenants of the same properties are being charged at the same or similar rate. We have reviewed the relevant charges being paid by the independent third parties who leased from the SHKP Group and is satisfied that the relevant charges paid by the Company is within the same range as those paid by the independent third parties.

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Overall, we are of the opinion that the Lease Arrangements are in the interests of the Company and Shareholders as a whole and the terms thereof and the Caps therefor are fair and reasonable so far as the Shareholders as a whole are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Transactions Requiring Approvals and the Lease Arrangements are on normal commercial terms, in the ordinary and usual course of business of the Group, the terms thereof and the Caps are fair and reasonable and they are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions Requiring Approval and the Lease Arrangements and the respective Caps.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in Shares and underlying Shares

| Name of Director | Number of Shares held | | | | Number of underlying Shares held under equity derivatives | Total | % of Shares in issue |
|--------------------------|---|--|------------------------|-----------|---|-----------|----------------------|
| | Personal interests (held as beneficial owner) | Family interests (interests of spouse or child under 18) | Other interests | Total | | | |
| Kwok Ping-luen, Raymond | — | — | 1,742,500 ¹ | 1,742,500 | — | 1,742,500 | 0.08 |
| Kwok Ping-sheung, Walter | — | — | 1,070,000 ¹ | 1,070,000 | — | 1,070,000 | 0.05 |
| Kwok Ping-kwong, Thomas | — | — | 1,070,000 ¹ | 1,070,000 | — | 1,070,000 | 0.05 |
| So Sing-tak, Andrew | 326,667 | — | — | 326,667 | 133,333 ² | 460,000 | 0.02 |
| Wong Yick-kam, Michael | 100,000 | — | — | 100,000 | — | 100,000 | 0 |
| So Chung-keung, Alfred | — | 543 | — | 543 | 67,000 ² | 67,543 | 0 |
| Wong Chin-wah | — | — | — | — | 70,000 ² | 70,000 | 0 |
| Tsim Wing-kit, Alfred | — | — | — | — | 50,000 ² | 50,000 | 0 |
| King Yeo-chi, Ambrose | 500 | — | — | 500 | — | 500 | 0 |

Notes:

1. Of these Shares, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,070,000 Shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
2. These represented the interests in the underlying Shares in respect of the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted to the Directors in the capacity as beneficial owners under the share option schemes of the Company. Details of the share options are set out in paragraph 2(c) of this Appendix below.

(b) Long position in shares and underlying shares of associated corporations of the Company**(i) SHKP**

| Name of Director | Number of shares held | | | | Total | Number of underlying shares held under equity derivatives | Total | % of shares in issue |
|--------------------------|---|--|---|----------------------------|---------------|---|---------------|----------------------|
| | Personal interests (held as beneficial owner) | Family interests (interests of spouse or child under 18) | Corporate interests (interests of controlled corporation) | Other interests | | | | |
| Kwok Ping-luen, Raymond | 75,000 | — | — | 1,088,856,895 ¹ | 1,088,931,895 | — | 1,088,931,895 | 42.46 |
| Kwok Ping-sheung, Walter | 75,000 | — | — | 1,087,663,522 ¹ | 1,087,738,522 | — | 1,087,738,522 | 42.42 |
| Kwok Ping-kwong, Thomas | 1,976,281 | 304,065 | — | 1,085,713,214 ¹ | 1,087,993,560 | — | 1,087,993,560 | 42.43 |
| Chan Kui-yuen, Thomas | — | 66,000 | 126,500 ² | — | 192,500 | — | 192,500 | 0 |
| Wong Yick-kam, Michael | 145,904 | — | — | — | 145,904 | — | 145,904 | 0 |
| So Chung-keung, Alfred | 189,985 | 6,500 | — | — | 196,485 | — | 196,485 | 0 |
| Wong Kai-man | — | — | — | — | — | 9,135 ³ | 9,135 | 0 |

Notes:

1. Of these shares in SHKP, Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in 1,065,679,347 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO.
2. These shares were held by a company which obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.
3. Mr. Wong Kai-man was deemed to be interested in these underlying shares of SHKP by virtue of having a security interest in unlisted and physically settled equity derivatives for the purpose of the SFO.

(ii) SmarTone Telecommunications Holdings Limited

| Name of Director | Number of shares held | | | Number of underlying shares held under equity derivatives | Total | % of shares in issue |
|-------------------------|--|------------------------|-----------|---|-----------|----------------------|
| | Family interests (interests of spouse or child under 18) | Other interests | Total | | | |
| Kwok Ping-luen, Raymond | — | 2,237,767 ¹ | 2,237,767 | — | 2,237,767 | 0.38 |
| Li On-kwok, Victor | 5,000 | — | 5,000 | — | 5,000 | 0 |

Note:

- Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone Telecommunications Holdings Limited by virtue of being beneficiary of certain discretionary trust(s) for the purpose of the SFO.

(iii) Each of Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas had the following interests in shares of the following associated corporations of the Company:

| Name of associated corporation | Attributable | | Actual holding through corporation | Actual % interests in issued shares |
|--------------------------------|--|--|------------------------------------|-------------------------------------|
| | Attributable holding through corporation | % of shares in issue through corporation | | |
| Splendid Kai Limited | 2,500 | 25 | 1,500 ¹ | 15 |
| Hung Carom Company Limited | 25 | 25 | 15 ¹ | 15 |
| Tinyau Company Limited | 1 | 50 | 1 ¹ | 50 |
| Open Step Limited | 8 | 80 | 4 ¹ | 40 |

Note:

- Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of the SFO. These shares were held by corporations in which they were entitled to control the exercise of one-third or more of the voting rights in the general meetings of those corporations.

(c) Share options in the Company

| <u>Name of Director</u> | <u>Date of grant</u> | <u>Exercise price</u> (HK\$) | <u>Number of share options outstanding</u> |
|-------------------------|----------------------|---------------------------------|--|
| So Sing-tak, Andrew | 29.11.2003 | 1.59 | 133,333 |
| So Chung-keung, Alfred | 29.11.2003 | 1.59 | 67,000 |
| Wong Chin-wah | 29.11.2003 | 1.59 | 70,000 |
| Tsim Wing-kit, Alfred | 29.11.2003 | 1.59 | 50,000 |

Save as disclosed above and so far as is known to any Director or chief executive of the Company as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the interest of the persons (not being Directors and the chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

| <u>Name</u> | <u>Total number of Shares</u> | <u>% of Shares in issue</u> |
|---|-------------------------------|-----------------------------|
| Sunco Resources Limited ¹ (“Sunco”) | 1,713,613,500 | 84.35 |
| SHKP ² | 1,713,613,500 | 84.35 |
| HSBC International Trustee Limited ³ (“HSBCIT”) | 1,717,623,249 | 84.55 |

Notes:

1. Sunco is the beneficial owner of the 1,713,613,500 Shares.
2. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 1,713,613,500 Shares held by Sunco by virtue of the SFO.
3. HSBCIT is deemed to have interest in the 1,713,613,500 Shares held by SHKP for the purpose of the SFO. Of the shares in SHKP in which HSBCIT was interested, 1,065,679,347 shares were the shares referred to in Note 1 to paragraph 2(b)(i) of this Appendix above.

Save as disclosed above, as at the Latest Practicable Date, there was no person other than a Director or chief executive of the Company known to the Directors who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. INTERESTS OF OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, there were no persons other than a Director or chief executive of the Company who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

5. COMPETING INTERESTS

Professor Li On-kwok, Victor, an independent non-executive Director, is a well recognized leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and business. These institutions and business entities may be in competition with the Group.

Save as disclosed above, none of the Directors or their respective associates have any interest in any business which competes or may compete with the business of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS

(a) Executive Directors

Other than Mr. Tsim Wing-kit, Alfred, each of the executive Directors has entered into a service agreement with the Company. Each such agreement is for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice.

Non-Executive Directors

The term of office of each of Professor Li On-kwok, Victor and Mr. Cheung Wing-yui is for a period not exceeding three years up to 31 December 2008. The term of office of each of Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man is for a period not exceeding three years up to 31 December 2009.

Save as disclosed above, none of the Directors has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

- (b) As at the Latest Practicable Date, the Group had certain transactions with SHKP and its affiliates other than members of the Group. Details of these transactions are set out in note 12 “Related Party Transactions” to the Interim Financial Statements for the six months ended 31 December 2007. Messrs. Kwok Ping-luen, Raymond, Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas have a trust interest in SHKP.
- (c) Mr. Cheung Wing-yui, a non-executive Director, is a consultant of Woo, Kwan, Lee & Lo, a solicitors firm which provided professional services to the Group (including in relation to the Transactions Requiring Approval and the Lease Arrangements) and charged usual professional fees in respect thereof.
- (d) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 30 June 2007, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (e) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

7. MATERIAL CHANGE

So far as the Directors are aware, there has been no material adverse change in the financial or trading position of the Company since 30 June 2007, the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT

- (a) The following are the qualifications of the expert who have given opinion or advice which is contained in this circular:

| Name | Qualification |
|------------------|--|
| Kingsway Capital | A licensed corporation under the SFO permitted to carry out Type 6 regulated activity (as defined under the SFO) |

- (b) As at the Latest Practicable Date, Kingsway Capital did not have any shareholding in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.
- (c) As at the Latest Practicable Date, Kingsway Capital did not have any direct or indirect interest in any assets which have been since 30 June 2007, the date to which the latest published audited account of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (d) Kingsway Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 6 June 2008 and the references to its name included herein in the form and context in which it is included.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company up to and including 26 June 2008:

- (a) the service contracts referred to in paragraph 6(a) of this appendix;
- (b) the agreement dated 16 May 2008 entered into by the Company and SHKP in relation to the Networking Arrangement;
- (c) the agreement dated 16 May 2008 entered into by the Company and SHKP in relation to the Maintenance Arrangement;

- (d) the agreement dated 16 May 2008 entered into by the Company and SHKP in relation to the Networking Sub-contracting Arrangement;
- (e) the agreement dated 16 May 2008 entered into by the Company and SHKP in relation to the Maintenance Sub-contracting Arrangement;
- (f) the original lease agreement dated 30 June 2000, the surrender agreement dated 6 November 2002 and the renewal agreement dated 9 June 2006 in relation to the Beijing Lease;
- (g) the original lease arrangement dated 1 April 2000 and the renewal agreement dated 23 March 2006 in relation to the Shanghai Lease;
- (h) the letter from Kingsway Capital, the text of which is set out on pages 28 to 47 of this circular; and
- (i) the written consent from Kingsway Capital referred to in paragraph 8 of this appendix.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company is situated at MEGATOP, MEGA-iAdvantage, 399 Chai Wan Road, Chai Wan, Hong Kong.
- (c) The branch share registrars and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Wong Siu-mun, Katherine who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (e) The qualified accountant of the Company is Mr. Tsim Wing-kit, Alfred who is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (f) In any event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



sun^evision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of SUNeVision Holdings Ltd. (the “**Company**”) will be held at 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Thursday, 26 June 2008 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without modifications) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** :

- (a) the agreement dated 16 May 2008 entered into between the Company and Sun Hung Kai Properties Limited (“**SHKP**”) in respect of the Networking Arrangement (as defined and more particularly described in the circular to the shareholders of the Company dated 6 June 2008 (the “**Circular**”)) (the “**Networking Agreement**”, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant to and the annual cap in relation to the Networking Arrangement of HK\$61,000,000 for each of the three financial years ending 30 June 2011, be and are hereby approved;
- (b) the agreement dated 16 May 2008 entered into between the Company and SHKP in respect of the Maintenance Arrangement (as defined and more particularly described in the Circular) (the “**Maintenance Agreement**”, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant to and the annual cap in relation to the Maintenance Arrangement of HK\$74,000,000 for each of the three financial years ending 30 June 2011, be and are hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the agreement dated 16 May 2008 entered into between the Company and SHKP in respect of the Networking Sub-contracting Arrangement (as defined and more particularly described in the Circular) (the “**Networking Sub-contracting Agreement**”, a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant to and the annual cap in relation to the Networking Sub-contracting Arrangement of HK\$9,400,000 for each of the three financial years ending 30 June 2011, be and are hereby approved;
- (d) the agreement dated 16 May 2008 entered into between the Company and SHKP in respect of the Maintenance Sub-contracting Arrangement (as defined and more particularly described in the Circular) (the “**Maintenance Sub-contracting Agreement**”, a copy of which has been produced to the meeting marked “D” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant to and the annual cap in relation to the Maintenance Sub-contracting Arrangement of HK\$4,600,000 for each of the three financial years ending 30 June 2011, be and are hereby approved;
- (e) the entering into, execution, performance and implementation of each of the Networking Agreement, the Maintenance Agreement, the Networking Sub-contracting Agreement and the Maintenance Sub-contracting Agreement by the directors of the Company for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (f) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all such documents and to do all such deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient to implement or give effect to or otherwise for the purposes of, as contemplated under or is otherwise in connection with the Networking Agreement, the Maintenance Agreement, the Networking Sub-contracting Agreement and the Maintenance Sub-contracting Agreement.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “THAT :

- (a) the continuing leasing of premises by 北京中科互聯優勢數據有限公司 (CST iAdvantage Co., Ltd.*) (“CST iAdvantage”), a subsidiary of the Company, from Beijing Sun Dong An Company Limited, a wholly-owned subsidiary of Sun Hung Kai Properties Limited (“SHKP”), for a renewal term commencing on 1 May 2009 and ending no later than 30 April 2012 on the exercise by CST iAdvantage of the option to renew under and pursuant to the Beijing Lease (as defined and more particularly described in the circular to the shareholders of the Company dated 6 June 2008 (the “Circular”)) at an aggregate rental and air-conditioning and property management charges not exceeding the respective caps set out below and is hereby approved:

| From 1 May 2009 to 30 June 2009 | For the financial year ending 30 June 2010 | For the financial year ending 30 June 2011 | From 1 July 2011 to 30 April 2012 |
|--|---|---|--|
| HK\$475,000 | HK\$2,989,000 | HK\$3,138,000 | HK\$2,746,000 |

- (b) the continuing leasing of premises by CST iAdvantage from Shanghai Central Plaza Property Co. Limited, a wholly-owned subsidiary of SHKP, for a renewal term commencing on 1 April 2009 and ending no later than 31 March 2012 on the exercise by CST iAdvantage of the option to renew under and pursuant to the Shanghai Lease (as defined and more particularly described in the Circular) at an aggregate rental and air-conditioning and property management charges not exceeding the respective caps set out below and is hereby approved:

| From 1 April 2009 to 30 June 2009 | For the financial year ending 30 June 2010 | For the financial year ending 30 June 2011 | From 1 July 2011 to 31 March 2012 |
|--|---|---|--|
| HK\$1,871,000 | HK\$7,860,000 | HK\$8,253,000 | HK\$6,499,000 |

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, deliver, execute and perfect all documents and to do all such deeds, acts, matters and things relating to the exercise of the options to renew under the Beijing Lease and the Shanghai Lease as mentioned in this resolution above as they may in their discretion consider necessary, desirable or expedient to implement or give effect to or otherwise for the purposes of, as contemplated under or in connection with this resolution.”

By order of the Board
SUNEVISION HOLDINGS LTD.
Wong Siu-mun, Katherine
Company Secretary

Hong Kong, 6 June 2008

Registered Office:

P.O. Box 390GT, Uglund House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Head Office and Principal Place of

Business:
MEGATOP, MEGA-iAdvantage
399 Chai Wan Road
Chai Wan
Hong Kong

** Name translated for reference purpose only*

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's Hong Kong branch share registrars and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or adjournment thereof and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The votes of members at the meeting to approve the ordinary resolutions will be taken on a poll.



sunevision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

6 June 2008

To the shareholders

Dear Sir / Madam,

Pursuant to (i) our letter dated 20 January 2003 and your subsequent reply to us or (ii) the default arrangement as mentioned in our letter (as appropriate), we send you herewith the Corporate Communications in the printed form. Please be advised that the Corporate Communications in Website form or in other language will be available upon request.

If you wish to receive Corporate Communications still in printed form but in other language, please send your notification of new choice to the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited (the "Registrars"), by using the attached pre-paid envelope*.

Both the English and Chinese versions of the Corporate Communications as well as the public announcement are made available on the website of the Company at www.sunevision.com. If you choose to receive the Corporate Communications in Website form, please sign and return the attached reply slip and supply your email address using the attached prepaid envelope* to the Registrars. The Registrars will then send you an email notification on the same day each time the Corporate Communication is posted on the website of the Company.

The altered choice shall become effective 10 business days from the date of receipt of your notification by the Registrars. **PLEASE IGNORE THIS LETTER if you do not have intention to change the choice of form and/or language as previously conveyed to the Company.** Should you have any query relating to this letter, please call the Company's hotline at 2828 8648.

Yours faithfully,
SUNEVISION HOLDINGS LTD.
Wong Siu-mun, Katherine
Company Secretary

* Postage pre-paid is only applicable to shareholder having a registered address within Hong Kong.

REPLY SLIP

PLEASE IGNORE THIS LETTER if your choice of form and/or language remains the same as previously conveyed to the Company.

To: Computershare Hong Kong Investor Services Limited

I/We would like to receive the Corporate Communications of SUNeVision Holding Ltd. **in Website form instead of printed form.**

(My/Our email address is: _____)

Signature _____

Name of Shareholder _____

Date _____

Contact Phone No. _____