
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**



SOMERLEY LIMITED

A letter from Somerley Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 36 of this circular.

A notice dated 7 June 2011 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 Friday, 24 June 2011 at 3:00 p.m. to consider and, if thought fit, to pass the ordinary resolution is set out on pages 47 to 49 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding 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 wish.

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.

7 June 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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DEFINITIONS

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

“2008 Announcement”	the announcement of the Company dated 16 May 2008
“associate(s)”	has the meaning ascribed under the GEM Listing Rules (as may be amended from time to time)
“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 (Stock Code: 8008)
“Continuing Connected Transactions”	the transactions between the respective members of the Group and of the SHKP Group pursuant to the Transactions Requiring Approval
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, inter alia, the Transactions Requiring Approval
“Existing Approval”	the approval by the then Independent Shareholders in respect of the Transactions Requiring Approval at the extraordinary general meeting of the Company held on 26 June 2008
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders that are not required to abstain from voting at the EGM
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders
“IT”	information technology incorporating internet related services and business
“Latest Practicable Date”	31 May 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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.B of the letter from the Board set out in this circular
“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.D of the letter from the Board set out in this circular
“Networking Arrangement”	the design, 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.A of the letter from the Board set out in this circular

DEFINITIONS

“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.C of the letter from the Board set out in this circular
“New Agreements”	the agreements all dated 16 May 2011 entered into between the Company on the one hand and SHKP on the other hand governing the Transactions Requiring Approval
“Relevant Historical Periods”	the two financial years ended 30 June 2009 and 30 June 2010 respectively and the six-month period ended 31 December 2010
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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 (Stock Code: 16)
“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group
“SMATV”	Satellite Master Antenna Television System
“Somerley”	Somerley Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions Requiring Approval”	the transactions under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement
“%”	per cent.

LETTER FROM THE BOARD



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
Tsim Wing-kit, Alfred
Tung Chi-ho, Eric
Wong Chin-wah
So Wai-kei, Godwin

Non-Executive Directors:

Kwok Ping-sheung, Walter
Kwok Ping-kwong, Thomas
Cheung Wing-yui
Siu Hon-wah, Thomas
Chan Kui-yuen, Thomas
So Chung-keung, Alfred

Independent Non-Executive Directors:

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

Registered Office:

P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

***Head Office and Principal Place
of Business:***

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

7 June 2011

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement of the Company dated 16 May 2011. 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, 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 to seek your approval of the ordinary resolution to be proposed at the EGM.

2. BACKGROUND

The Group has been conducting the Continuing Connected Transactions, details (including the relevant annual caps) of which were disclosed in the 2008 Announcement. The Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement and the annual caps therefor for the three financial years ending 30 June 2011 were approved at the extraordinary general meeting of the Company held on 26 June 2008 by the then Independent Shareholders.

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 2011. On 16 May 2011, the Company entered into the New Agreements with SHKP each for a term of three years commencing from 1 July 2011 and ending on 30 June 2014.

Details of the Transactions Requiring Approval are set out below.

A. **Design, 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

Members of the Group have been providing and will continue to 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 networks in buildings owned and/or managed 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.

LETTER FROM THE BOARD

The New Agreement

On 16 May 2011, the Company and SHKP entered into a new agreement whereby the Company has 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 2011 to 30 June 2014. 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 services to be provided by the Group to the SHKP Group pursuant to the Networking Arrangement shall be negotiated on an arm's length basis and 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. 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 SHKP Group to the 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 16 May 2008 which is due to expire on 30 June 2011.

The Group has been informed by the SHKP Group 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 of the SHKP Group have entered into and will enter into separate and definitive agreements to provide for 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 2011 was HK\$61,000,000. 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:

Period	Approximate Amount (HK\$)
Financial year ended 30 June 2009	36,200,000
Financial year ended 30 June 2010	44,490,000
Six-month period ended 31 December 2010	21,770,000

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 2014 will not exceed HK\$65,000,000. The proposed annual cap is determined with reference to the historical amounts of such transactions, projected level of demand for 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 continue to be favourable, thus leading to new installations and/or upgrading of existing systems for service quality improvements. Furthermore, the increase in the demand for luxurious accommodation will generally raise 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.

The Networking Arrangement has been and will be conducted in the ordinary and usual course of business 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 22 of this circular) confirm that, in view of the fact that the Group has to bid for the projects under the Networking Arrangement as set out above in most circumstances, the Networking Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. The Directors (excluding

LETTER FROM THE BOARD

the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on page 22 of this circular) 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 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 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

Members of the Group have been engaged and will continue to 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 the relevant members of the SHKP Group fees for services provided under the Maintenance Arrangement.

The New Agreement

On 16 May 2011, the Company and SHKP entered into a new agreement whereby the Company has agreed to procure the relevant members of the Group to provide services contemplated under the Maintenance Arrangement to members of the SHKP Group for a period commencing from 1 July 2011 and ending on 30 June 2014. 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 services to be provided by the Group to the SHKP Group pursuant to the Maintenance Arrangement shall be negotiated on an arm’s length basis and 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

LETTER FROM THE BOARD

than terms that may be offered to the Group by other independent third party customers. 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 SHKP Group to the 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. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

The Group has been informed by the SHKP Group 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 of the SHKP Group have entered into and will enter into separate and definitive agreements to provide for 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 each of the three financial years ending 30 June 2011 was HK\$74,000,000. The following table sets out the aggregate amount of service fees received by the Group pursuant to the Maintenance Arrangement (before taking into account service fee free periods offered) during the Relevant Historical Periods:

Period	Approximate Amount (HK\$)
Financial year ended 30 June 2009	49,580,000
Financial year ended 30 June 2010	46,120,000
Six-month period ended 31 December 2010	22,360,000

LETTER FROM THE BOARD

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 2014 will not exceed HK\$63,500,000. The proposed annual cap is determined with reference to the historical amount actually received by the Group during the Relevant Historical Periods set out above, the level of demand for such services by members of the SHKP Group as currently projected and the level of fees at which the Group currently anticipated that it may charge in respect of such services. The proposed annual cap is different from the annual cap set for each of the three financial years ending 30 June 2011 as the latter was determined based on estimations and projections made in 2008 with reference to the historical data, facts and circumstances then existed and the then expectations which are not identical to those upon which the determination of the proposed annual cap is based.

As compared with the amount received by the Group during the Relevant Historical Periods set out above, it is expected that the level of demand for such services will increase as more systems are or will be installed pursuant to the Networking Arrangement and as a result of fair wear and tear, the frequency and extent of routine maintenance and repair works which may be required on the systems and networks installed are expected to increase.

The Maintenance Arrangement has been and will be conducted in the ordinary and usual course of business 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 22 of this circular) confirm that, in view of the fact that the Group has to bid for the projects under the Maintenance Arrangement as set out above in most circumstances, the Maintenance Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms. 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 22 of this circular) 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 for such services.

LETTER FROM THE BOARD

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. 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, for each tender offer made or to be made by the SHKP Group under the Networking Arrangement, a number of sub-contractors of comparable standards in the provision of the required works in the market would generally be set out in such tender offer as acceptable sub-contractors under the Networking Arrangement. Hence, in awarding the contract for the provision of services under the Networking Arrangement, it is not a pre-condition that the Group should engage members of the SHKP Group as sub-contractors. Having said that, since members of the SHKP Group are among the various sub-contractors available for the Group’s choice, the Group may in the future continue to sub-contract part of the works which the Group needs the services and/or materials from other parties in order to fulfill its obligations under the main contract to members of the SHKP Group. Engagement of members of the SHKP Group were, and will continue to be, decided solely based on the specific needs of the Group at the relevant time, and if, and only if, they were, or will be, able to pass through the selection procedures of, and meet the criteria set by, the Group. The relevant members of the SHKP Group have charged and will continue to charge the relevant members of the Group fees for the provision of such services.

The New Agreement

On 16 May 2011, the Company and SHKP entered into a new agreement whereby SHKP has 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 from 1 July 2011 to

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30 June 2014. 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 services to be provided by the SHKP Group to the Group pursuant to the Networking Sub-contracting Arrangement shall be negotiated on an arm's length basis and 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 of the 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. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

The historical amounts

Under the Existing Approval, the annual cap for the Networking Sub-contracting Arrangement for each of the three financial years ending 30 June 2011 was HK\$9,400,000. The following table sets out the aggregate fees paid by the Group pursuant to the Networking Sub-contracting Arrangement during the Relevant Historical Periods:

Period	Approximate Amount (HK\$)
Financial year ended 30 June 2009	1,360,000
Financial year ended 30 June 2010	1,960,000
Six-month period ended 31 December 2010	1,000,000

LETTER FROM THE BOARD

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 2014 will not exceed HK\$8,000,000. Such annual cap is determined with reference to the level of demand for such services by members of the Group as currently projected and the level of fees at which the SHKP Group currently anticipated that it may charge in respect of such services. The proposed annual cap is different from the annual cap set for each of the three financial years ending 30 June 2011 as the latter was determined based on estimations and projections made in 2008 with reference to the historical data, facts and circumstances then existed and the then expectations which are not identical to those upon which the determination of the proposed annual cap is based. As mentioned in paragraph 3.A above, the level of demand for services pursuant to the Networking Arrangement is expected to increase and as such, it is expected that the level of demand for 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 as compared with the amount paid by the Group during the Relevant Historical Periods.

The Networking Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business 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 22 of this circular) 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 (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on page 22 of this circular) 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. 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, the choice of sub-contractors under the Maintenance Sub-contracting Arrangement will be determined by, among other things, the systems which are required to be maintained in the respective buildings but not determined by the SHKP Group. By its nature, certain systems are exclusively supplied by the respective sole agents in Hong Kong which include, but are not limited to, members of the SHKP Group. Hence, in some cases, there are no alternative sub-contractors which the Group can engage if the relevant system is subject to a system which can only be supplied by members of the SHKP Group. 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 2011, the Company and SHKP entered into a new agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide services contemplated under the Maintenance Sub-contracting Arrangement to members of the Group for a period from 1 July 2011 to 30 June 2014. 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 Sub-contracting Arrangement. Such principles include that the services to be provided by

LETTER FROM THE BOARD

the SHKP Group to the Group pursuant to the Maintenance Sub-contracting Arrangement shall be negotiated on an arm's length basis and 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 of the SHKP Group have entered into and will enter into definitive agreements to provide for the detailed terms of the services required pursuant to such arrangement from time to time. The new agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 16 May 2008 which is due to expire on 30 June 2011.

The historical amounts

Under the Existing Approval, the annual cap for the Maintenance Sub-contracting Arrangement for each of the three financial years ending 30 June 2011 was HK\$4,600,000. The following table sets out the aggregate fees paid by the Group pursuant to the Maintenance Sub-contracting Arrangement during the Relevant Historical Periods:

Period	Approximate Amount (HK\$)
Financial year ended 30 June 2009	2,510,000
Financial year ended 30 June 2010	1,870,000
Six-month period ended 31 December 2010	1,080,000

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 2014 will not exceed HK\$3,800,000. Such annual cap is determined with reference to the level of demand for such services by members of the Group as currently projected and the level of fees at which the SHKP Group currently anticipated that it may

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charge in respect of such services. The proposed annual cap is different from the annual cap set for each of the three financial years ending 30 June 2011 as the latter was determined based on estimations and projections made in 2008 with reference to the historical data, facts and circumstances then existed and the then expectations which are not identical to those upon which the determination of the proposed annual cap is based. As mentioned in paragraph 3.B above, the level of demand for services pursuant to the Maintenance Arrangement is expected to increase and as such, it is expected that the level of demand for 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 as compared with the amount paid by the Group during the Relevant Historical Periods.

The Maintenance Sub-contracting Arrangement has been and will be conducted in the ordinary and usual course of business 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 22 of this circular) 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 (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee set out on page 22 of this circular) 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.

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 because the Group and the SHKP Group are able to meet the respective requirements of each other. For the aforesaid reasons and also taking into account, among other things, the experience of and relationship between the Group and the SHKP Group developed

LETTER FROM THE BOARD

through transactions undertaken in the past, 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 22 of this circular) 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 22 of this circular) consider that the Transactions Requiring Approval have been and will be conducted in the ordinary and usual course of business of the Group and on an arm's length basis, on normal commercial terms or on terms no less favourable to the Group than those available from or to independent third parties (as the case may be), and are fair and reasonable and in the interests of the Shareholders as a whole. 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 22 of this circular) also consider that the relevant annual caps for the three financial years ending 30 June 2012, 2013 and 2014 of the Transactions Requiring Approval are fair and reasonable.

5. REQUIREMENTS UNDER THE GEM LISTING RULES

Relationship with SHKP

As at the Latest Practicable Date, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.68% 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 the revenue ratio set out in Rule 19.07 of the GEM Listing Rules in respect of each of (i) the Networking Arrangement and the Networking Sub-contracting Arrangement, which are required to be aggregated under Rule 20.25 of the GEM Listing Rules; and (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which are required to be aggregated under Rule 20.25 of the GEM Listing Rules on an annual basis will not be less than 5% but will be less than 25% and the aggregate annual consideration will be more than HK\$10,000,000, such transactions will constitute non-exempt continuing connected transactions of the Company under the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements under the GEM Listing Rules in relation to the Transactions Requiring Approval.

LETTER FROM THE BOARD

Accordingly, the Company will seek the Independent Shareholders' Approval for the Group to conduct each category of the Transactions Requiring Approval for the period from 1 July 2011 up to 30 June 2014 on the condition that each category of these transactions (when separately aggregated) shall not exceed the relevant annual cap set out below:

Category of the Transactions Requiring Approval	Proposed annual cap for each of the three financial years ending 30 June 2014 (HK\$)
A. Networking Arrangement	65,000,000
B. Maintenance Arrangement	63,500,000
C. Networking Sub-contracting Arrangement	8,000,000
D. Maintenance Sub-contracting Arrangement	3,800,000

If there are any material changes or updates in any terms of the new agreements for the Transactions Requiring Approval or the relevant annual 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 comply with the applicable requirements under the GEM Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

As:- (i) each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas, both being Directors, is materially interested in the Transactions Requiring Approval by virtue of their respective interests and deemed interests under Part XV of the SFO in more than 5% of the issued shares of SHKP; and (ii) Mr. Kwok Ping-sheung, Walter, a Director, had by a letter dated 25 October 2010 informed the Company that his "beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute", hence, they have abstained from voting on the Board resolutions approving the Transactions Requiring Approval.

Ordinary resolution will be proposed at the EGM to approve the Transactions Requiring Approval and the proposed annual caps therefor as mentioned above. SHKP and its associates are required to abstain from voting on the ordinary resolution at the EGM.

LETTER FROM THE BOARD

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 will control or will be entitled to exercise control over the voting rights at the EGM where ordinary resolution will be proposed to approve the Transactions Requiring Approval 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 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions Requiring Approval.

6. BUSINESS OF THE GROUP AND THE SHKP GROUP

The principal activity of the Company is investment holding. The Group's principal business activities include the provision of data centre, facilities management, web applications and value added services, installation and maintenance services and properties holding. The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operation and telecommunications.

LETTER FROM THE BOARD

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 Friday, 24 June 2011 at 3:00 p.m. is set out on pages 47 to 49 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 if they so wish.

8. RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 22 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Transactions Requiring Approval; and (b) the letter of advice from Somerley set out on pages 23 to 36 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 principal factors and reasons considered by Somerley in arriving at its recommendation.

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

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



SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8008)

7 June 2011

To the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 7 June 2011 issued to the Shareholders (the “**Circular**”), of which this letter forms part. 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 are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Transactions Requiring Approval are set out in the text of the letter from the Board as set out on pages 5 to 21 of the Circular.

We wish to draw your attention to the letter of advice from Somerley as set out on pages 23 to 36 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Transactions Requiring Approval 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, Somerley as stated in its aforementioned letter of advice, we consider that the Transactions Requiring Approval 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 respective caps therefor are fair and reasonable, and the Transactions Requiring Approval are in the interests of the Company and the Shareholders as a whole. And accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions Requiring Approval and the respective caps therefor.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man

Independent Non-Executive Directors

LETTER FROM SOMERLEY

The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

7 June 2011

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS — THE TRANSACTIONS REQUIRING APPROVAL

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the continuing connected transactions to be conducted under the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement. Details of the Transactions Requiring Approval and their respective proposed caps (the “**Proposed Caps**”) are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated 7 June 2011 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Group has been conducting the transactions with the SHKP Group since 2008 under existing agreements governing the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, which will expire on 30 June 2011. In order to continue the above transactions and the established business relationship with the SHKP Group, the Company and SHKP entered into new agreements in relation to the above Transactions Requiring Approval on 16 May 2011, each for a term of three years commencing on 1 July 2011 and ending on 30 June 2014.

LETTER FROM SOMERLEY

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 73.68% 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.

The Networking Arrangement and the Maintenance Arrangement are required to be aggregated with the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement respectively under Chapter 20 of the GEM Listing Rules. As the revenue ratio and the relevant cap amounts under each category of the Transactions Requiring Approval are expected to exceed 5% and HK\$10 million on an annual basis respectively, the entering into of the agreements governing each of the Transactions Requiring Approval constitutes non-exempt continuing connected transactions and is subject to approval by the Independent Shareholders at the EGM under Chapter 20 of the GEM Listing Rules. SHKP and its associates shall abstain from voting on the resolution to be proposed at the EGM to approve the Transactions Requiring Approval and the Proposed Caps.

The Independent Board Committee, comprising all of the three independent non-executive Directors namely Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Wong Kai-man, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Transactions Requiring Approval and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the EGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld from us, nor to doubt the truth, accuracy or completeness of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, SHKP Group or their respective associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on whether the terms of the Transactions Requiring Approval and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken the following principal factors and reasons into consideration:

1. Background of the Transactions Requiring Approval

The Group is principally engaged in (i) the provision of design, installation and maintenance services for SMATV/CABD, structural cabling and security systems, (ii) the provision of data centre, facilities management, web applications and value added services and (iii) property investment. The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operation and telecommunications.

On 16 May 2008, the Company and SHKP entered into the agreements governing the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement for a term of three years ending 30 June 2011, which was approved by the then independent shareholders on 26 June 2008.

Networking Arrangement and Maintenance Arrangement

Pursuant to the Networking Arrangement, the Group provides 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 the laying of network cabling system (such as voice and data network, building services access, and power supply), optical fibre network, broadband network and other IT infrastructure networks (the “**Networking Services**”) in buildings owned and/or managed by the SHKP Group on a project basis.

Pursuant to the Maintenance Arrangement, the Group provides 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 fibre network, broadband network, computer systems and other IT infrastructure networks (the “**Maintenance Services**”) in buildings owned and/or managed by the SHKP Group on a project basis.

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As advised by the Directors, the actual service fee to be charged by the Group to the SHKP Group (under the Networking Arrangement and the Maintenance Arrangement) and other independent third party customers will be determined on a case-by-case basis according to the actual scope of work involved in each project and the scale, quality, specification and duration of services required by each particular customer.

The Directors have also advised us that the SHKP Group will generally employ a tendering process in deciding which service provider is to be engaged by inviting bidders to submit service proposals, after which the one who offers the most attractive terms for the services concerned will be selected. The relevant factors considered by the SHKP Group include the price, the quality of work and the schedule of completion offered by the service providers. As such, service contracts from the SHKP Group are not guaranteed to be awarded to the Group under the Networking Arrangement and the Maintenance Arrangement. On the other hand, the Group is not obliged to tender for the projects offered by the SHKP Group.

Networking Sub-contracting Arrangement and Maintenance Sub-contracting Arrangement

Pursuant to the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, the Group sub-contracts to members of the SHKP Group certain parts of the Networking Services and the Maintenance Services respectively which are not directly performed by the Group.

According to the Directors, the actual service fee to be charged by the SHKP Group and other independent third party sub-contractors under the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement will be determined on a case-by-case basis after taking into account the actual quantity of work done, the materials involved and the specifications required.

As advised by the Directors, engagement of the SHKP Group as sub-contractors is based on the specific needs of the Group, including contractual requirements and specifications to be fulfilled by members of the Group, at the relevant time and subject to their ability to satisfy the selection procedures and criteria set by the Group. The relevant factors considered by the Group include the price, the quality of work, the schedule of completion and the specifications and requirements set by the SHKP Group. Members of the SHKP Group may or may not be awarded the sub-contracting contracts.

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As the existing agreements governing the Networking Arrangement, the Maintenance Arrangement, the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement will expire on 30 June 2011, the Company and SHKP entered into new agreements governing these arrangements on 16 May 2011 for a term of three years commencing on 1 July 2011 and ending on 30 June 2014.

2. Reasons for entering into the Transactions Requiring Approval

The Networking Arrangement and the Maintenance Arrangement

Set out below are historical revenue generated by the Group during each of the two years ended 30 June 2010 and the six months period ended 31 December 2010:

	For the year ended 30 June 2009	For the year ended 30 June 2010	For the six months ended 31 December 2010
<i>(approximate amounts in HK\$'000)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total revenue of the Group	522,296	544,042	301,747
including: installation and maintenance income	93,282	95,669	46,810
Revenue generated under:			
— the Networking Arrangement	36,200	44,490	21,770
— the Maintenance Arrangement	49,580	46,120	22,360
	85,780	90,610	44,130
Percentage of revenue generated under the Networking Arrangement and the Maintenance Arrangement in:			
— total revenue of the Group	16.4%	16.7%	14.6%
— total installation and maintenance income of the Group	92.0%	94.7%	94.3%

As noted above, the Networking Arrangement and Maintenance Arrangement contributed a significant amount of revenue to the Group. For each of the two financial years ended 30 June 2010 and the six months ended 31 December 2010, the

LETTER FROM SOMERLEY

aggregate amount of revenue generated under the Networking Arrangement and the Maintenance Arrangement amounted to approximately HK\$85.8 million, HK\$90.6 million and HK\$44.1 million, representing approximately 16.4%, 16.7% and 14.6% of the Group's total revenue respectively. On a segmental basis, these revenues represented approximately 92.0%, 94.7% and 94.3% of the Group's segmental revenue attributable to the provision of installation and maintenance services respectively.

Having considered the fact that (i) a significant amount of the Group's revenue is derived from the Networking Arrangement and the Maintenance Arrangement, (ii) the Group is able to meet the specifications and requirements as requested by the SHKP Group, (iii) the Group has accumulated substantial experience in conducting such transactions under the Networking Arrangement and the Maintenance Arrangement and has developed a long established relationship with the SHKP Group since 2000 and (iv) a better brand image and potentially enhanced business opportunities for the Group are likely to result from SHKP's leading position in the Hong Kong property market, we concur with the Directors that the transactions under the Networking Arrangement and the Maintenance Arrangement are in the interests of the Company and its Shareholders as a whole.

The Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement

In connection with the Networking Arrangement and the Maintenance Arrangement in which the Group is engaged as the main contractor by the SHKP Group on a project basis, not all the work involved can be performed by the Group directly and the Group will sub-contract part of the work involved in individual project to other sub-contractors, which is, according to the Directors, a normal and common market practice in the industry.

As advised by the Directors, there are circumstances where the Group engages relevant members of the SHKP Group (which are different from those members of the SHKP Group acting as the main contractor) under the two sub-contracting arrangements to fulfill various contractual obligations under the Networking Arrangement and the Maintenance Arrangement. This situation arises if members of the SHKP Group are the only qualified or best qualified firms to conduct certain parts of work as specified in the main contractor agreements.

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Except for certain systems (including their maintenance services) as specified in the main contractor agreements which are exclusively supplied by the SHKP Group, it is not a pre-condition that the Group has to engage members of the SHKP Group as sub-contractors.

Having considered the factors above, we concur with the Directors that the transactions under the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement are in the interests of the Company and its Shareholders as a whole.

3. Principal terms for the Transactions Requiring Approval

Each of the new agreements governing the Transactions Requiring Approval 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. Relevant members of the Group and of the SHKP Group will then, from time to time, enter into separate agreements to provide for the detailed terms of each of the Transactions Requiring Approval.

The principles governing the Transactions Requiring Approval include:

- (i) the services to be provided by the Group (or the SHKP Group) to the SHKP Group (or the Group) pursuant to the Networking Arrangement and the Maintenance Arrangement (or the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement) shall be negotiated on an arm's length basis and 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 (or by) the Group by (or to) other independent third party customers (or service providers); and
- (ii) the payment terms to be offered by the SHKP Group (or the Group) to the Group (or the SHKP Group), where there are available market standards for comparable services (taking into account factors such as the scale, quality and duration of services required), shall be no less favourable to the Group than those offered to (or by) the Group by (or to) other independent third party customers (or service providers) for similar services.

Having taken into account the factors above, we consider the above principal terms of the Transactions Requiring Approval are fair and reasonable.

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4. The Proposed Caps

The Transactions Requiring Approval are subject to the Proposed Caps as discussed below. Set out below are the revenues generated by the Group under the Networking Arrangement and the Maintenance Arrangement and the service fees charged by the SHKP Group under the Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement during each of the two financial years ended 30 June 2010, and the six months ended 31 December 2010; and the respective approved annual caps; and the proposed annual caps for each of the three financial years ending 30 June 2014:

	For the year ended 30 June 2009 <i>(actual)</i>	For the year ended 30 June 2010 <i>(actual)</i>	For the six months ended 31 December 2010 <i>(actual)</i>
<i>(approximate amount in HK\$'000)</i>			
Revenue generated under:			
— Networking Arrangement	36,200 <i>(audited)</i>	44,490 <i>(audited)</i>	21,770 <i>(unaudited)</i>
— Maintenance Arrangement	49,580 <i>(audited)</i>	46,120 <i>(audited)</i>	22,360 <i>(unaudited)</i>
Fee charged under:			
— Networking Sub-contracting Arrangement	1,360 <i>(audited)</i>	1,960 <i>(audited)</i>	1,000 <i>(unaudited)</i>
— Maintenance Sub-contracting Arrangement	2,510 <i>(audited)</i>	1,870 <i>(audited)</i>	1,080 <i>(unaudited)</i>

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	For each of the three years ended/ ending 30 June 2011 (approved)	For each of the three years ending 30 June 2014 (proposed)
Annual caps:		
— Networking Arrangement	61,000	65,000
— Maintenance Arrangement	74,000	63,500
— Networking Sub-contracting Arrangement	9,400	8,000
— Maintenance Sub-contracting Arrangement	4,600	3,800

Networking Arrangement

The proposed cap for the Networking Arrangement, which is HK\$65 million for each of the three financial years ending 30 June 2014, is determined mainly with reference to (i) the estimated revenue for the year ending 30 June 2011, the most recent financial year, (ii) estimates of the attributable GFA planned to be completed by the SHKP Group for the year ending 30 June 2011 and the coming three years with reference to publicly available information, given the favourable property market conditions and (iii) the estimated effects of inflation.

The estimated attributable GFA planned to be completed by the SHKP Group in the coming three years is considered a major factor in arriving at the expected revenue generated from the Networking Arrangement. This is because the Group's revenue stream under the Networking Arrangement is closely related to the SHKP Group's future completion of properties and the Group's opportunities in obtaining the service contracts. We agree that the use of the above approach in arriving at the proposed cap for the Networking Arrangement is reasonable.

The Directors expect the property market conditions will continue to be favourable, thus leading to new installations and/or upgrading of existing systems. The increase in the demand of luxurious accommodation will also give rise to the demand for the installation of advanced technology facilities. The proposed cap is arrived at after considering the increase in the level of demand for such services.

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The estimated effects of inflation are determined with reference to the latest annual inflation rate of Hong Kong of approximately 4.6% in April 2011 (based on the Composite Consumer Price Index published by the Hong Kong Government). Given the existing positive property market conditions are mainly driven by such factors as prevailing low interest rates and growing domestic consumption due to an improved job market and strong spending power of mainland visitors, we consider the incorporation of an inflation factor in arriving at the proposed cap reasonable.

Furthermore, the Directors advised that the proposed cap has also taken into account possible deviations in project progress which are common for long-term contracts; these in turn affect progress billing and revenue recognition.

Maintenance Arrangement

The proposed cap for the Maintenance Arrangement, which is HK\$63.5 million for each of the three financial years ending 30 June 2014, is determined mainly based on (i) the actual and estimated revenues for the three financial years ending 30 June 2011, (ii) the estimated business growth in the future and (iii) the estimated effects of inflation.

The Directors consider the average revenue for the three financial years ending 30 June 2011 to be relevant in estimating the revenues for the three financial years ending 30 June 2014, since the past revenues generated under the Maintenance Arrangement were relatively stable when compared to those generated under the Networking Arrangement.

As for the Networking Arrangement, the Directors incorporated an inflation factor in projecting future revenues of the Maintenance Arrangement after considering the latest inflation rate, which we consider reasonable given the factors mentioned previously.

In general, the Directors expect that the demand for services under the Maintenance Arrangement will increase as more systems will be installed pursuant to the Networking Arrangement. Besides, the Directors consider there is potential for further business growth for the three financial years ending 30 June 2014 because, among other things, members of the Group (i) have acquired additional industry accreditations enabling them to cover a larger segment of the market, (ii) have been actively sourcing more competitive products to meet market demand and (iii) are prepared to serve customers' increasing requirements on maintenance service levels and standards. We agree with the Directors that, having considered the above positive factors, a reasonable growth rate should be applied in arriving at the proposed cap.

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Networking Sub-contracting Arrangement

The proposed cap for the Networking Sub-contracting Arrangement, which is HK\$8 million for each of the three financial years ending 30 June 2014, is determined mainly with reference to (i) the amount of networking works the Group has planned to sub-contract to the SHKP Group for the year ending 30 June 2012, (ii) the estimated business growth in the future and (iii) the estimated effects of inflation.

The Directors estimate there will be business growth for the three financial years ending 30 June 2014 after considering the greater need for sub-contracting of networking work resulting from the expected increase in demand for the Group's networking services pursuant to the Networking Arrangement. As the Networking Sub-contracting Arrangement is closely related to the Networking Arrangement, we consider it reasonable to expect a higher level of sub-contracting work required in the coming years. An inflation factor was also incorporated in estimating the service fees to be charged by the SHKP Group.

Furthermore, the Directors advised that the proposed cap has also taken into account possible effects of change orders in projects as a result of alterations made to the original project plans and/or contracts at the customers' request. We consider such allowance for change orders, based on the Group's past experience, is reasonable.

Maintenance Sub-contracting Arrangement

The proposed cap for the Maintenance Sub-contracting Arrangement, which is HK\$3.8 million for each of the three financial years ending 30 June 2014, is determined mainly based on (i) the increase in proposed cap for the Maintenance Arrangement for each of three financial years ending 30 June 2014 and (ii) the historical proportion of the service fees charged under the Maintenance Sub-contracting Arrangement to the revenues generated under the Maintenance Arrangement for the three financial years ending 30 June 2011. As such historical proportion of service fees has been fairly stable, it is reasonable to project the expected sub-contracting amount based on expected revenue from the Maintenance Arrangement.

The Directors are of the view that, in estimating the foregoing annual caps, a certain degree of flexibility is required for the Group to capture additional revenues and allow the consequential costs therefor as business opportunities arise from further demand from the SHKP Group.

LETTER FROM SOMERLEY

Given the significant proportion of the Group's revenue contributed by the Networking Arrangement and the Maintenance Arrangement, we consider it fair to build in certain flexibility so as to allow the Group to tap into potential business opportunities from the SHKP Group in the future.

We have also discussed with the management of the Company various factors in arriving at the Proposed Caps, including but not limited to actual historical data, estimates of the construction by the SHKP Group in the future, estimated business growth and estimated effects of inflation. We consider it reasonable for the Directors to determine the Proposed Caps with reference to the above factors.

Generally speaking, in our opinion, it is in the interest of the Group for the Proposed Caps to be as accommodating to the Group as possible. Provided that the terms for the Transactions Requiring Approval, including the pricing and payment terms, are no less favourable to the Group than those available from other independent third parties and that the conduct of the Transactions Requiring Approval is subject to annual review by independent non-executive Directors and auditors of the Company (as discussed below) as required under the GEM Listing Rules, the Group would have flexibility in conducting its businesses if the Proposed Caps are tailored to future business growth. Coupled with the significant contribution of the revenues generated under the Networking Arrangement and Maintenance Arrangement to the Group's total revenue in past years, we consider that the Proposed Caps have been set by the Company with due care and are fair and reasonable.

REPORTING REQUIREMENTS OF THE TRANSACTIONS REQUIRING APPROVAL

Pursuant to Rules 20.37 to 20.40 of the GEM Listing Rules, the Transactions Requiring Approval are subject to the following annual review requirements:

1. each year the independent non-executive Directors must review the Transactions Requiring Approval and confirm in the annual report and accounts that the Transactions Requiring Approval have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

LETTER FROM SOMERLEY

2. each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the Transactions Requiring Approval:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the relevant agreement governing the Transactions Requiring Approval; and
 - (iv) have not exceeded the Proposed Caps;
3. the Company shall allow, and shall procure the relevant counterparties to the Transactions Requiring Approval to allow, the Company's auditors to have sufficient access to their records for the purpose of reporting on the Transactions Requiring Approval as set out in paragraph 2 above;
4. the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the GEM Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters as set out in paragraphs 1 and/or 2 above respectively.

In light of the reporting requirements attached to the Transactions Requiring Approval, in particular, (a) the restriction of the values of the Transactions Requiring Approval by way of the Proposed Caps; and (b) the requirements under the GEM Listing Rules for ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions Requiring Approval and the Proposed Caps, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions Requiring Approval and assist in safeguarding the interests of the Independent Shareholders.

LETTER FROM SOMERLEY

RECOMMENDATION

Taking into account the above principal factors and reasons, we consider that the Transactions Requiring Approval would be conducted on normal commercial terms, 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. We also consider the terms of the Transactions Requiring Approval and the Proposed Caps fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve these arrangements.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of Directors and chief executive of the Company in the shares and underlying shares 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 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 required, 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 of the Company

Name of Director	Number of shares held				Number of underlying shares held under equity derivatives	Total	% of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Total			
Kwok Ping-luen, Raymond	—	—	3,485,000 ¹	3,485,000	—	3,485,000	0.15
Kwok Ping-kwong, Thomas	—	—	2,140,000 ¹	2,140,000	—	2,140,000	0.09
So Chung-keung, Alfred	—	1,086	—	1,086	—	1,086	0
King Yeo-chi, Ambrose	1,000	—	—	1,000	—	1,000	0

Notes:

- Of these shares in the Company, Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested in 2,140,000 shares of the Company by virtue of being beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO.

2. By letter dated 19 April 2010, Mr. Kwok Ping-sheung, Walter requested the Company to add this note: “Mr. Kwok Ping-sheung, Walter has informed the Company that he disputes the cessation of his interest in 1,070,000 shares in the Company as disclosed in the disclosure form under Part XV of the SFO dated 23 September, 2009 which was made without his authorization”.
3. Prior to the letter dated 19 April 2010 referred to in Note 2 above, Mr. Kwok Ping-sheung, Walter had twice confirmed in writing to the Company, for the purposes of the 2009-10 First Quarterly Report and the 2009-10 Half-year Report, the cessation of his interest in 1,070,000 shares in the Company.
4. By letter dated 25 October 2010, Mr. Kwok Ping-sheung, Walter reiterated to the Company that his “beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute”.

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

(i) SHKP

Name of Director	Number of shares held					Number of underlying shares held under equity derivatives		% of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of corporation)	Other interests	Total	Total	Total	
Kwok Ping-luen, Raymond	75,000	—	—	394,463,978 ¹	394,538,978	100,000 ³	394,638,978	15.36
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	391,320,297 ¹	393,600,643	148,000 ³	393,748,643	15.32
Tung Chi-ho	—	—	—	—	—	80,000 ³	80,000	0
Wong Chin-wah	20,000	—	—	—	20,000	80,000 ³	100,000	0
So Wai-kei, Godwin	—	—	—	—	—	24,000 ³	24,000	0
Kwok Ping-sheung, Walter	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522 ^{4&5}	42.32
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁷	—	192,500	100,000 ³	292,500	0.01
So Chung-keung, Alfred	191,313	6,500	—	—	197,813	80,000 ³	277,813	0.01
Siu Hon-wah, Thomas	—	—	—	7,000 ⁸	7,000	—	7,000	0

Notes:

1. Each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas was deemed to be interested in 371,286,430 shares in SHKP respectively by virtue of each of them being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the respective 371,286,430 shares in SHKP in which each of Mr. Kwok Ping-luen, Raymond and Mr. Kwok Ping-kwong, Thomas was deemed to be interested, 16,059,981 shares represented the same interests and were duplicated between these two Directors.

2. The trustee of certain trusts, which indirectly are interested in a total of 1,081,739,328 shares in SHKP, informed the Company on 2 November 2010 that consequent upon a re-organisation of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are directors of SHKP in the said 1,081,739,328 shares in SHKP with effect from 29 September 2010 were as follows:

- “1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP;
2. Each of Mr Kwok Ping Kwong Thomas and Mr Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP; and
3. Mr Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”

3. These represented the interests in the underlying shares of SHKP in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of such share options and their movements during the period from 1 July 2010 to the Latest Practicable Date (the “**Period**”) were as follows:

Name of Director	Date of grant	Exercise price per share	Number of share options				Outstanding as at the Latest Practicable Date
			Balance as at 01.07.2010	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	
		<i>HK\$</i>					
Kwok Ping-luen, Raymond	12.07.2010	111.40	N/A	100,000	—	—	100,000
Kwok Ping-kwong, Thomas	12.07.2010	111.40	N/A	148,000*	—	—	148,000
Tung Chi-ho	12.07.2010	111.40	N/A	80,000	—	—	80,000
Wong Chin-wah	12.07.2010	111.40	N/A	80,000	—	—	80,000
So Wai-kei, Godwin	12.07.2010	111.40	N/A	24,000	—	—	24,000
Chan Kui-yuen, Thomas	12.07.2010	111.40	N/A	100,000	—	—	100,000
So Chung-keung, Alfred	12.07.2010	111.40	N/A	80,000	—	—	80,000

* Of these 148,000 share options, Mr. Kwok Ping-kwong, Thomas was deemed to be interested in 48,000 share options by virtue of his spouse’s interests in such share options.

The exercise period of the above-mentioned share options of SHKP is from 12 July 2011 to 11 July 2015. Such share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.

4. By letter dated 19 April 2010, Mr. Kwok Ping-sheung, Walter requested the Company to add this note: “Mr. Kwok Ping-sheung, Walter has informed the Company that he disputes the cessation of his interest in 11,743,800 shares in Sun Hung Kai Properties Limited as disclosed in the disclosure form under Part XV of the SFO dated 23 September, 2009 which was made without his authorization”.
5. Prior to the letter dated 19 April 2010 referred to in Note 4 above, Mr. Kwok Ping-sheung, Walter had twice confirmed in writing to the Company, for the purposes of the 2009-10 First Quarterly Report and the 2009-10 Half-year Report, the cessation of his interest in 11,743,800 shares in SHKP.
6. By letter dated 25 October 2010, Mr. Kwok Ping-sheung, Walter reiterated to the Company that his “beneficial interests in the SHKP (including the cessation of the questioned 11,743,800 shares on 23 September 2009 and the additional acquisition of the questioned 4,316,181 shares on 26 April 2010) and SUNeVision shares are still under dispute”.
7. These shares were held by a company which is obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.
8. These shares were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.

(ii) *SmarTone Telecommunications Holdings Limited (“SmarTone”)*

Name of Director	Number of shares held			Total	% of shares in issue as at the Latest Practicable Date
	Other interests	Total	Number of underlying shares held under equity derivatives		
Kwok Ping-luen, Raymond	4,475,534 ¹	4,475,534	—	4,475,534	0.44

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being a beneficiary of a certain discretionary trust for the purpose of Part XV of the SFO.

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

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation as at the Latest Practicable Date	Actual holding through corporation	Actual % interests in issued shares as at the Latest Practicable Date
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 and Kwok Ping-kwong, Thomas were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO. These shares were held by corporations under a certain discretionary trust, in which Messrs. Kwok Ping-luen, Raymond and Kwok Ping-kwong, Thomas were deemed to be interested by virtue of being beneficiaries for the purpose of Part XV of the SFO.

(c) Share options in the Company

The Company once adopted a share option scheme (the “**Old Scheme**”). By ordinary shareholders’ resolutions of the Company passed at the annual general meeting held on 3 December 2002, the Company had adopted another share option scheme (the “**New Scheme**”) and terminated the Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of SHKP, the Company’s holding company, at its extraordinary general meeting held on the same day.

As at the Latest Practicable Date, no share options were granted under the New Scheme.

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 or short positions 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, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	% of shares in issue as at the Latest Practicable Date	
			Total	Date
Sunco Resources Limited ¹ (“Sunco”)	1,719,427,500	1,719,427,500 ²	3,438,855,000	147.35
SHKP ³	1,719,427,500	1,719,427,500 ²	3,438,855,000	147.35
HSBC Trustee (C.I.) Limited ⁴ (“HSBCTCI”)	1,721,567,500	1,719,427,500 ²	3,440,995,000	147.44

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the Convertible Notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the Deed Poll constituting the Convertible Notes) upon the exercise of the conversion rights attached to the Convertible Notes.
3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.
4. As HSBCTCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCTCI is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 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, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial Shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

5. COMPETING INTERESTS

Professor Li On-kwok, Victor, an independent non-executive Director of the Company, is a well recognised 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 relevant business. These institutions and business entities may be in competition with the Group.

Save as disclosed in this section, none of the Directors or the controlling Shareholders of the Company or their respective associates has 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 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 (save the one for Mr. So Wai-kei, Godwin, which commenced on 1 November 2009, and which shall continue thereafter until terminated by either party giving to the other notice in writing).

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 2011. 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 2012. The term of office of Mr. Siu Hon-wah, Thomas is for a period not exceeding three years up to 30 April 2013. The term of office for each of Messrs. Kwok Ping-kwong, Thomas, Chan Kui-yuen, Thomas and So Chung-keung, Alfred is for a period not exceeding three years up to 31 August 2013. The term of office of Mr. Kwok Ping-sheung, Walter is for a period not exceeding three years up to 28 February 2014.

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 13 “Related Party Transactions” to the Interim Financial Statements for the six months ended 31 December 2010.
- (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 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 2010, 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 2010, 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
Somerley	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, Somerley 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 to nominate persons to subscribe for any securities in any member of the Group.
- (c) As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which have been since 30 June 2010, 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.
- (d) Somerley has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 7 June 2011 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 24 June 2011:

- (a) the service contracts referred to in paragraph 6(a) of this appendix;

- (b) the agreement dated 16 May 2011 entered into by the Company and SHKP in relation to the Networking Arrangement;
- (c) the agreement dated 16 May 2011 entered into by the Company and SHKP in relation to the Maintenance Arrangement;
- (d) the agreement dated 16 May 2011 entered into by the Company and SHKP in relation to the Networking Sub-contracting Arrangement;
- (e) the agreement dated 16 May 2011 entered into by the Company and SHKP in relation to the Maintenance Sub-contracting Arrangement;
- (f) the letter from Somerley, the text of which is set out on pages 23 to 36 of this circular; and
- (g) the written consent from Somerley referred to in paragraph 8 of this appendix.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands.
- (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 Shops No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Ms. Ng Wai-ye, Betty who is a member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Friday, 24 June 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution (with or without modifications) as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the agreement dated 16 May 2011 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 7 June 2011 (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 thereto and the annual cap in relation to the Networking Arrangement of HK\$65,000,000 for each of the three financial years ending 30 June 2014, be and are hereby approved;
- (b) the agreement dated 16 May 2011 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 thereto and the annual cap in relation to the Maintenance Arrangement of HK\$63,500,000 for each of the three financial years ending 30 June 2014, be and are hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the agreement dated 16 May 2011 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 thereto and the annual cap in relation to the Networking Sub-contracting Arrangement of HK\$8,000,000 for each of the three financial years ending 30 June 2014, be and are hereby approved;
- (d) the agreement dated 16 May 2011 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 thereto and the annual cap in relation to the Maintenance Sub-contracting Arrangement of HK\$3,800,000 for each of the three financial years ending 30 June 2014, 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, or 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.”

By order of the Board
SUNEVISION HOLDINGS LTD.
Ng Wai-ye, Betty
Company Secretary

Hong Kong, 7 June 2011

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

P.O. Box 309, Uglund House
Grand Cayman KY1-1104
Cayman Islands

Head Office and Principal Place of

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

Notes:

1. Any shareholder 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 shareholder to speak at the meeting. On a poll, votes may be given either personally or by proxy. A proxy need not be a shareholder of the Company. A shareholder 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any 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.