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SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1686)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION -
BUILDING CONTRACT
AND
(2) VARIOUS CONTINUING CONNECTED TRANSACTIONS**

(1) DISCLOSEABLE AND CONNECTED TRANSACTION – BUILDING CONTRACT

On 5 May 2020, Capital Way, a wholly-owned subsidiary of the Company, entered into the Building Contract with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the Works for the Project (involving the construction of a high-tier data centre at Ma Kok Street, Tsuen Wan, Hong Kong) at a Contract Sum of HK\$821,143,855, subject to adjustments.

(2) VARIOUS CONTINUING CONNECTED TRANSACTIONS

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant annual caps) of the Continuing Connected Transactions were disclosed in the 2017 Announcement. The Transactions Requiring Approval, which mainly relate to the Group's installation and maintenance services of ELV and IT systems, comprising i) the System and Networking Arrangement; ii) the Maintenance Arrangement; iii) the System and Networking Sub-contracting Arrangement; and iv) the Maintenance Sub-contracting Arrangement, and the respective annual caps therefor for the three financial years ending 30 June 2020 were approved at the extraordinary general meeting of the Company held on 23 June 2017 by the then Independent Shareholders.

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 2020. On 5 May 2020, the Company entered into the New Agreements with SHKP or SHKI (as the case may be) in relation to the carrying out of the Continuing Connected Transactions each for a term of three years from 1 July 2020 to 30 June 2023 (both days inclusive).

(3) LISTING RULES IMPLICATIONS

As at the date of this announcement, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.84% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the Listing Rules for so long as SHKP remains a substantial Shareholder.

The Main Contractor is a wholly-owned subsidiary of SHKP and is therefore an associate of SHKP and a connected person of the Company. Accordingly, the entering into of the Building Contract with the Main Contractor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Building Contract calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but all are less than 25%, the entering into of the Building Contract constitutes (i) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and the Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules.

The entering into of the New Agreements with SHKP or SHKI (being a wholly-owned subsidiary of SHKP) (as the case may be) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For these Continuing Connected Transactions, transactions of each category of the Transactions Requiring Approval will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules. Transactions of each category of the Transactions Exempt from Approval will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are only subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

(4) GENERAL

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

A circular containing, among other things, (i) further information on the Building Contract and the Transactions Requiring Approval; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Building Contract and the Transactions Requiring Approval; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the Transactions Requiring Approval; and (iv) the notice of the EGM to be convened at which ordinary resolutions will be proposed to approve the Building Contract, the Transactions Requiring Approval and matters contemplated thereunder is currently expected to be despatched to the Shareholders on or before 26 May 2020.

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

1. THE BUILDING CONTRACT

On 5 May 2020, Capital Way, a wholly-owned subsidiary of the Company, entered into the Building Contract with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the Works for the Project (involving the construction of a high-tier data centre on the Land at Ma Kok Street, Tsuen Wan, Hong Kong) at a Contract Sum of HK\$821,143,855, subject to adjustments. Principal terms of the Building Contract are summarised below:

Date	:	5 May 2020
Parties	:	Capital Way; and Sanfield Engineering Construction Limited (as the Main Contractor)
Subject Matter	:	The Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the Works for the Project on the terms of the Building Contract.

The Main Contractor was selected by Capital Way through a tender process, with reference to the expertise, experience and market position of the Main Contractor, and the complexity, design, quality and quantity of the Works.

Contract Sum : HK\$821,143,855, subject to adjustments in accordance with the terms of the Building Contract in relation to any changes or additions to the scope of the Works such as variations to the design, quality or quantity of the Works, alteration of the kind or standard of materials or goods to be used for the Works, rectifications of the Works or any additional costs and expenses in relation to the foregoing. Such adjustments will be made based on instructions provided by the independent architect after it has obtained Capital Way's agreement to the same, and the amount involved will be ascertained by the independent quantity surveyor.

As advised by the independent quantity surveyor, it is the usual practice that approximately 5% to 10% of the contract sum is applied as contingency for the construction projects of the private sector. The independent quantity surveyor has further advised that it is reasonable to adopt a contingency of 10% of the Contract Sum in this case. As such, it is estimated that the final Contract Sum will not exceed 110% of the original Contract Sum (i.e. not exceeding approximately HK\$903,258,000).

The Contract Sum was determined after arm's length negotiations with the Main Contractor and was based on normal commercial terms.

The Contract Sum (subject to adjustments) will be paid in cash and funded by the Group's internal resources and/or bank financing.

- Payment Terms** : Capital Way will make progress payments to the Main Contractor based on estimated value of the Works properly executed and of the materials and goods delivered for use in the Works in accordance with the architect certificates with the relevant amounts stated (subject to the right on the part of Capital Way to retain a certain sum therefrom which will not in general exceed 10% and the maximum aggregate amount of such retention shall not in general exceed 5% of the total Contract Sum) to be issued monthly by the independent architect for the Project during the course of the Project. Upon the Main Contractor's presentation of the architect certificates to Capital Way, Capital Way will verify and settle the relevant amounts within 45 days thereafter. One moiety of the total amounts retained as aforementioned shall be paid to the Main Contractor within 45 days after the Main Contractor's presentation to Capital Way of the substantial completion certificate issued by the architect, while the remaining retention amount shall be paid to the Main Contractor within 45 days after the expiration of the defects liability period, or the issue of the defects rectification certificate, or the approval has been given by the architect for all specified guarantees and warranties required to be submitted by the Main Contractor or the nominated sub-contractors or suppliers, whichever is the later.
- Condition Precedent** : The Building Contract and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at a general meeting of the Company.
- Expected date of commencement and completion of the Works** : Subject to obtaining the Independent Shareholders' Approval of the Building Contract and the transactions contemplated thereunder, the Works are expected to be completed within 700 days from and including the commencement date of the Works. It is expected that the Works will commence in around October 2020.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE BUILDING CONTRACT

Enhancing and expanding high-tier data centre capacity

The Group is principally engaged in the provision of data centre, facilities management and value-added services, and installation and maintenance services. The Group's core data centre business is capital intensive requiring significant continued investment to ensure the facilities remain state-of-the-art. The Group aims to build a portfolio of data centres equipped with superior infrastructure and facilities at different locations, connected by high-speed dark fibres to form a campus to meet customers' needs for high-quality data centre facilities. The Project, which involves the construction of a new high-tier data centre on the Land owned by the Group in Tsuen Wan with high power capacity and outstanding architecture resilience, will enhance and expand the Group's high-tier data centre capacity in strategic sites by approximately 201,700 square feet of gross floor area upon completion. This new data centre can ensure the Group's supply of data centre capacity in the medium term to cater for the increasing data demand.

Leveraging on expertise

The Project, which is a substantial investment of the Group, requires technical expertise in the areas of construction, electrical and mechanical engineering, as well as advent of technology and innovation in data centre facilities. The Group has engaged various experienced professionals with relevant expertise for the Project. The Main Contractor was selected as the successful tenderer for the Works of the Project, which is one of the major fundamental construction steps for the Project.

The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics. The SHKP Group has substantial experience, competent expertise and a proven track record in property development and construction. The principal activity of the Main Contractor is building construction and the Main Contractor also has substantial experience, competent expertise and a proven track record in building construction. It is therefore in the interest of the Group to leverage on the expertise of the SHKP Group and the Main Contractor, and to appoint the Main Contractor to carry out, take full responsibility for the care of, and complete the Works for the Project. The engagement of the Main Contractor will generally enhance the co-ordination and cost effectiveness of the construction process and management of the Project. In addition, the past experience of the Group in working successfully with the Main Contractor on other constructions as well as addition and alteration works also makes the Main Contractor the most suitable contractor for undertaking the construction of the Project.

The Directors (excluding the independent non-executive Directors, who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) consider that the Building Contract is on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(2) VARIOUS CONTINUING CONNECTED TRANSACTIONS

1. BACKGROUND

The Group has been conducting the Continuing Connected Transactions. Details (including the relevant annual caps) of the Continuing Connected Transactions were disclosed in the 2017 Announcement. The Transactions Requiring Approval, which mainly relate to the Group's installation and maintenance services of ELV and IT systems, comprising i) the System and Networking Arrangement; ii) the Maintenance Arrangement; iii) the System and Networking Sub-contracting Arrangement; and iv) the Maintenance Sub-contracting Arrangement, and the respective annual caps therefor for the three financial years ending 30 June 2020 were approved at the extraordinary general meeting of the Company held on 23 June 2017 by the then Independent Shareholders.

2. 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 2020. On 5 May 2020, the Company entered into the New Agreements with SHKP or SHKI (as the case may be) in relation to the carrying out of the Continuing Connected Transactions each for a term of three years from 1 July 2020 to 30 June 2023 (both days inclusive). Each of the New Agreements for the Transactions Requiring Approval is conditional upon the obtaining of the approval of the Independent Shareholders.

Details of the Transactions Requiring Approval and the Transactions Exempt from Approval are set out below.

I. Transactions requiring approval

The Transactions Requiring Approval relate to (1) the provision of services by the Group in connection with system and networking for buildings owned and/or managed by the SHKP Group, and sub-contracting of part of such services by the Group to sub-contractors being subsidiaries of the SHKP Group; and (2) maintenance and repairs of the aforesaid system and networking by the Group, and sub-contracting of part of such maintenance and repair works by the Group to sub-contractors being subsidiaries of the SHKP Group.

Members of the Group will continue to provide services under the System and Networking Arrangement to members of the SHKP Group, and part of such works will be sub-contracted by the Group to members of the SHKP Group pursuant to the System and Networking Sub-contracting Arrangement. Further particulars of the System and Networking Arrangement and the System and Networking Sub-contracting Arrangement are respectively set out in sections A and C below.

Members of the Group will also continue to be engaged by members of the SHKP Group to carry out works under the Maintenance Arrangement, and part of such works will be sub-contracted by the Group to members of the SHKP Group pursuant to the Maintenance Sub-contracting Arrangement. Further particulars of the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement are respectively set out in sections B and D below.

A. Design, installation, operation and provision of systems and 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 (i) the design, installation, operation and provision of ELV and IT systems (including but not limited to SMATV/CABD, access control, car park control and other security systems); and (ii) the laying of cable network (including but not limited to 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 “**System and Networking Arrangement**”). The Group has charged and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

The New Agreement

On 5 May 2020, 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 System and Networking Arrangement to members of the SHKP Group for a period from 1 July 2020 to 30 June 2023 (both days inclusive). 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 System and Networking Arrangement. The said principles include that the services to be provided by the

Group to the SHKP Group pursuant to the System and 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 pricing and 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 pricing and payment terms to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the pricing and payment terms that may be offered to the Group by other independent third party customers for such services.

In deciding on the terms of the proposed transactions under the System and Networking Arrangement, the Group will first ascertain from its suppliers and sub-contractors the prime cost of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup before submitting the same to the SHKP Group for its consideration. The markup, which is not a term of the New Agreement in respect of the System and Networking Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the System and Networking Arrangement is entered into, and by reference to historical transactions of a similar scale and nature to ensure that the price is fair and reasonable and comparable to the price charged by the Group in similar transactions involving independent third parties 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 2 May 2017, which is due to expire on 30 June 2020.

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 System and Networking Arrangement. The service 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 System and Networking Arrangement for each of the three financial years ending 30 June 2020 was HK\$109,300,000. The following table sets out the aggregate amount of service fees received by the Group pursuant to the System and Networking Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	97,160,000
Financial year ended 30 June 2019	103,124,000
Six-month period ended 31 December 2019	52,435,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of service fees which may be received by the Group pursuant to the System and Networking Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Service fees pursuant to the System and Networking Arrangement	100,200,000	132,800,000	212,700,000

The proposed annual caps are determined with reference to the historical amounts of such transactions, the projected level of demand for and scale of such services by members of the SHKP Group, the projected level of completion of such services and the anticipated level of fees which the Group may charge in respect of such services.

There are many new technology facilities available in the market recently, thus leading to new installations and/or upgrading of existing systems for service quality improvements. Furthermore, the increase in the demand for and scale of luxurious accommodation will generally raise the demand for and scale of the installation of advanced technology facilities in such accommodation. As such, it is expected that the service fees to be charged under the System and Networking Arrangement will increase in alignment with the upward trend of the level of demand for and scale of such services and will also correspond to the projected level of completion of such services as required by members of the SHKP Group.

The System and 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) confirm that, in view of the fact that the Group has to bid for the projects under the System and Networking Arrangement as set out above in most circumstances, the System and Networking 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) further confirm that in respect of the pricing and 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 pricing and payment terms have been and will continue to be no less favourable to the Group than the pricing and payment terms that may be offered to the Group by other independent third party customers for such services.

B. Maintenance and repair of systems and 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 engaged and will continue to be engaged by members of the SHKP Group to carry out maintenance and repair works for (i) ELV and IT systems (including but not limited to SMATV/CABD, access control, car park control and other security systems); and (ii) cable network (including but not limited to 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 “**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 5 May 2020, 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 from 1 July 2020 to 30 June 2023 (both days inclusive). 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 than terms that may be offered to the Group by other independent third party customers. In particular, with respect to the pricing and payment terms and, 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 and quality of services required and the time frame for provision of such services), the pricing and payment terms to be offered by the SHKP Group to the Group shall be no less favourable to the Group than the pricing and payment terms that may be offered to the Group by other independent third party customers for such services.

In deciding on the terms of the proposed transactions under the Maintenance Arrangement, the Group will first ascertain from its suppliers and sub-contractors the prime cost of materials and labour for providing similar products and services and for undertaking similar jobs and projects, and then add in a certain percentage markup before submitting the same to the SHKP Group for its consideration. The markup, which is not a term of the New Agreement in respect of the Maintenance Arrangement, will be determined by the Group on a case by case basis when the definitive agreement governing the terms of the relevant transaction pursuant to the Maintenance Arrangement is entered into, and by reference to historical transactions of a similar scale and nature to ensure that the price is fair and reasonable and comparable to the price charged by the Group in similar transactions involving independent third parties 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 2 May 2017, which is due to expire on 30 June 2020.

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 service 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 2020 was HK\$77,700,000. 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:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	58,687,000
Financial year ended 30 June 2019	64,381,000
Six-month period ended 31 December 2019	33,421,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of service fees which may be received by the Group pursuant to the Maintenance Arrangement for each of the three financial years ending 30 June 2023, before taking into account any service fee free periods which may be offered, are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Service fees pursuant to the Maintenance Arrangement	76,900,000	87,300,000	99,200,000

The proposed annual caps are determined with reference to the historical amounts of such transactions, the projected level of demand for and scale of such services by members of the SHKP Group and the anticipated level of fees which the Group may charge in respect of such services.

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 and scale of such services will increase as more systems are or will be installed pursuant to the System and Networking Arrangement and as a result of fair wear and tear of the existing systems under maintenance, and also due to the expected increase in the frequency and extent of routine maintenance and repair works which may be required on the systems and networks installed.

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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) further confirm that in respect of the pricing and payment terms and, 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 and quality of services required and the time frame for provision of such services), the pricing and payment terms have been and will continue to be no less favourable to the Group than the pricing and payment terms that may be offered to the Group by other independent third party customers for such services.

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

Background

In connection with the System and 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 System and Networking Arrangement that the Group needs to sub-contract to others (the “**System and 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 invitation for tender issued or to be issued by the SHKP Group under the System and 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 invitation for tender as acceptable sub-contractors under the System and

Networking Arrangement. Hence, in awarding the contract for the provision of services under the System and 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 to members of the SHKP Group part of the works which the Group needs the services and/or materials from other parties in order to fulfill its obligations under the System and Networking Arrangement. 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 5 May 2020, 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 System and Networking Sub-contracting Arrangement to members of the Group for a period from 1 July 2020 to 30 June 2023 (both days inclusive). 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 System and Networking Sub-contracting Arrangement. The said principles include that the services to be provided by the SHKP Group to the Group pursuant to the System and 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 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 pricing and 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 service 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. The Group will normally solicit quotations/tenders for similar products and services from at least two independent third parties to ensure that the price to be paid by the Group to the SHKP Group under the System and Networking Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties.

Under the System and Networking Arrangement, the SHKP Group may also prescribe a specific type or brand of products or systems to be used, which are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group). In such cases, the Group will ascertain from the suppliers of the relevant products or systems for the prime costs of materials and labour which they will charge for undertaking the relevant works under the System and Networking Sub-contracting Arrangement, and the Group will then charge as part of the service fees payable by the SHKP Group under the System and Networking Arrangement at a certain percentage markup. SHKP has agreed that the terms, including the pricing terms, upon which such products, systems and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to other independent third parties. 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 2 May 2017, which is due to expire on 30 June 2020.

The historical amounts

Under the Existing Approval, the annual cap for the System and Networking Sub-contracting Arrangement for each of the three financial years ending 30 June 2020 was HK\$20,100,000. The following table sets out the aggregate amount of service fees paid by the Group pursuant to the System and Networking Sub-contracting Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	8,389,000
Financial year ended 30 June 2019	10,691,000
Six-month period ended 31 December 2019	4,075,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of service fees which may be payable by the Group pursuant to the System and Networking Sub-contracting Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Service fees pursuant to the System and Networking Sub-contracting Arrangement	9,000,000	15,200,000	22,200,000

Such annual caps are determined with reference to the projected level of demand for and scale of services to be provided by members of the Group under the System and Networking Arrangement and the anticipated level of fees at which the SHKP Group may charge in respect of the services under the System and Networking Sub-contracting Arrangement. As mentioned in section (2)2.I.A above, the level of demand for and scale of services pursuant to the System and Networking Arrangement are expected to increase. Furthermore, certain new technology facilities are unique products of the members of the SHKP Group, and in these cases, there are no alternative sub-contractors which the Group can engage. As such, it is expected that the level of demand for and scale of services pursuant to the System and Networking Sub-contracting Arrangement will also increase. These give rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the System and Networking Sub-contracting Arrangement as compared with the amounts paid by the Group during the Relevant Historical Periods.

The System and 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) confirm that the System and 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) further confirm that in respect of the pricing and 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 pricing and payment terms have been and will continue to be no less favourable to the Group than the pricing and payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

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 or repaired 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 only 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 the Group fees for the provision of such services.

The New Agreement

On 5 May 2020, 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 2020 to 30 June 2023 (both days inclusive). 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. The said principles include that the services to be provided by 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 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 pricing and 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 service 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. The Group will normally solicit quotations/tenders for similar products and services from at least two independent third parties to ensure that the price to be paid by the Group to the SHKP Group under the Maintenance Sub-contracting Arrangement is fair and reasonable and comparable to the price paid by the Group in similar transactions involving independent third parties. In situations where the products or systems requiring maintenance or repair are exclusively supplied by the respective sole agents in Hong Kong (which include, but are not limited to, members of the SHKP Group), the Group will ascertain from the suppliers of the relevant products or systems for the prime costs of materials and labour which they will charge for undertaking the relevant works under the Maintenance Sub-contracting Arrangement, and the Group will then charge as part of the service fees payable by the SHKP Group under the Maintenance Arrangement at a certain percentage markup. SHKP has agreed that the terms, including the pricing terms, upon which such products, systems and services are provided by the relevant member(s) of the SHKP Group to the relevant member(s) of the Group will be no less favourable to the relevant member(s) of the Group than those upon which they are provided by such member(s) of the SHKP Group to other independent third parties. 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 2 May 2017, which is due to expire on 30 June 2020.

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 2020 was HK\$8,600,000. The following table sets out the aggregate amount of service fees paid by the Group pursuant to the Maintenance Sub-contracting Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	4,134,000
Financial year ended 30 June 2019	4,650,000
Six-month period ended 31 December 2019	2,279,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Service fees pursuant to the Maintenance Sub-contracting Arrangement	6,000,000	8,300,000	10,600,000

Such annual caps are determined with reference to the projected level of demand for and scale of services to be provided by members of the Group under the Maintenance Arrangement and the anticipated level of fees at which the SHKP Group may charge in respect of the services under the Maintenance Sub-contracting Arrangement. As mentioned in section (2)2.I.B above, the level of demand for and scale of services pursuant to the Maintenance Arrangement are expected to increase and as such, it is expected that the level of demand for and scale of services pursuant to the Maintenance Sub-contracting Arrangement will also increase. This gives rise to the projected increase in the amount of service fees which may be payable by the Group pursuant to the Maintenance Sub-contracting Arrangement as compared with the amounts 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 who will render their views after considering the advice to be given by the independent financial adviser to

the Independent Board Committee and the Independent Shareholders) 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 who will render their views after considering the advice to be given by the independent financial adviser to the Independent Board Committee and the Independent Shareholders) further confirm that in respect of the pricing and 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 pricing and payment terms have been and will continue to be no less favourable to the Group than the pricing and payment terms that may be offered by the Group to other independent third party service providers of the Group for such services.

II. Transactions exempt from approval

A. Space and rack rental

Background

Members of the SHKP Group have been renting and licensing and will continue to rent and license space and racks located in the Group's data centres (the "**Space and Rack Rental Arrangement**"). The Group has charged and will continue to charge the relevant members of the SHKP Group rental or license fees at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area of space and/or number of racks rented or licensed and the rental or license term.

The New Agreement

On 5 May 2020, the Company and SHKP entered into a new agreement whereby the Company has agreed to procure the relevant members of the Group to let or license space and racks at the Group's data centres to members of the SHKP Group for a period from 1 July 2020 to 30 June 2023 (both days inclusive). This agreement takes effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Space and Rack Rental Arrangement. The said principles include that the transactions under the Space and Rack Rental Arrangement shall be negotiated on an arm's length basis and on normal commercial terms, and the rental or license fees payable by the relevant members of the SHKP Group shall be comparable with the rates at which the Group charges independent third party customers of the Group taking

into account the area of space and/or number of racks rented or licensed and the rental or license term. The New Agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 2 May 2017, which is due to expire on 30 June 2020.

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

The historical amounts

The annual cap for the Space and Rack Rental Arrangement for each of the three financial years ending 30 June 2020 as set out in the 2017 Announcement was HK\$3,600,000. The following table sets out the aggregate amount of rental and license fees received by the Group pursuant to the Space and Rack Rental Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	3,382,000
Financial year ended 30 June 2019	3,375,000
Six-month period ended 31 December 2019	1,767,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of rental and license fees which may be received by the Group pursuant to the Space and Rack Rental Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Rental and license fees pursuant to the Space and Rack Rental Arrangement	4,142,000	4,829,000	5,529,000

Such annual caps are determined based on the existing contracts and the newly signed orders and the anticipated rate of rental or license fees in the coming years.

The Space and Rack Rental Arrangement has been and will continue to be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Space and Rack Rental Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the rental and the license fees which the Group has charged and will charge members of the SHKP Group pursuant to such arrangement has been and will continue to be at rates comparable with the rates at which the Group charges other independent third party customers taking into account the area of space and/or number of racks rented or licensed and the rental or license term.

B. Provision of property management services by the SHKP Group to the Group

Background

Members of the SHKP Group, as the building manager appointed by the owners of the relevant buildings in accordance with the terms of the relevant deeds of mutual covenant and management agreements, have provided and will continue to provide building management services (the “**Building Management Services**”) in relation to certain properties of the Group including those situated at Millennium City 1 in Kwun Tong, Kowloon, Hong Kong. The relevant members of the Group pay management fees to the relevant building manager on the same basis as the other owners of the relevant buildings in accordance with the relevant deeds of mutual covenant and management agreements.

Members of the SHKP Group have also provided and will continue to provide cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to all data centres of the Group (the “**Extra Management Services**”, which together with the Building Management Services are collectively referred to as the “**Property Management Arrangement**”). The relevant members of the SHKP Group have charged and will continue to charge the relevant members of the Group service fees comparable to the rates chargeable by other third party service providers taking into account the type and nature, scale, frequency and duration of the services involved.

The New Agreement

On 5 May 2020, the Company and SHKP entered into a new agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide Extra Management Services to members of the Group for a period from 1 July 2020 to 30 June 2023 (both days inclusive). This agreement takes effect from the date of signing, and is a master agreement which sets out the principles upon which detailed terms are to be determined in respect of the

provision of the Extra Management Services. Relevant members of the Group and of the SHKP Group have entered into and will enter into separate and definitive agreements with detailed terms for the services required from time to time pursuant to such arrangement. The said principles include that the Extra Management Services to be provided shall be negotiated on an arm's length basis and on normal commercial terms, and the amount of service fees payable by the Group to the SHKP Group shall be at rates comparable to those charged by other third party service providers taking into account the type and nature, scale, frequency and duration of the services involved. Depending on the type, nature and scale of the services required, the Group may invite tenders from potential service providers (which include members of the SHKP Group) and select the bidder who offers the most attractive terms. The New Agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 2 May 2017, which is due to expire on 30 June 2020.

The historical amounts

The annual cap for the Property Management Arrangement for each of the three financial years ending 30 June 2020 as set out in the 2017 Announcement was HK\$18,600,000. The following table sets out the aggregate amount of fees paid by the Group pursuant to the Property Management Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	14,843,000
Financial year ended 30 June 2019	17,685,000
Six-month period ended 31 December 2019	9,046,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of fees payable by the Group pursuant to the Property Management Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Fees pursuant to the Property Management Arrangement	11,650,000	13,144,000	20,739,000

It is anticipated that, on average (for each of the three financial years ending 30 June 2023), approximately 15% of the total fees expected to be payable under the Property Management Arrangement will be attributable to the Building Management Services and approximately 85% will be attributable to the Extra Management Services.

Such annual caps are determined with reference to (i) the management fees in respect of the Building Management Services (which are to be fixed by the owners of the buildings concerned in accordance with the respective deeds of mutual covenants and management agreements); and (ii) the expected increase in the level of the Extra Management Services required.

The Property Management Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that (i) the transactions in relation to the provision of the Building Management Services have been and will continue to be on the same basis as those payable by the other owners of the relevant buildings; and (ii) the transactions in relation to the provision of the Extra Management Services have been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the service fees payable to the SHKP Group have been and will continue to be at rates comparable to the rates chargeable by other third party service providers taking into account the type and nature, scale, frequency and duration of the services involved.

C. Provision of insurance services by SHKI to the Group

Background

Various members of the Group currently maintain insurance cover with or through SHKI for members of the Group and for certain sub-contractors engaged by the members of the Group (the “**Insurance Arrangement**”).

The New Agreement

On 5 May 2020, the Company and SHKI entered into a new agreement pursuant to which the Company appointed SHKI to maintain the insurance coverage for the benefit of the Group for a period from 1 July 2020 to 30 June 2023 (both days inclusive). This agreement takes effect from the date of signing, and is a master agreement which sets out the principles upon which members of the Group will obtain insurance coverage with or through SHKI. The said principles include that the terms of the insurance policies to be maintained at the request of the Group with SHKI as the insurer shall be negotiated on an arm's length basis and be comparable to the terms of the insurance policies maintained by

other third parties with SHKI in respect of similar type of risk insured. Prior to taking out the relevant insurance policies, the Group will obtain market rates of insurance premium charged by at least two other independent insurance companies and determine whether the rates of premium offered by SHKI are at market level. Relevant members of the Group and SHKI have entered into and will enter into insurance policies to provide for detailed terms governing the relevant insurance obtained pursuant to such arrangement. The New Agreement is in essence of substantially the same terms as those under the previous agreement entered into by the parties on 2 May 2017, which is due to expire on 30 June 2020.

The historical amounts

The annual cap for the Insurance Arrangement for each of the three financial years ending 30 June 2020 as set out in the 2017 Announcement was HK\$4,900,000. The following table sets out the aggregate amount of insurance premiums paid by the Group to SHKI pursuant to the Insurance Arrangement during the Relevant Historical Periods:

Relevant Historical Periods	Amount (HK\$)
Financial year ended 30 June 2018	2,311,000
Financial year ended 30 June 2019	2,898,000
Six-month period ended 31 December 2019	1,689,000

Proposed annual caps and basis of cap

The proposed annual caps for the aggregate amount of insurance premiums which may become payable to SHKI pursuant to the Insurance Arrangement for each of the three financial years ending 30 June 2023 are set out below:

	For the financial year ending 30 June		
	2021	2022	2023
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Insurance premiums pursuant to the Insurance Arrangement	6,465,000	7,683,000	9,886,000

Such annual caps are determined with reference to the estimated insurance protection requirements of the Group and the likely level of insurance premium at which the Group will be able to obtain the relevant insurance cover.

The Insurance Arrangement has been and will be conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) confirm that the Insurance Arrangement has been and will continue to be negotiated on an arm's length basis and on normal commercial terms, and the insurance premiums payable pursuant to such arrangement has been and will continue to be at market rates.

3. REASONS FOR AND BENEFITS OF 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 through transactions undertaken in the past, the Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) consider that the entering into of each of the Continuing Connected Transactions is in the commercial interest of the Group. The Directors (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) consider that the Transactions Requiring Approval and the Transactions Exempt from 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 (including the independent non-executive Directors in respect of the Transactions Exempt from Approval only) also consider that the relevant annual caps for the three financial years ending 30 June 2021, 2022 and 2023 of the Transactions Requiring Approval and the Transactions Exempt from Approval are fair and reasonable.

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

(3) LISTING RULES IMPLICATIONS

Relationship with SHKP

As at the date of this announcement, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.84% of the entire issued share capital of the Company. As such, SHKP and its associates are connected persons of the Company under the Listing Rules for so long as SHKP remains a substantial Shareholder.

The Building Contract

The Main Contractor is a wholly-owned subsidiary of SHKP and is therefore an associate of SHKP and a connected person of the Company. Accordingly, the entering into of the Building Contract with the Main Contractor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Building Contract calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but all are less than 25%, the entering into of the Building Contract constitutes (i) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and the Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules; and (ii) a discloseable transaction of the Company under Chapter 14 of the Listing Rules subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules.

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

Transactions Exempt from Approval

In respect of each category of the Transactions Exempt from Approval, it is anticipated that the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated thereunder (when separately aggregated), on an annual basis, will be more than 0.1% but will be less than 5%. Hence each category of the Transactions Exempt from Approval will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are only subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

Given that Messrs. KWOK Ping-luen, Raymond, FUNG Yuk-lun, Allen, TUNG Chi-ho, Eric and KWOK Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the Transactions Exempt from Approval, and they have therefore abstained from voting on the Board resolutions approving the Transactions Exempt from Approval. As Mr. CHEUNG Wing-yui is a consultant of the firm of solicitors

which provides professional services to the Company in relation to the Transactions Exempt from Approval, he has also abstained from voting on the Board resolutions approving the Transactions Exempt from Approval to avoid potential conflicts of interests. Likewise, as Messrs. David Norman PRINCE, SIU Hon-wah, Thomas and CHAN Hong-ki, Robert hold certain posts in the SHKP Group, they have also abstained from voting on the Board resolutions approving the Transactions Exempt from Approval to avoid potential conflicts of interests. Given that Messrs. KWOK Ping-luen, Raymond, FUNG Yuk-lun, Allen and CHEUNG Wing-yui are directors of both the Company and SHKI, they are regarded as materially interested in the Insurance Arrangement, and they have therefore abstained from voting on the Board resolutions approving the Insurance Arrangement.

Transactions Requiring Approval

It is anticipated that the revenue ratio set out in Rule 14.07 of the Listing Rules in respect of each of (i) the System and Networking Arrangement and the System and Networking Sub-contracting Arrangement, which are required to be aggregated under Rule 14A.81 of the Listing Rules; and (ii) the Maintenance Arrangement and the Maintenance Sub-contracting Arrangement, which are required to be aggregated under Rule 14A.81 of the Listing Rules, on an annual basis will be more than 5% but will be less than 25%, such transactions will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Transactions Requiring Approval are subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

Accordingly, the Company will seek the Independent Shareholders' Approval (by way of poll) for the Group to conduct each category of the Transactions Requiring Approval for the period from 1 July 2020 to 30 June 2023 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 caps for the financial year ending 30 June		
	2021 (HK\$)	2022 (HK\$)	2023 (HK\$)
A. System and Networking Arrangement	100,200,000	132,800,000	212,700,000
B. Maintenance Arrangement	76,900,000	87,300,000	99,200,000
C. System and Networking Sub-contracting Arrangement	9,000,000	15,200,000	22,200,000
D. Maintenance Sub-contracting Arrangement	6,000,000	8,300,000	10,600,000

If there are any material changes in any terms of the New Agreements for the Transactions Requiring Approval or the relevant annual caps stated above are exceeded, the Company will comply with the applicable requirements under the Listing Rules, unless the Company reports to the Stock Exchange and is granted an exemption.

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

(4) INDEPENDENT SHAREHOLDERS' APPROVAL IN RESPECT OF THE BUILDING CONTRACT AND THE TRANSACTIONS REQUIRING APPROVAL

It is proposed that ordinary resolutions will be proposed at the EGM to approve (by way of poll) the Building Contract and the Transactions Requiring Approval together with the proposed annual caps therefor as mentioned above. Shareholders who are not Independent Shareholders will be required to abstain from voting on the ordinary resolutions.

An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Building Contract and 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 Building Contract and the Transactions Requiring Approval.

A circular containing, among other things, (i) further information on the Building Contract and the Transactions Requiring Approval; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Building Contract and the Transactions Requiring Approval; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the Transactions Requiring Approval; and (iv) the notice of the EGM to be convened at which ordinary resolutions will be proposed to approve the Building Contract, the Transactions Requiring Approval and matters contemplated thereunder is currently expected to be despatched to the Shareholders on or before 26 May 2020.

(5) GENERAL

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

The principal activity of the Main Contractor is building construction.

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

(6) EGM

The EGM will be held on Tuesday, 23 June 2020 and the notice of the EGM will be published and despatched to the Shareholders and the Noteholders accordingly.

(7) CLOSURE OF REGISTER OF MEMBERS

In order to determine Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 18 June 2020 to Tuesday, 23 June 2020, both days inclusive, during which no transfer of Shares will be effected.

- (i) In the case of the Shares, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 17 June 2020.
- (ii) In the case of the Convertible Notes, in order to be entitled to attend and vote at the EGM, the notice of conversion accompanied by the relevant note certificate and payment of the necessary amount should have been surrendered to and deposited with the Company's registrar in respect of the Convertible Notes, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for conversion into Shares not later than 4:30 p.m. on Wednesday, 6 May 2020.

(8) TERMS USED IN THIS ANNOUNCEMENT

"2017 Announcement"	the announcement of the Company dated 2 May 2017
"associate(s)"	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
"Board"	the board of Directors
"Building Contract"	the building contract dated 5 May 2020 entered into between Capital Way and the Main Contractor in relation to the Works for the Project
"CABD"	communal aerial broadcasting distribution, the traditional means of receiving free-to-air programming via a roof-top aerial

“Capital Way”	Capital Way (H.K.) Limited 僑威(香港)有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	SUNeVision Holdings Ltd. 新意網集團有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1686)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Continuing Connected Transactions”	the transactions between the respective members of the Group and of the SHKP Group pursuant to the Transactions Requiring Approval and the Transactions Exempt from Approval
“Contract Sum”	HK\$821,143,855 (subject to adjustments), being the contract sum payable by Capital Way to the Main Contractor pursuant to the Building Contract
“Convertible Note(s)”	the convertible note(s) constituted by a deed poll dated 25 November 2010 and issued by the Company, which are convertible into Shares at the conversion price of HK\$0.10 per Share (subject to adjustment in accordance with the said deed poll) upon the exercise of the conversion rights attached to the convertible notes
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Building Contract and the Transactions Requiring Approval
“ELV”	extra-low voltage
“Existing Approval”	the approval by the then Independent Shareholders in respect of the System and Networking Arrangement, the Maintenance Arrangement, the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement at the extraordinary general meeting of the Company held on 23 June 2017
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“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 a general meeting to approve the Building Contract and/or the Transactions Requiring Approval (as the case may be)
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders
“Insurance Arrangement”	the provision of insurance services by SHKI to the Group as referred to and defined in section (2)2.II.C of this announcement
“IT”	information technology incorporating internet related services and business
“Land”	a piece of land located at Ma Kok Street, Tsuen Wan, New Territories, Hong Kong and registered in the Land Registry as Tsuen Wan Town Lot No. 428
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as may be amended from time to time)
“Main Contractor”	Sanfield Engineering Construction Limited 新輝城建工程有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“Maintenance Arrangement”	the maintenance and repair services of systems and networking provided or to be provided by the Group to the SHKP Group as referred to and defined in section (2)2.I.B of this announcement
“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 referred to and defined in section (2)2.I.D of this announcement
“New Agreements”	the agreements all dated 5 May 2020 entered into between the Company on the one hand and SHKP or SHKI on the other hand (as the case may be) governing the Transactions Requiring Approval and the Transactions Exempt from Approval and “New Agreement” means any one of them

“Noteholder(s)”	the holder(s) of the Convertible Notes
“Project”	the development comprising a high-tier data centre to be constructed on the Land
“Property Management Arrangement”	the provision of the property management services by the SHKP Group to the Group as referred to and defined in section (2)2.II.B of this announcement
“Relevant Historical Periods”	the two financial years ended 30 June 2018 and 30 June 2019 respectively and the six-month period ended 31 December 2019
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SHKI”	Sun Hung Kai Properties Insurance Limited 新鴻基地產保險有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SHKP
“SHKP”	Sun Hung Kai Properties Limited 新鴻基地產發展有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 16), which is a controlling Shareholder
“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group
“SMATV”	satellite master antenna television
“Space and Rack Rental Arrangement”	the leasing and licensing of the space and racks located in the Group’s data centres by the Group to the SHKP Group as referred to and defined in section (2)2.II.A of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“System and Networking Arrangement”	the design, installation, operation and provision of systems and networking services provided or to be provided by the Group to the SHKP Group as referred to and defined in section (2)2.I.A of this announcement; and which was previously known as the Networking Arrangement in the 2017 Announcement

“System and 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 System and Networking Arrangement as referred to and defined in section (2)2.I.C of this announcement; and which was previously known as the Networking Sub-contracting Arrangement in the 2017 Announcement
“Transactions Exempt from Approval”	the transactions under the Space and Rack Rental Arrangement, the Property Management Arrangement and the Insurance Arrangement
“Transactions Requiring Approval”	the transactions under the System and Networking Arrangement, the Maintenance Arrangement, the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement
“Works”	the construction of a 21-storey high building on the Land from basement enclosure upwards with a maximum gross floor area of approximately 201,700 square feet and certain fitting out works and all external works including coordination of various nominated sub-contracted works that are tendered out separately
“%”	per cent

By Order of the Board
SUNEVISION HOLDINGS LTD.
AU King-lun, Paulina
Company Secretary

Hong Kong, 5 May 2020

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