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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 securities in SUNeVision Holdings Ltd., you should at once hand this circular and the accompanying 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: 1686)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –  
BUILDING CONTRACT AND  
(2) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**SOMERLEY CAPITAL LIMITED**

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Capitalised terms used in the lower portion of this cover page will have the same respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 7 to 37 of this circular. A letter from the Independent Board Committee is set out on pages 38 to 39 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 40 to 76 of this circular.

A notice of the EGM to be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 23 June 2020 at 12:00 noon is set out on pages 95 to 100 of this circular. 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 registrar 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 12:00 noon on Friday, 19 June 2020 or not less than 48 hours before the time for holding any adjourned EGM (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

**PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING**

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, certain precautionary measures will be implemented at the EGM including, without limitation:

- (i) compulsory body temperature screening/checks;
- (ii) mandatory use of surgical face mask throughout the EGM (please note that no masks will be provided at the EGM venue and Shareholders should wear their own masks);
- (iii) mandatory health declaration – any attendee subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM (“Recent Travel History”), or has close contact with any person under quarantine or with Recent Travel History will not be permitted to attend the EGM; and
- (iv) no refreshments or drinks will be provided at the EGM.

Shareholders who (a) do not comply with the precautionary measures referred to in (i) to (iii) above; (b) is subject to quarantine; (c) has any flu-like symptoms; (d) has any Recent Travel History; or (e) has close contact with any person under quarantine or with Recent Travel History may be denied entry to the EGM venue at the absolute discretion of the Company.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.**

*Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement as appropriate.*

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## DEFINITIONS

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

“2017 Announcement”	the announcement of the Company dated 2 May 2017;
“2020 Announcement”	the announcement of the Company dated 5 May 2020;
“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;
“CCTs Annual Caps”	the System and Networking Arrangement Annual Caps, the Maintenance Arrangement Annual Caps, the System and Networking Sub-contracting Arrangement Annual Caps, and Maintenance Sub-contracting Arrangement Annual Caps;
“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);

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## DEFINITIONS

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“Continuing Connected Transactions”	the transactions under the System and Networking Arrangement, the Maintenance Arrangement, the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement;
“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;
“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 Continuing Connected Transactions;
“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;

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## DEFINITIONS

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“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the Continuing Connected Transactions;
“Independent Shareholders”	Shareholders that are not required to abstain from voting on the Building Contract and/or the Continuing Connected Transactions (as the case may be) at the EGM;
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders;
“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;
“Latest Practicable Date”	19 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“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;

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## DEFINITIONS

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“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 3(ii)B of the letter from the Board set out in this circular;
“Maintenance Arrangement Annual Caps”	the proposed annual caps for the aggregate amount of services 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;
“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 3(ii)D of the letter from the Board set out in this circular;
“Maintenance Sub-contracting Arrangement Annual Caps”	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;
“New Agreements”	the agreements all dated 5 May 2020 entered into between the Company on the one hand and SHKP on the other hand governing the Continuing Connected Transactions and “New Agreement” means any one of them;
“Project”	the development comprising a high-tier data centre to be constructed on the Land;
“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;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as may be amended from time to time);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“SHKP”	Sun Hung Kai Properties Limited 新鴻基地產發展有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 16), which is a controlling Shareholder;
“SHKP Group”	SHKP and its subsidiaries and associates from time to time, but excluding the Group;
“SMATV”	satellite master antenna television;
“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 3(ii)A of the letter from the Board set out in this circular; and which was previously known as the Networking Arrangement in the 2017 Announcement;
“System and Networking Arrangement Annual Caps”	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;

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## DEFINITIONS

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“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 3(ii)C of the letter from the Board set out in this circular; and which was previously known as the Networking Sub-contracting Arrangement in the 2017 Announcement;
“System and Networking Sub-contracting Arrangement Annual Caps”	the proposed annual caps for the aggregate amount of services 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;
“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; and
“%”	per cent.

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LETTER FROM THE BOARD

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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: 1686)**

***Executive Directors:***

Kwok Ping-luen, Raymond (*Chairman*)

Fung Yuk-lun, Allen (*Vice Chairman*)

Tong Kwok-kong, Raymond  
(*Chief Executive Officer*)

Tung Chi-ho, Eric

Chan Man-yuen, Martin

Lau Yeuk-hung, Fiona

***Non-Executive Directors:***

Cheung Wing-yui (*Vice Chairman*)

Kwok Kai-wang, Christopher

David Norman Prince

Siu Hon-wah, Thomas

Chan Hong-ki, Robert

***Independent Non-Executive Directors:***

Li On-kyok, Victor

King Yeo-chi, Ambrose

Wong Kai-man

Kwok Kwok-chuen

Lee Wai-kyong, Sunny

Cheng Ka-lai, Lily

***Registered Office:***

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

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

Unit 3110, 31/F  
Standard Chartered Tower  
Millennium City 1  
388 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

26 May 2020

*To the Shareholders and, for information only, the noteholders of the Company*

Dear Sir/Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION –  
BUILDING CONTRACT**

**AND**

**(2) VARIOUS CONTINUING CONNECTED TRANSACTIONS  
AND**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the 2020 Announcement. Pursuant to the requirements of the Listing Rules, the Company is required to seek the Independent Shareholders'

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## LETTER FROM THE BOARD

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Approval in relation to (i) the Building Contract, which constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules; and (ii) the Continuing Connected Transactions, which constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and the CCTs Annual Caps therefor.

The purpose of this circular is to provide you with (i) further information on the Building Contract and the Continuing Connected Transactions; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders in respect of the Building Contract and the Continuing Connected Transactions; (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 Continuing Connected Transactions; (iv) other information as required by the Listing Rules; and (v) the notice of the EGM.

### 2. DISCLOSEABLE AND CONNECTED TRANSACTION

#### (i) 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.

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## LETTER FROM THE BOARD

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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, although there is no cap on the Contract Sum under the Building Contract, 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.

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## LETTER FROM THE BOARD

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- 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.

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## LETTER FROM THE BOARD

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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.

(ii) **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.

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## LETTER FROM THE BOARD

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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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 of this circular) 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.

### 3. VARIOUS CONTINUING CONNECTED TRANSACTIONS

#### (i) BACKGROUND

The Group has been conducting the Continuing Connected Transactions, details (including the relevant annual caps) of which were disclosed in the 2017 Announcement. The System and Networking Arrangement, the Maintenance Arrangement, the System and Networking Sub-contracting Arrangement and 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.

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## LETTER FROM THE BOARD

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**(ii) 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 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 which is conditional upon the obtaining of the approval of the Independent Shareholders.

The Continuing Connected Transactions 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.

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## LETTER FROM THE BOARD

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**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 Group will review and compare the terms of transactions by the Group with independent third party

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## LETTER FROM THE BOARD

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customers for similar services with the terms of services to be provided to the SHKP Group, to ensure that 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, as with transaction with independent third parties for similar services, 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, ranges from 5% to 25% as adopted by the Group for prices charged in similar transactions with independent third parties for such services. The markup 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 will be within the aforesaid range to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the System and Networking Arrangement and that the price is also 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.

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## LETTER FROM THE BOARD

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### *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:

<b>Relevant Historical Periods</b>	<b>Amount (HK\$)</b>
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

### *System and Networking Arrangement Annual Caps and basis of caps*

The System and Networking Arrangement Annual Caps are set out below:

	<b>For the financial year ending 30 June</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<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 System and Networking Arrangement 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. It is expected that the services fees for the financial

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## LETTER FROM THE BOARD

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years ending 30 June 2022 and 30 June 2023 will increase due to ordinary growth in business. In addition, based on the anticipated timeline of the Group, a substantial amount of services may be rendered under the System and Networking Arrangement for property projects of the SHKP Group in the year ending 30 June 2023. Hence, a significant increase in service fees to the Group in this regard is anticipated for the financial year ending 30 June 2023.

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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 of this circular) 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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 of this circular) 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.

### *Internal Controls*

For the pricing terms under the System and Networking Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring compliance with the internal control procedures under the pricing approval work flow.

The Group’s internal audit department performs periodic reviews (on a semi-annual basis) and conducts sample checking of the transactions under the System and Networking Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures, that the pricing of the transactions under the System and Networking Arrangement strictly adheres to the aforesaid pricing strategy and is comparable to the prices charged by the Group in similar transactions involving independent third parties, and that

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## LETTER FROM THE BOARD

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the terms of the transactions under the System and Networking Arrangement are no less favourable to the Group than those offered to the Group by other independent third parties in similar transactions.

The Group's internal audit department compares the terms, in particular, pricing and profit margin of the transactions with connected persons and with independent third parties respectively and checks whether the profit margin is in line with the Group's historical profit margins for similar transactions.

The finance department of the Group monitors the transaction amounts on a monthly basis and the internal audit department of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual caps.

**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

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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 Group will review and compare the terms of transactions by the Group with independent third party customers for similar services with the terms of services to be provided to the SHKP Group, to ensure that 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, as with transaction with independent third parties for similar services, 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, ranges from 15% to 35% as adopted by the Group in similar transactions involving independent third parties for such services. The markup 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 will be within the aforesaid range to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Maintenance Arrangement and that the price is also 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.

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## LETTER FROM THE BOARD

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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:

<b>Relevant Historical Periods</b>	<b>Amount (HK\$)</b>
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

### *Maintenance Arrangement Annual Caps and basis of caps*

The Maintenance Arrangement Annual Caps are set out below:

	<b>For the financial year ending 30 June</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<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

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The Maintenance Arrangement 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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 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 pages 38 to 39 of this circular) 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.

### *Internal Controls*

For the pricing terms under the Maintenance Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring compliance with the internal control procedures under the pricing approval work flow.

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The Group's internal audit department performs periodic reviews (on a semi-annual basis) and conducts sample checking of the transactions under the Maintenance Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures, that the terms in force with and the fees charged by the Group to connected persons are comparable to those in force with and charged by the Group to independent third parties in similar transactions, mainly in respect of the scope of services provided, i.e. number, type and complexity of systems/networks involved and the frequency of checking to be carried out.

The Group's internal audit department compares the terms, in particular, profit margin of the transactions with connected persons and with independent third parties respectively.

The finance department of the Group monitors the transaction amounts on a monthly basis and the internal audit department of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual caps.

### 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 parts of the works involved are performed by members of the Group directly and the Group will, by performing the project supervision role, 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

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## LETTER FROM THE BOARD

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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

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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:

<b>Relevant Historical Periods</b>	<b>Amount (HK\$)</b>
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

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### *System and Networking Sub-contracting Arrangement Annual Caps and basis of caps*

The System and Networking Sub-contracting Arrangement Annual Caps are set out below:

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

The System and Networking Sub-contracting Arrangement 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 3(ii)A above, the level of demand for, the scale of services and the fees to be charged pursuant to the System and Networking Arrangement are expected to increase in the two financial years ending 30 June 2023. It is therefore expected that the services fees for the financial years ending 30 June 2022 and 30 June 2023 under the System and Networking Sub-contracting Arrangement will increase corresponding to the anticipated increase under the System and Networking Arrangement. Furthermore, certain existing and 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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 of this circular) confirm that the System and Networking

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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 pages 38 to 39 of this circular) 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.

### *Internal Controls*

For the pricing terms under the System and Networking Sub-contracting Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring compliance with the internal control procedures under the purchase control procedures.

The Group's internal audit department regularly conducts sample checking of the transactions under the System and Networking Sub-contracting Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures.

According to the Group's internal control procedures, the Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will 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.

As mentioned above, there are cases where the Group will charge as part of the service fees payable by the SHKP Group under the System and Networking Arrangement at a certain percentage markup. The Group's internal audit department conducts sample checking of the markup of the sub-contracting

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costs of works under the System and Networking Sub-contracting Arrangement to ensure such markup charged as part of the service fees payable by the SHKP Group under the System and Networking Arrangement is fair and reasonable and comparable to the markup in similar transactions of the Group.

The finance department of the Group monitors the transaction amounts on a monthly basis and the internal audit department of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual caps.

### **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, based on the capability and resources availability of the Group, 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.

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### *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

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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:

<b>Relevant Historical Periods</b>	<b>Amount (HK\$)</b>
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

### *Maintenance Sub-contracting Arrangement Annual Caps and basis of caps*

The Maintenance Sub-contracting Arrangement Annual Caps are set out below:

	<b>For the financial year ending 30 June</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<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

The Maintenance Sub-contracting Arrangement 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

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respect of the services under the Maintenance Sub-contracting Arrangement. As mentioned in section 3(ii)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 whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 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 pages 38 to 39 of this circular) 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.

### *Internal Controls*

For the pricing terms under the Maintenance Sub-contracting Arrangement, the authorised persons of the relevant project teams are responsible for supervising and monitoring compliance with the internal control procedures under the purchase control procedures.

The Group’s internal audit department regularly conducts sample checking of the transactions under the Maintenance Sub-contracting Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures.

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## LETTER FROM THE BOARD

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According to the Group's internal control procedures, the Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractor list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will 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.

As mentioned above, there are situations where the Group will charge as part of the service fees payable by the SHKP Group under the Maintenance Arrangement at a certain percentage markup. The Group's internal audit department conducts sample checking of the markup of the sub-contracting costs of works under the Maintenance Sub-contracting Arrangement to ensure such markup charged as part of the service fees payable by the SHKP Group under the Maintenance Arrangement is fair and reasonable and comparable to the markup in similar transactions of the Group.

The finance department of the Group monitors the transaction amounts on a monthly basis and the internal audit department of the Group reviews the transaction amounts regularly to ensure that timely alert will be made to the management whenever the aggregate transactions amount is likely to exceed the approved annual caps.

**(iii) 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 (excluding the independent non-executive Directors whose views are set out in the “**Letter from the Independent Board Committee**” set out on pages 38 to 39 of this circular) consider that

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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 pages 38 to 39 of this circular) consider that the Continuing Connected Transactions 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 pages 38 to 39 of this circular) also consider that the CCTs Annual Caps are fair and reasonable.

#### 4. LISTING RULES IMPLICATIONS

##### **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 73.83% 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.

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As mentioned in section 2(i) above, it is expected that the final Contract Sum will not exceed 110% of the original Contract Sum. In the event that the final Contract Sum does exceed 110% of the original Contract Sum and results in the entering into of the Building Contract being re-classified as a notifiable transaction of a higher category under Chapter 14 of the Listing Rules, the Company will re-comply with the relevant requirements under the Listing Rules as applicable.

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.

### **Continuing Connected Transactions**

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 Continuing Connected Transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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Accordingly, the Company will seek the Independent Shareholders' Approval (by way of poll) for the Group to conduct each category of the Continuing Connected Transactions 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 their respective CCTs Annual Caps set out below:

Category of the Continuing Connected Transactions	CCTs Annual Caps for the financial year ending 30 June		
	2021	2022	2023
	(HK\$)	(HK\$)	(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 or any of the CCTs Annual Caps 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 Continuing Connected Transactions, and they have therefore abstained from voting on the Board resolutions approving the Continuing Connected Transactions. As Mr. Cheung Wing-yui is a consultant of the firm of solicitors which provides professional services to the Company in relation to the Continuing Connected Transactions, he has also abstained from voting on the Board resolutions approving the Continuing Connected Transactions 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 Continuing Connected Transactions to avoid potential conflicts of interests.

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## LETTER FROM THE BOARD

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### 5. INDEPENDENT SHAREHOLDERS' APPROVAL IN RESPECT OF THE BUILDING CONTRACT AND THE CONTINUING CONNECTED TRANSACTIONS

Ordinary resolutions will be proposed at the EGM to approve (by way of poll) the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor as mentioned above. Pursuant to Rule 14A.70(12) of the Listing Rules, any Shareholder with a material interest in the Building Contract and/or the Continuing Connected Transactions (as the case may be) are required to abstain from voting on the respective ordinary resolutions for approving the same. As such, SHKP and its associates are required to abstain from voting on the ordinary resolutions for approving the Building Contract and the Continuing Connected Transactions at the EGM.

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

- (a) SHKP (through 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 resolutions will be proposed to approve the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps.

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## LETTER FROM THE BOARD

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An Independent Board Committee has been appointed to advise the Independent Shareholders on whether the terms of the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser, Somerley, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Building Contract and the Continuing Connected Transactions.

### 6. 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.

### 7. EGM

The EGM will be convened by the Company at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 23 June 2020 at 12:00 noon for the purposes of considering and, if thought fit, approving the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor, and the notice of the EGM is set out in this circular. As at the Latest Practicable Date, SHKP (through its associates) is interested in approximately 73.83% of the entire issued share capital of the Company. As such, the associates of SHKP which hold shares in the Company are required to abstain from voting on the resolutions at the EGM. To the best of the Directors' knowledge, none of the other Shareholders is materially interested in the Building Contract and/or the Continuing Connected Transactions and required to abstain from voting on the resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### 8. RECOMMENDATION

Having taken into account the factors as disclosed above in (i) section 2(ii) headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE BUILDING CONTRACT”; and (ii) section 3(iii) headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS”, the Directors (including the independent non-executive Directors whose views are set out in the “Letter from the Independent Board Committee” in this circular after taking into consideration the advice from the Independent Financial Adviser) consider that (i) the terms of the Building Contract are fair and reasonable, and although the entering into of the Building Contract is not in the ordinary and usual course of business of the Group, it will be conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; and (ii) the Continuing Connected Transactions 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. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor.

### 9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 38 to 39 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 40 to 76 of this circular, and the information set out in the appendix on pages 77 to 94 of this circular.

Yours faithfully,  
By order of the Board  
**SUNEVISION HOLDINGS LTD.**  
**Au King-lun, Paulina**  
*Company secretary*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee, setting out its recommendation to the Independent Shareholders in relation to the Building Contract and the Continuing Connected Transactions, which has been prepared for the purpose of inclusion in this circular.*



sunEvision

**SUNEVISION HOLDINGS LTD.**

**新意網集團有限公司**

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

**(Stock Code: 1686)**

26 May 2020

*To the Independent Shareholders*

Dear Sir/Madam,

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

We refer to the circular of the Company dated 26 May 2020 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 Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Building Contract and the Continuing Connected Transactions are set out in the text of the letter from the Board as set out on pages 7 to 37 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 40 to 76 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Building Contract and the Continuing Connected Transactions together with the principal factors and reasons for its advice and recommendation.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the factors and reasons considered by, and the opinions of, the Independent Financial Adviser as stated in its aforementioned letter of advice, we consider that (i) the terms of the Building Contract are fair and reasonable, and although the entering into of the Building Contract is not in the ordinary and usual course of business of the Group, it will be conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; and (ii) the Continuing Connected Transactions 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. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor.

Yours faithfully,

Independent Board Committee

**SUNEVISION HOLDINGS LTD.**

**Li On-kwok, Victor**

**King Yeo-chi, Ambrose**

**Wong Kai-man**

**Kwok Kwok-chuen**

**Lee Wai-kwong, Sunny**

**Cheng Ka-lai, Lily**

*Independent Non-Executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the letter of advice from Somerley Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the Continuing Connected Transactions, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

26 May 2020

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

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION –  
BUILDING CONTRACT  
AND  
VARIOUS CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Building Contract and the Continuing Connected Transactions. Details of the Building Contract and the Continuing Connected Transactions are set out in the circular issued by the Company to the Shareholders and, for information only, the noteholders of the Company dated 26 May 2020 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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 (i.e. the construction of a 21-storey high building on the Land from basement enclosure upwards with a maximum gross floor area (“**GFA**”) of approximately 201,700 square feet and certain fitting out works and all external works including coordination of various nominated sub-contract works that are tendered out separately) for the Project (i.e. the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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development comprising a high-tier data centre to be constructed on the Land) at a Contract Sum of approximately HK\$821.1 million, subject to adjustments in accordance with the terms of the Building Contract.

In addition, the Group has been conducting the Continuing Connected Transactions relating to the Group's installation and maintenance services of ELV and IT systems, comprising (i) 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 (ii) 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. The agreements for the Continuing Connected Transactions entered into in 2017 will expire on 30 June 2020, and 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 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).

As at the Latest Practicable Date, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.83% 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 Continuing Connected Transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Kwok Kwok-chuen, Mr. Lee Wai-kwong, Sunny and Ms. Cheng Ka-lai, Lily, has been established to advise the Independent Shareholders in respect of the Building Contract and the Continuing Connected Transactions and on how they should vote at the EGM. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Capital Way, the Main Contractor and SHKP or their respective core connected persons, close associates or associates (all as defined in the Listing Rules) and accordingly are considered eligible to give independent advice on the above matter. Apart from normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, Capital Way, the Main Contractor and SHKP or their respective core connected persons, close associates or associates.

During the past two years, we have acted as the independent financial adviser to the Company in relation to the acquisition of a property holding company from and the disposals of two indirect wholly-owned property holding subsidiaries of the Company to, the SHKP Group (as disclosed in the circular of the Company dated 11 October 2019). The past engagement was limited to providing independent advisory services to the Company pursuant to the Listing Rules, for which we received normal professional fee relevant to this type of engagement. Accordingly, we do not consider the past engagement would affect our independence to act as the independent financial adviser to the Company under the current engagement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In formulating our opinion, we have reviewed, among other things, the Building Contract, the New Agreements, the annual report of the Company for the year ended 30 June 2019, the interim report of the Company for the six months ended 31 December 2019 (the “**2019/20 Interim Report**”) and the information as set out in the Circular. We have discussed the business and future prospects of the Group as they may be affected by the transactions contemplated under the Building Contract and the Continuing Connected Transactions with the management of the Group.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group (the “**Management**”) and have assumed that they are true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below.

#### 1. Information of the Group

##### (a) *Business activities of the Group*

The Group’s principal business activities include the provision of data centre, facilities management and value-added services, and installation and maintenance services. The Group derives revenue from two segments, namely (i) provision of data centre, facilities management and value-added services (the “**Data Centre and IT Facilities Segment**”); and (ii) installation and maintenance services for the ELV and IT systems (the “**ELV and IT Systems Segment**”). The Company was listed on the Growth Enterprise Market of the Stock Exchange in 2000. In January 2018, the Group completed the transfer of listing of the Shares to the Main Board of the Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, the Group operated 5 data centres in Hong Kong, namely, MEGA-i in Chai Wan, MEGA Plus in Tseung Kwan O, MEGA Two in Shatin, JUMBO in Tsuen Wan and ONE in Kwun Tong. MEGA Plus commenced operations as the Group's flagship data centre in October 2017. In the same year, the Group established dark fibre connection to form "MEGA Campus", connecting MEGA-i, MEGA Two and MEGA Plus. In January 2018, the Group won the tender for the Tsuen Wan land parcel (i.e. the Land) for the development of a high grade industrial building (i.e. the Project). In December 2018, the Group acquired a land parcel designated for a high-tier data centre adjacent to MEGA Plus in Tseung Kwan O from the Hong Kong Government.

**(b) Segment revenue and results of the Group**

Set out below is a summary of the segment revenue and results of the Group for the six months ended 31 December 2019 and 2018 and the years ended 30 June 2019 and 2018.

	For the six months ended 31 December		For the year ended 30 June	
	2019	2018	2019	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
<b>Revenue</b>				
Data Centre and IT Facilities Segment	729.3	644.4	1,384.0	1,138.2
ELV and IT Systems Segment	89.3	84.2	176.8	165.8
Property holding segment <i>(Note)</i>	—	—	64.3	60.8
	818.6	728.6	1,625.1	1,364.8
<b>Segment results</b>				
Data Centre and IT Facilities Segment	398.4	363.0	764.3	669.5
ELV and IT Systems Segment	19.1	15.7	33.0	26.5
Property holding segment <i>(Note)</i>	—	—	51.1	47.4
	417.5	378.7	848.4	743.4

*Note:* The revenue and segment results of the property holding segment for the six months ended 31 December 2019 and 2018 are excluded from the table above as the investment properties under the property holding segment were disposed of in November 2019 and the relevant results were classified as discontinued operations in the consolidated statement of profit and loss of the Group for the six months ended 31 December 2019 and 2018.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the year ended 30 June 2019, the Group recorded revenue of approximately HK\$1,625.1 million, representing a growth of approximately 19.1% from that for the year ended 30 June 2018. The increase in revenue was largely attributable to the Group's Data Centre and IT Facilities Segment, which managed to secure new contracts and renew existing ones with positive rental reversion. For the six months ended 31 December 2019, revenue of the Group continued to increase by approximately 12.4% to approximately HK\$818.6 million, which was driven mainly by new customer contracts as well as revenue growth from existing customers of the data centre operations.

**(c) *Outlook of the Group***

From the table above, revenue from the Group's Data Centre and IT Facilities Segment has been growing and it remained the major income contributor and the core business segment of the Group. As set out in the 2019/20 Interim Report, the Group's core data centre business remains resilient amid macro and local uncertainties. The Company anticipated that the demand for data would continue to increase. Accordingly, the Group continued its expansion plan and development of the Project, which is located near one of the Group's existing facilities JUMBO and will expand the Group's data centre capacity in Tsuen Wan by approximately 200,000 square feet of GFA. The Project is anticipated to be opened by phases starting in 2022. With the above development, it is expected that the increase in data centre capacity will strengthen the Group's income base in the long run and will further expand its market share in Hong Kong.

**2. Background of, reasons for and benefits of the Building Contract**

**(a) *Enhancing and expanding high-tier data centre capacity***

On 3 January 2018, the Company announced that Capital Way, a wholly-owned subsidiary of the Company, won the tender of the Land at Ma Kok Street, Tsuen Wan, New Territories, Hong Kong with a maximum GFA of approximately 201,700 square feet. The Land is to be developed to a high-tier data centre.

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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 GFA 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.

**(b) *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. There is a need for the Group to recruit a main contractor to oversee the Project to ensure proper coordination and implementation of the Project as the Group does not have such expertise in these areas.

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 SHKP Group has demonstrated its capability to perform and manage marquee Hong Kong property projects including International Finance Centre, International Commerce Centre, Kowloon Commerce Centre, The Wings, Cullinan West and Park Yoho. The principal activity of the Main Contractor, a wholly-owned subsidiary of SHKP, 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 satisfactory performance of the Main Contractor in terms of time management,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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cost effectiveness and quality of work in previous construction projects, including MEGA-i in Chai Wan and MEGA Plus in Tseung Kwan O, as well as addition and alteration works of the Group also made the Main Contractor the most suitable contractor for undertaking the construction of the Project. 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. Details of the assessment of the terms of the Building Contract, including the tendering process, are set out in section headed “**4. Assessment of the terms of the Building Contract**” in this letter.

### **3. Principal terms of the Building Contract**

On 5 May 2020, Capital Way 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 (i.e. the construction of a high-tier data centre) 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 approximately HK\$821.1 million, subject to adjustments. Set out below are the principal terms of the Building Contract:

#### **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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Contract Sum**

The Contract Sum is 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, although there is no cap on the Contract Sum under the Building Contract, 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 be 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 the 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.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Pursuant to the Building Contract, 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 the EGM.

### **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.

#### **4. Assessment of the terms of the Building Contract**

To ensure the suitability of the selected contractor for the Project and a fair and just selection process, the Group, according to its established tendering process, has set up a project consultant team, which comprised mainly independent experts in the relevant areas, including but not limited to, architectural, quantitative surveying, structural engineering and building services engineering to assess the service proposals tendered. Members of the project consultant team possessed relevant industry experience and capability in their respective area of expertise. After reviewing all the service proposals submitted by the candidates, the project consultant team has provided a recommendation of contractor for the Project and the Company has accepted such recommendation.

The tendering process of the Building Contract employed by the Group started with the invitation to qualified contractors to submit service proposals by way of closed tendering. The technical feasibility of the service proposals submitted were then scrutinised by the experts in the project consultant team. The project consultant team also considered relevant factors including but not limited to, price, experience and

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expertise of contractors, quality of work and schedule of completion offered by the service providers. As a general principle, the proposal which: (i) was technically feasible for the Project; and (ii) offered the most favourable terms for the Project would be selected.

As every qualified candidate has to submit its proposal by way of closed tendering and will be scrutinised by the project consultant team comprising mainly independent experts, construction contracts of the Group therefore are not guaranteed to be awarded to any particular contractor, including the SHKP Group, unless the service proposal submitted fulfills the abovementioned principle.

The tendering process of and evaluation of service proposals submitted for the Project in accordance with the above established practice of the Group are set out below in detail.

*(a) Tendering process*

In selecting an appropriate main contractor in overseeing the construction of the Project, the Company has formed, in accordance with the procurement process generally employed by the Group, a consultant team (the “**Project Consultant Team**”) to select and invite potential contractors for submitting service proposals.

The Project Consultant Team comprised professional experts including:

- a. Sun Hung Kai Real Estate Agency Limited, the project manager of the Project (the “**Project Manager**”) (the appointment of such was disclosed in the announcement of the Company dated 16 May 2018);
- b. an independent architect (the “**Architect**”);
- c. an independent quantity surveyor (the “**Quantity Surveyor**”);
- d. an independent structural engineer (the “**Structural Engineer**”); and
- e. an independent building services engineer (the “**Building Services Engineer**”).

As advised by the Project Manager, it is the usual practice that a project consultant team is formed with the above-mentioned professional experts for the construction projects similar to the Project.

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Among the experts of the Project Consultant Team, the Quantity Surveyor was responsible for preparing the Tender Document (as defined below) and assessing the cost and related contractual issues of the Project. For the tendering process, the Architect was mainly responsible for reviewing service proposals received from the contractors and consolidating all the assessments from the Project Consultant Team. The Architect has been appointed as the lead consultant in the Project Consultant Team. We understand that both the Quantity Surveyor and the Architect have experience in data centre projects such as the data centre at MEGA Plus in Tseung Kwan O.

In selecting each of the professional experts of the Project Consultant Team, the Management conducted research on the potential candidates based on their experience in data centre projects of similar size in Hong Kong, the potential candidates' working experience with the Group and their reputation. Having considered the above, the Management invited at least two candidates for each of the roles for quotation. The candidate who offered the most competitive price would be awarded the respective service contract in the Project Consultant Team. Evaluation of service proposals was led by the Management and the Project Manager. We have obtained and reviewed brochures and credentials submitted by each of the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer. We also performed research on the background of the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer to cross-check our understanding based on the information in the credentials provided by them.

For the selection of the role of main contractor of the Project, the Management, based on their industrial and market knowledge, has taken into consideration main contractors involved in sizeable data centre projects in Hong Kong such as MEGA Plus in Tseung Kwan O. Main contractors involved in data centre projects with similar size in the region with presence in Hong Kong have also been considered. In addition, factors like reputation, job reference and size of respective contractors are also taken into account. Based on the above criteria, the Management selected four potential candidates for the role of main contractor of the Project. The Project Manager is of the view that the number of candidates invited for the role of main contractor is reasonable based on its industrial experience.

A detailed tender document (the "**Tender Document**") with specifications and drawings of the Project was then sent to each of the selected candidates.

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Two of the four selected candidates, comprising the Main Contractor and another company principally engaged in the provision of construction services in Hong Kong, accepted the invitation and submitted their service proposals for the Project. The other two declined the invitation by way of formal letters with reasons of other jobs commitment.

*(b) Evaluation of service proposals*

After receiving service proposals from the two candidates, both of which were able to meet the completion timeline requirement of the Project, the Project Consultant Team reviewed the service proposals mainly from two perspectives, namely, technical assessment and cost evaluation.

Technical assessment was carried out by the Architect, the Structural Engineer and the Building Services Engineer, while evaluation of cost and related contractual issues was carried out by the Quantity Surveyor. The Project Manager relied on the assessments performed by the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer, and hence we reviewed the terms of the engagement of each of the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer. We also conducted interviews with the Project Manager, the Architect and the Quantity Surveyor as regards the evaluations, and whether they are independent of the Group and the SHKP Group. We are advised that the Project Consultant Team have performed assessments based on requirements as set out in the Tender Document. We further understand that each of the members of the Project Consultant Team (except for the Project Manager) is independent from the Company and the SHKP Group.

Based on the above evaluations, each of the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer has issued tender reports with recommendations made by them as to whether the candidates passed the assessments for further consideration together with summary of the findings during the evaluation process.

*(i) Technical assessment*

Technical assessment involved issuing of tender queries and conducting technical interviews with candidates. The assessment was carried out separately from the cost evaluation and based solely on technical requirements under the Tender Document regardless of monetary

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considerations (which was evaluated by the Quantity Surveyor as set out below). During the technical interview, each of the candidates was required to present its proposed construction method and project programme, and to respond to tender queries.

The Architect, the Structural Engineer and the Building Services Engineer have issued tender reports on their assessments where both submitted service proposals were generally in order and could be considered acceptable. We have performed an interview with the Architect and noted that the service proposals submitted by both candidates, in the Architect's view, were generally acceptable.

We have also obtained the tender reports issued by the Architect, the Structural Engineer and the Building Services Engineer, the tendering documents from the candidates, tender queries issued by the Project Consultant Team and replies from the candidates and noted that after reviewing the technical submissions and the replies to the tender queries, the technical submission from the candidates were in general acceptable in the respective technical point of view.

Having considered the tender reports from the Architect, the Structural Engineer and the Building Services Engineer, the Project Manager was of the view that both submitted tenders complied with the technical assessments and were recommended for further consideration of the Building Contract tender award.

*(ii) Cost evaluation*

In respect of cost and contractual issues, the Quantity Surveyor was responsible for the assessment. In particular, the reasonableness of the costs to be incurred based on the technically acceptable service proposals of the two candidates were examined in detail. After evaluation of the respective costs proposed by the candidates outlined in the bill of quantities of the Tender Document, tender queries were issued to the candidates for their clarifications on the qualified items. The qualifications arising from the candidates were also assessed by the Quantity Surveyor separately from the Architect for their related cost implications, for example, change of design resulting in change of the material to be used.

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The Quantity Surveyor also ascertained the reasonableness of individual rates listed out in the bills of quantities with reference to its database. We have performed an interview with the Quantity Surveyor and the Quantity Surveyor was of the view that both tenders submitted by the candidates were contractually in order for acceptance.

We have obtained the tender report from the Quantity Surveyor and noted that the proposed tender sum of the Main Contractor was lower than that of the other candidate.

Having considered: (i) the tenders from both the Main Contractor and the other candidate were technically acceptable as set out in the tendering reports prepared by the Architect, the Structural Engineer and the Building Services Engineer; and (ii) the tender sum submitted by the Main Contractor was lower than that of the other candidate, the Project Manager issued a tender recommendation to awarding the Project to the Main Contractor.

Given that the tendering process was open to qualified third party contractors and was carried out under significant involvement of independent professional experts (in particular, the Architect and the Quantity Surveyor, who led the evaluation of service proposals and issued tender reports on their assessments) in assessing the technical and cost aspects of the Building Contract, and that the service proposal submitted by the Main Contractor offered a more competitive contract sum, we are of the view that the terms of the Building Contract, including the Contract Sum, are on normal commercial terms.

### **5. Background of the Continuing Connected Transactions**

The Group's principal business activities include the provision of data centre, facilities management and value-added services, and installation and maintenance services. The Group has been conducting the Continuing Connected Transactions, details (including the relevant annual caps) of which were disclosed in the 2017 Announcement.

As the existing agreements governing the System and Networking Arrangement, the Maintenance Arrangement, the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement dated 2 May 2017 will expire on 30 June 2020 and 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, the Company and SHKP entered into

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the New Agreements governing these arrangements on 5 May 2020 for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive), each of which is conditional upon the obtaining of Independent Shareholders' Approval.

Under the System and Networking Arrangement, 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 Group has charged and will continue to charge the relevant members of the SHKP Group service fees for the provision of such services.

Under the Maintenance Arrangement, 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 Group has charged and will continue to charge the relevant members of the SHKP Group fees for services provided under the Maintenance Arrangement.

In connection with the System and Networking Arrangement and the Maintenance Arrangement, the Group was engaged and will continue to be engaged as the main contractor by the SHKP Group on a project basis. Based on the capability and resources availability of the Group, not all parts of the works involved are performed by members of the Group directly and the Group will, by performing the project supervision role, need to sub-contract part of the works involved in the individual projects to other sub-contractors, including certain members of the SHKP Group (i.e. the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement). 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.

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### 6. 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.

Set out below are the historical revenue of the ELV and IT Systems Segment and the revenue generated under the System and Networking Arrangement and the Maintenance Arrangement by the Group for the six months ended 31 December 2019, the year ended 30 June 2019 and the year ended 30 June 2018:

	<b>For the six months ended 31 December 2019 (HK\$ million)</b>	<b>For the year ended 30 June 2019 (HK\$ million)</b>	<b>For the year ended 30 June 2018 (HK\$ million)</b>
Revenue of the ELV and IT Systems Segment	89.3	176.8	165.8
Revenue generated under:			
— the System and Networking Arrangement	52.4	103.1	97.2
— the Maintenance Arrangement	33.4	64.4	58.7
	85.8	167.5	155.9
Percentage of the total revenue generated under the System and Networking Arrangement and the Maintenance Arrangement to the revenue of the ELV and IT Systems Segment	96.1%	94.7%	94.0%

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The revenue generated from the System and Networking Arrangement and the Maintenance Arrangement were accounted for in the ELV and IT Systems Segment. As noted above, the System and Networking Arrangement and Maintenance Arrangement contributed a significant amount of revenue to the Group. For the six months ended 31 December 2019, the year ended 30 June 2019 and the year ended 30 June 2018, the aggregate amount of revenue generated under the System and Networking Arrangement and the Maintenance Arrangement amounted to approximately HK\$85.8 million, HK\$167.5 million and HK\$155.9 million, representing approximately 96.1%, 94.7% and 94.0% of the revenue of the ELV and IT Systems Segment for the respective years/period.

In connection with the System and Networking Arrangement and the Maintenance Arrangement for which the Group is engaged as the main contractor by the SHKP Group on a project basis, not all the works involved will be performed by members of the Group directly and the Group will sub-contract part of the works involved in individual project to other sub-contractors, which is, according to the Management, a normal and common market practice in the industry adopted by the Company over the years. As such, there are circumstances where the Group engages members of the SHKP Group under the sub-contracting arrangements to fulfill various contractual obligations under the System and Networking Arrangement and the Maintenance Arrangement. This situation arises if members of the SHKP Group are the only qualified or the best qualified sub-contractors to conduct certain parts of the works as specified in the main contractor agreements.

Having considered the fact that (i) installation and maintenance services are one of the major business segments of the Group; and (ii) the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement, both of which are normal and common market practice in the industry, are essential for performing certain works under the System and Networking Arrangement and the Maintenance Arrangement, we concur with the Directors' view that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group.

**7. Principal terms for the Continuing Connected Transactions**

**(a) *The System and Networking Arrangement***

*Principal terms and pricing policy*

Pursuant to the New Agreement governing the System and Networking Arrangement, 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).

As stated in the letter from the Board contained in the Circular, such New 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 Group will review and compare the terms of transactions by the Group with independent third party customers for similar services with the terms of services to be provided to the SHKP Group, to ensure that 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. 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.

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As advised by the Management, the Group has a standard pricing strategy for the system and networking services applicable to all customers (including members of the SHKP Group). The Group will first ascertain from its suppliers and sub-contractors the prime costs 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, ranges from 5% to 25% as adopted by the Group for prices charged in similar transactions with independent third parties for such services. The markup 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 will be within the aforesaid range to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the System and Networking Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties for such services.

### *The Company's internal audit*

We understand that the Group's internal audit department performs periodic reviews (on a semi-annual basis) and conducts sample checking of the transactions under the System and Networking Arrangement to ensure that the pricing of the transactions under the System and Networking Arrangement strictly adheres to the aforesaid pricing strategy and is comparable to the prices charged by the Group in similar transactions involving independent third parties, and the terms of the transactions under the System and Networking Arrangement are no less favourable to the Group than those offered to the Group by other independent third parties in similar transactions.

### *Our work done*

We have obtained and reviewed (i) a recent review report prepared by the Group's internal audit department (the "**IA Report**") on the System and Networking Arrangement; (ii) a list of contracts from July 2017 to December 2019 under the System and Networking Arrangement; and (iii) transaction documents of a number of projects (randomly selected from the aforesaid list of contracts) including, but not limited to, project cost reports and signed

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contracts, for transactions under the System and Networking Arrangement with both connected persons and independent third parties that are comparable in nature. As noted from our review and advised by the Management, during the tendering process, apart from the expected project profit margins or profit contributions, the Group would determine the quotation price/contract sum also by taking into account other factors including, but not limited to, the overall scale and size of the project, the amount of the contract sum, complexity of the work involved, the then market competition and availability of resources of the Group. We were also advised that the profit margins or profit contributions may keep changing throughout the project, possibly due to change in system design and cost savings on materials and sub-contracting during the project progress. Furthermore, additional charges would be charged by the Group on variation orders for work not specified in the main contract or when there were changes in the specifications, such charges would be negotiated and agreed with the customer throughout the project and affected the final project profit margin or profit contribution.

Based on our review of the documents, we noted that (i) albeit the profit margins for the transactions varied case by case due to the factors as mentioned above, the profit contributions or profit margins of transactions with connected persons were within the range of those with independent third parties and we consider that the profit margins of transactions with connected persons were collectively no less favourable than those offered by independent third parties; and (ii) the terms of the system and networking contracts entered into with connected persons were comparable with the terms of those with independent third parties. Our findings are generally in line with those in the IA Report, in that no unusual transaction was identified and the pricing of the transactions with connected persons and the pricing of the transactions with independent third parties were comparable for similar transactions.

**(b) *The Maintenance Arrangement***

*Principal terms and pricing policy*

Pursuant to the New Agreement governing the Maintenance Arrangement, 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).

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As stated in the letter from the Board contained in the Circular, such New 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 Group will review and compare the terms of transactions by the Group with independent third party customers for similar services with the terms of services to be provided to the SHKP Group, to ensure that 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. 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.

As advised by the Management, the Group has a standard pricing strategy for the maintenance services applicable to all customers (including members of the SHKP Group). The Group will first ascertain from its suppliers and sub-contractors the prime costs 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, ranges from 15% to 35% as adopted by the Group in similar transactions involving independent third parties for such services. The markup 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

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into, and will be within the aforesaid range to ensure that the price is fair and reasonable and competitive for being awarded the contracts under the Maintenance Arrangement and that the price is also comparable to the price charged by the Group in similar transactions involving independent third parties for such services.

### *The Company's internal audit*

We understand that the Group's internal audit department performs periodic reviews (on a semi-annual basis) and conducts sample checking of the transactions under the Maintenance Arrangement to ensure that the terms in force with and the fee charged by the Group to connected persons are comparable to those charged by the Group to independent third parties in similar transactions, mainly in respect of the scope of services provided, i.e. number, type and complexity of systems/networks involved and the frequency of inspection to be carried out.

### *Our work done*

We have obtained and reviewed (i) the IA Report on the Maintenance Arrangement; (ii) a list of contracts from July 2017 to December 2019 under the Maintenance Arrangement; and (iii) transaction documents of a number of projects (randomly selected from the aforesaid list of contracts) including, but not limited to, project cost reports and signed contracts for transactions under the Maintenance Arrangement with both connected persons and independent third parties that are comparable in nature.

Based on our review of the documents, it is noted that (i) the profit margins of transactions with connected persons were no less favourable to the Group as compared to those with independent third parties; and (ii) the terms of the maintenance contracts entered into with connected persons are comparable with the terms of those with independent third parties. Our findings are generally in line with those in the IA Report, in that no unusual transaction was identified and the pricing of the transactions with connected persons and the pricing of the transactions with independent third parties were comparable for similar transactions.

### **(c) *The System and Networking Sub-contracting Arrangement***

As stated in the letter from the Board contained in the Circular, 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

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all parts of the works involved are performed by members of the Group directly and the Group will, by performing the project supervision role, 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 and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. 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.

### *Principal terms and pricing policy*

Pursuant to the New Agreement governing the System and Networking Sub-contracting Arrangement, 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).

As stated in the letter from the Board contained in the Circular, such New 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

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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.

We have discussed with the Management and reviewed the internal control procedures in place in relation to procurement of contractor (including sub-contractor) works which are applicable to transactions with all contractors (including members of the SHKP Group). According to the Group's internal control procedures, it is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractors list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will 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 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. As stated in the letter from the Board contained in the Circular, 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.

As advised by the Management, a majority of the historical transactions under the System and Networking Sub-contracting Arrangement were related to the sub-contracting of the installation of systems which were exclusively supplied by the SHKP Group and therefore no market comparables were available. In addition, the sub-contracting fees charged by the SHKP Group under the

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System and Networking Sub-contracting Arrangement had already been taken into consideration by the Group when deciding on the amount to be charged by the Group to the SHKP Group under the System and Networking Arrangement, which were subject to the internal controls on the transactions under the System and Networking Arrangement as mentioned above.

### *The Company's internal audit*

We understand that the Group's internal audit department conducts sample checking of the markup of the sub-contracting costs of works under the System and Networking Sub-contracting Arrangement to ensure such markup charged as part of the service fees payable by the SHKP Group under the System and Networking Arrangement is fair and reasonable and comparable to the markup in similar transactions of the Group.

### *Our work done*

We have obtained and reviewed (i) the IA Report on the System and Networking Sub-contracting Arrangement; (ii) a list of contracts from July 2017 to December 2019 under the System and Networking Sub-contracting Arrangement; and (iii) transaction documents of a number of projects (randomly selected from the aforesaid list of contracts) including but not limited to, project cost reports and signed contracts for transactions with both connected persons and independent third parties. Also, we discussed with the Management and noted that the sub-contractor costs were taken into consideration in the quotation price charged by the Group for the System and Networking Arrangement and we also noted the fact that the SHKP Group was the exclusive supplier of the certain relevant systems.

Based on our review of the documents, it is noted that (i) comparison of the estimated gross profit margins in respect of certain specific part of system and networking installation services provided by the Group, which involved sub-contractors, were included in the project cost reports for the transactions under the System and Networking Arrangement, such that the gross profit margins of the transactions under the System and Networking Arrangement were comparable to those of similar transactions with independent third parties; and (ii) the terms of the system and networking sub-contracting contracts entered into with connected persons were comparable with the terms of those with independent third parties. In the event that specific type or brand of products or systems were exclusively supplied by the members of the SHKP

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Group, the Company was not able to solicit quotations/tenders for similar products and systems from independent third parties. Nevertheless, since the costs for purchasing such exclusive products or systems were included in the quotation price charged by the Group under the System and Networking Arrangement, we are of the view that the absence of tendering process has not impaired the interests of the Company and its shareholders as well as the fairness and reasonableness of pricing. Our findings are generally in line with those in the IA Report, in that no unusual transaction was identified and the pricing of the transactions with connected persons and the pricing of the transactions with independent third parties were comparable for similar transactions.

*(d) The Maintenance Sub-contracting Arrangement*

As stated in the letter from the Board contained in the Circular, in connection with the Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, based on the capability and resources availability of the Group, 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 and it is expected that the Group will continue to engage the relevant members of the SHKP Group to perform such works. 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.

*Principal terms and pricing policy*

Pursuant to the New Agreement governing the Maintenance Sub-contracting Arrangement, 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).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the letter from the Board contained in the Circular, such New 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. 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.

We have discussed with the Management and reviewed the internal control procedures in place in relation to procurement of contractor works which are applicable to transactions with all contractors (including members of the SHKP Group). The Group is required to solicit quotations/tenders for similar products and services from at least two independent third parties (depending on the estimated contract value) from its approved contractors list, where possible. The Group will select the contractor which offers the most attractive terms taking into account all relevant factors including but not limited to price, quality of work and schedule of completion. Through these internal control procedures, the Group will 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In providing services contemplated under the Maintenance Arrangement 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. As stated in the letter from the Board contained in the Circular, 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 independent third parties.

As advised by the Management, a majority of the historical transactions under the Maintenance Sub-contracting Arrangement were related to the sub-contracting of the maintenance services which were exclusively supplied by the SHKP Group and therefore no market comparables were available. In addition, the sub-contracting fees charged by the SHKP Group under the Maintenance Sub-contracting Arrangement had already been taken into consideration by the Group when deciding on the amount to be charged by the Group to the SHKP Group under the Maintenance Arrangement which were subject to the internal controls on the transactions under the Maintenance Arrangement as mentioned above.

### *The Company's internal audit*

We understand that the Group's internal audit department regularly conducts sample checking of the transactions under the Maintenance Sub-contracting Arrangement to ensure the efficiency and effectiveness of the relevant internal control procedures.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our work done*

We have obtained and reviewed (i) the IA Report on the Maintenance Sub-contracting Arrangement; (ii) a list of contracts from July 2017 to December 2019 under the Maintenance Sub-contracting Arrangement; and (iii) transaction documents of a number of projects (randomly selected from the aforesaid list of contracts) including but not limited to, project cost reports and signed contracts for transactions with both connected persons and independent third parties. Also, we discussed with the Management and noted that the sub-contractor costs were taken into consideration in the quotation price charged by the Group under the Maintenance Arrangement and we also noted the fact that the SHKP Group was the exclusive service provider of the maintenance services for the relevant systems. Furthermore, as advised by the Management, the estimated profit margins of transactions varied case by case and the range of profit margin was largely dependent on the complexity of services and manpower expected to be involved by the Group for supervision and management of the projects.

Based on our review of the documents, it is noted that (i) comparison of the estimated profits margins in respect of certain part of maintenance services provided by the Group, which involved sub-contractors, were included in the project cost reports for the transactions under the Maintenance Arrangement, such that the average profit margin of transactions with connected persons was comparable to that of transactions with independent third parties; and (ii) the terms of the maintenance sub-contracting contracts entered into with connected persons were comparable with the terms of those with independent third parties. In the event that specific type or brand of products or systems were exclusively supplied by the members of the SHKP Group, the Company was not able to solicit quotations/tenders for similar products and systems from independent third parties. Nevertheless, since the costs for purchasing such exclusive products or systems were included in the quotation price charged by the Group under the Maintenance Arrangement, we are of the view that the absence of tendering process has not impaired the interests of the Company and its shareholders as well as the fairness and reasonableness of pricing. Our findings are generally in line with those in the IA Report, in that no unusual transaction was identified and the pricing of the transactions with connected persons and the pricing of the transactions with independent third parties were comparable for similar transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 8. The CCTs Annual Caps

The Continuing Connected Transactions are subject to the CCTs Annual Caps as discussed below. Set out below are (i) the revenues generated by the Group under the System and Networking Arrangement and the Maintenance Arrangement and the fees charged by the SHKP Group under the System and Networking Sub-contracting Arrangement and the Maintenance Sub-contracting Arrangement for each of the two years ended 30 June 2019 and the six months ended 31 December 2019; and (ii) the CCTs Annual Caps for each of the three years ending 30 June 2023:

	Actual transaction amounts			The CCTs Annual Caps		
	For the	For the	For the	For the	For the	For the
	year ended	year ended	six months	year ending	year ending	year ending
	30 June	30 June	31 December	30 June	30 June	30 June
	2018	2019	2019	2021	2022	2023
<i>(HK\$'000)</i>						
<b>Revenue generated under:</b>						
System and Networking Arrangement	97,160	103,124	52,435	100,200	132,800	212,700
Maintenance Arrangement	58,687	64,381	33,421	76,900	87,300	99,200
<b>Fee charged under:</b>						
System and Networking Sub-contracting Arrangement	8,389	10,691	4,075	9,000	15,200	22,200
Maintenance Sub-contracting Arrangement	4,134	4,650	2,279	6,000	8,300	10,600

#### **(a) The System and Networking Arrangement Annual Caps**

As stated in the letter from the Board contained in the Circular, the System and Networking Arrangement Annual Caps are determined with reference to (i) the historical amounts of such transactions; (ii) the projected level of demand for and scale of such services by members of the SHKP Group; (iii) the projected level of completion of such services; and (iv) the anticipated level of fees at which the Group may charge in respect of such services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Management, 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. It is expected that the services fees for the financial years ending 30 June 2022 and 30 June 2023 will increase due to ordinary growth in business. In addition, based on the anticipated timeline of the Group, a substantial amount of services may be rendered under the System and Networking Arrangement for property projects of the SHKP Group in the year ending 30 June 2023. Hence, a significant increase in service fees to the Group in this regard is anticipated for the financial year ending 30 June 2023.

We have reviewed the calculation of the System and Networking Arrangement Annual Caps and understand from the Management that the proposed annual caps are mainly composed of estimated revenue from (i) contracts already awarded by the SHKP Group to the Group; (ii) potential new projects to be awarded by the SHKP Group to the Group; and (iii) projected special projects in respect of addition and alteration works to be awarded by the SHKP Group to the Group.

For contracts already awarded by the SHKP Group, we have reviewed certain contracts/relevant documents of these projects and noted the contract sum used in estimating the relevant proposed annual caps. We also understand that the allocation of income receivables in the relevant year by the Group was based on the estimated completion schedule of the projects and we have obtained and reviewed a breakdown of the aforesaid income receivables and the forecasted project completion dates. As advised by the Management, the estimated completion schedule was arrived at after considering the existing project progress and the project schedule determined by the SHKP Group. In determining the proposed annual caps, the Management has also considered the possible deviation in project progress, which is common for long-term contracts, as it affects progress billing and revenue recognition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For potential new projects to be awarded by the SHKP Group, the estimated revenue was arrived at based on (i) the average GFA planned to be completed by the SHKP Group in the coming three years; (ii) the average successful bid rate of the Group in respect of the SHKP Group's projects in the past; (iii) the revenue per GFA in respect of services provided under the System and Networking Arrangement; and (iv) projected progress of new projects based on the Group's past experience on system and networking projects.

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 System and Networking Arrangement as the Group's revenue stream under the System and Networking Arrangement is closely related to the SHKP Group's future completion of properties and the Group's opportunities in obtaining the service contracts. The GFA data is referenced to the information disclosed in SHKP's annual report for the year ended 30 June 2019. In determining the projected successful bid rate, reference was also made to the Group's historical statistics on successful bid rate. In determining the revenue per GFA, the Management has made reference to data of recently awarded contracts and taken into account an increase in installation costs, which was determined mainly based on the historical growths in labour and material costs. As such, we are of the view that the use of the above approach in arriving at the estimated revenue for potential new projects is reasonable.

As advised by the Management, special projects are mainly related to addition and alteration of existing networking systems. Although special projects are ad hoc in nature and are difficult to forecast, historical revenue generated from special projects has been sizeable and consistent in recent years. Therefore the Management's estimate was based on the historical transaction amounts for special projects in the recent financial years and took into consideration the inflation and potential growth in number of special projects. Such approach is considered reasonable as historical transaction data were referenced and it also provides the Group flexibility to take up additional projects.

**(b) *The Maintenance Arrangement Annual Caps***

As stated in the letter from the Board contained in the Circular, the Maintenance Arrangement Annual Caps are determined with reference to (i) the historical amounts of transactions; (ii) the projected level of demand for and scale of such services by members of the SHKP Group; and (iii) the anticipated level of fees at which the Group may charge in respect of such services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Management, 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 for the systems and networks installed. We have discussed with the Management and understand that the proposed annual caps are arrived at mainly after considering the recurring nature of the services under the Maintenance Arrangement, the historical growth of the revenue generated under the Maintenance Arrangement, inflation and a projection for potential further growth. Also, as advised by the Management, it is expected that there will be an increase in labour costs involved in carrying out work under the Maintenance Arrangement and, accordingly, an increase in level of fees to be charged by the Group.

Taking into account the recurring nature of the services under the Maintenance Arrangement, the historical growth in revenue under the Maintenance Arrangement and the overall increase in the Group's revenue in respect of the installation and maintenance services segment, it is considered that the proposed annual caps are reasonable.

**(c) *The System and Networking Sub-contracting Arrangement Annual Caps***

As stated in the letter from the Board contained in the Circular, the System and Networking Sub-contracting Arrangement Annual Caps are determined with reference to (i) 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 (ii) the anticipated level of fees at which the SHKP Group may charge in respect of services under the System and Networking Sub-contracting Arrangement.

As discussed with the Management, the level of demand for and scale of services pursuant to the System and Networking Arrangement is expected to increase. Furthermore, certain existing and 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 the scale of services and the fees to be charged pursuant to the System and Networking Sub-contracting Arrangement are expected to increase in the two financial years ending 30 June 2023. It is therefore expected that the services fees for the financial years ending 30 June 2022 and 30 June 2023 under the System and Networking

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Sub-contracting Arrangement will increase corresponding to the anticipated increase under the System and Networking Arrangement. 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 amount paid by the Group during the Relevant Historical Periods.

We understand from the Management that the proposed annual caps are estimated mainly based on (i) awarded contracts to be contracted out to the SHKP Group; (ii) level of demand for sub-contract work by the Group in relation to new projects to be awarded; and (iii) costs to be incurred in sub-contracting of work for special projects.

In respect of awarded contracts to be contracted out to the SHKP Group, such fees were estimated based on the sub-contractor costs included in the main contract. We have reviewed a number of relevant documents in respect of these sub-contractor costs and noted that the costs are consistent with those included in the estimation of the proposed annual caps.

As for fees to be paid in relation to new projects to be awarded to the Group, given that the System and Networking Arrangement is closely related to the System and Networking Sub-contracting Arrangement, the estimation is arrived at based on (i) the historical proportion of sub-contract work under the System and Networking Arrangement in the recent financial years; and (ii) the estimated transaction amounts for new projects under the System and Networking Arrangement as mentioned in the sub-section headed “**(a) The System and Networking Arrangement Annual Caps**” in the section headed “**8. The CCTs Annual Caps**” in this letter.

Since special projects are ad hoc in nature, the level of fees to be incurred in sub-contracting work for special projects was determined based on the actual transaction amounts involved in special projects in the recent financial years with an increment after considering the inflation.

Taking into account that (i) the proposed annual caps were determined mainly based on awarded contracts; (ii) historical proportion of sub-contract work has been referenced to in respect of new projects; and (iii) the potential need for sub-contracting of system and networking work resulting from special projects due to alterations and additions made to the original project plans and/or contracts at the customers’ request, we consider the System and Networking Sub-contracting Arrangement Annual Caps reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(d) The Maintenance Sub-contracting Arrangement Annual Caps*

As stated in the letter from the Board contained in the Circular, the Maintenance Sub-contracting Arrangement Annual Caps are determined with reference to (i) the projected level of demand for and scale of services to be provided by members of the Group under the Maintenance Arrangement; and (ii) the anticipated level of fees at which the SHKP Group may charge in respect of services under the Maintenance Sub-contracting Arrangement.

As discussed with the Management, 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 amount paid by the Group during the Relevant Historical Periods.

We have discussed with the Management and understand that the proposed annual caps are mainly determined based on (i) historical transaction amounts, after incorporating a reasonable increment given the potential increase in sub-contracting costs for existing sub-contracting works charged by the SHKP Group; and (ii) estimated additional demand for maintenance services from the SHKP Group for projects with defects liability period to be expired in coming three years.

Furthermore, based on our discussion with the Management, the SHKP Group had specific requirements on certain systems under the System and Networking Arrangement, which were exclusively supplied by members of the SHKP Group in recent years (i.e. being an example of the System and Networking Sub-contracting Arrangement). As such, after the installation of the aforesaid systems, there may be additional demand for maintenance services provided by the Group and accordingly maintenance sub-contracting services provided by the SHKP Group in respect of the aforesaid systems. We understand that the estimated costs for the aforesaid maintenance sub-contracting services to be provided by the SHKP Group were arrived at after considering the percentages of the aforesaid maintenance sub-contracting services costs of the Group divided by the system and networking sub-contracting costs of the Group in recent years. We have selectively reviewed the documents on the existing projects under the System and Networking Sub-contracting Arrangement

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and noted the contract costs of these projects were used in estimating the relevant costs in respect of the potential additional demand for maintenance sub-contracting services to be provided by the SHKP Group.

Based on the above, we consider it reasonable for the Directors to determine the Maintenance Sub-contracting Arrangement Annual Caps with reference to the above factors and assumptions.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Building Contract, although not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole; and (ii) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We are also of the view that the Building Contract and the Continuing Connected Transactions are on normal commercial terms, and the terms of the Building Contract and the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Building Contract and the Continuing Connected Transactions.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Danny Cheng**  
*Director*

*Mr. Danny Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long position in Shares and underlying Shares

Name of Director	Number of Shares held				Number of underlying Shares held under equity derivatives	Total	% of Shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	—	—	3,485,000 <sup>1</sup>	3,485,000	—	3,485,000	0.15
Fung Yuk-lun, Allen	—	—	—	—	8,000,000 <sup>2</sup>	8,000,000	0.34
Tong Kwok-kong, Raymond	200,000	—	—	200,000	4,000,000 <sup>2</sup>	4,200,000	0.18

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	Sub-total			
Chan Man-yuen, Martin	10,000	—	—	10,000	3,000,000 <sup>2</sup>	3,010,000	0.13
Lau Yeuk-hung, Fiona	—	—	—	—	2,500,000 <sup>2</sup>	2,500,000	0.11
Kwok Kai-wang, Christopher	—	—	13,272,658 <sup>1&amp;3</sup>	13,272,658	—	13,272,658	0.57
King Yeo-chi, Ambrose	1,000	—	—	1,000	—	1,000	0.00

## Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 Shares by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such Shares represented the same interests and were therefore duplicated between them.
- These underlying Shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the period from 1 January 2020 to the Latest Practicable Date (the “Period”) were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at the Latest Practicable Date
				Balance as at 01.01.2020	Granted during the Period	Exercised during the Period	Cancelled/Lapsed during the Period	
<i>HK\$</i>								
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	—	—	—	4,000,000
Tong Kwok-kong, Raymond	19.06.2018	5.048	19.06.2019 to 18.06.2023	4,000,000	—	—	—	4,000,000

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at the Latest Practicable Date
				Balance as at 01.01.2020	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	
		<i>HK\$</i>						
Chan Man-yuen, Martin	08.03.2016	2.45	08.03.2017 to 07.03.2021	1,390,000	—	390,000	—	1,000,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,000,000	—	—	—	2,000,000
Lau Yeuk-hung, Fiona	19.06.2018	5.048	19.06.2019 to 18.06.2023	1,500,000	—	—	—	1,500,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,000,000	—	—	—	1,000,000

*Note:*

The share options of the Company can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 Shares by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

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

## (i) SHKP

Name of Director	Number of shares held				Sub-total	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)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	70,000 <sup>1</sup>	—	524,784,686 <sup>2</sup>	525,043,429	—	525,043,429	18.12
Kwok Kai-wang, Christopher	110,000 <sup>3</sup>	60,000 <sup>4</sup>	—	651,738,101 <sup>2&amp;5</sup>	651,908,101	—	651,908,101	22.50
David Norman Prince	2,000	—	—	—	2,000	—	2,000	0.00
Siu Hon-wah, Thomas	—	—	—	7,000 <sup>6</sup>	7,000	—	7,000	0.00
Chan Hong-ki, Robert	60,000	—	—	—	60,000	—	60,000	0.00
Kwok Kwok-chuen	—	—	—	16,942 <sup>7</sup>	16,942	—	16,942	0.00

*Notes:*

- These shares in SHKP were held by the spouse of Mr. Kwok Ping-luen, Raymond.
- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 524,784,686 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

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

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)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	—	5,162,337 <sup>1</sup>	5,162,337	—	5,162,337	0.46
Fung Yuk-lun, Allen	437,359	—	437,359	—	437,359	0.04
Kwok Kai-wang, Christopher	—	12,011,498 <sup>1&amp;2</sup>	12,011,498	—	12,011,498	1.07

*Notes:*

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 5,162,337 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
2. Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 6,849,161 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

(iii) *Each of Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher had the following interests in shares of the following associated corporations of the Company*

Name of associated corporation	Actual shares held through corporation	Actual % of interests in issued shares as at the Latest Practicable Date
Splendid Kai Limited	2,500 <sup>1</sup>	25.00
Hung Carom Company Limited	25 <sup>1</sup>	25.00
Tinyau Company Limited	1 <sup>1</sup>	50.00
Open Step Limited	8 <sup>1</sup>	80.00
Vivid Synergy Limited <sup>2</sup>	2,500 <sup>1</sup>	25.00

*Notes:*

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in these shares by virtue of them being beneficiaries of certain discretionary trusts (the “**said discretionary trusts**”) for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- On 29 April 2020, a sale and purchase agreement was entered into by a company held indirectly under one of the said discretionary trusts as stated in Note 1 above with various parties for selling 5% interest in Vivid Synergy Limited (the “**said shares**”) at HK\$1,878,896,961.22 plus reimbursement of the costs of funding therefor. The said agreement is a conditional agreement, completion of which will take place in accordance with the terms and conditions set out therein. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in the said shares by virtue of them being beneficiaries of one of the said discretionary trusts for the purpose of Part XV of the SFO. The said shares represented the same interests and were therefore duplicated between them.

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 interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. COMMON DIRECTORS

The following is a list of the Directors who, as at the Latest Practicable Date, were also directors of the following company which has interests in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Common Directors</b>	<b>Name of Company</b>
Kwok Ping-luen, Raymond	SHKP
Tung Chi-ho, Eric	
Fung Yuk-lun Allen	
Kwok Kai-wang, Christopher	

### 4. COMPETING INTERESTS

Professor Li On-kwok, Victor (“**Professor Li**”), 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.

Professor Li is a co-founder and a director of Fano Labs Limited, which is a spin-off from The University of Hong Kong and an artificial intelligence company building multilingual virtual customer assistant for large enterprises, with primary clients being mostly leaders in the utility industry and property development industry. Professor Li also serves as a director of Versitech Limited, a non-profit making company and the commercial arm of The University of Hong Kong, which negotiates, executes and manages commercial business contracts and agreements on behalf of The University of Hong Kong. He is also an alternate director of the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, a research centre founded with funding from the Hong Kong Government and hosted by three universities in Hong Kong, which supports and performs applied research related to logistics and supply chain management.

Given the difference in nature of the businesses operated by the Group and those of the aforesaid institutions and companies, as at the Latest Practicable Date, none of the above institutions and companies was in any direct competition with the Group.

Save as disclosed in this section, none of the Directors or the controlling Shareholders or their respective close associates (as defined in the Listing Rules) has any business or interest which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group as at the Latest Practicable Date.

## 5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

- (a) None of the Directors has entered or is proposing to enter into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (b) On 22 May 2015, Wealth Up Development Limited (“**Wealth Up**”, a wholly-owned subsidiary of the Company) entered into a building contract (the “**2015 Building Contract**”) with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out works, which include the construction of a high tier data centre consisting of two towers on Tseung Kwan O Town Lot No. 122 from pile cap upwards with an estimated maximum gross floor area of approximately 44,000 square metres (the “**2015 Project**”) and certain fitting-out works and all external works, at a contract sum of HK\$1,038,800,000, subject to adjustments.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the 2015 Building Contract and the transaction contemplated thereunder. Further particulars of the 2015 Building Contract were set out in the announcement of the Company dated 22 May 2015.

- (c) On 25 November 2016, Wealth Up entered into a building works and managed services agreement (the “**Building Works and Managed Services Agreement**”) with the Main Contractor in relation to works, which include the builder’s works for the enhancement of the 2015 Project at a contract sum of HK\$124,380,000, subject to adjustments.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the Building Works and Managed Services Agreement and the transaction contemplated thereunder. Further particulars of the Building Works and Managed Services Agreement were set out in the announcement of the Company dated 25 November 2016.

- (d) (i) On 2 May 2017, the Company and SHKP entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$109,300,000.
- (ii) On 2 May 2017, the Company and SHKP entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$77,700,000.
- (iii) On 2 May 2017, the Company and SHKP entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$20,100,000.
- (iv) On 2 May 2017, the Company and SHKP entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$8,600,000.

- (v) On 2 May 2017, the Company and SHKP entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$3,600,000.
- (vi) On 2 May 2017, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide to the relevant members of the Group cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to data centres owned or leased by iAdvantage Limited ("**iAdvantage**", a wholly-owned subsidiary of the Company) and premises owned by other members of the Group for a period from 1 July 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 for the above transactions as well as other transactions pertaining to the provision of building management services by a member of the SHKP Group to the relevant members of the Group under certain deeds of mutual covenant and management agreements was HK\$18,600,000.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the agreements mentioned in this paragraph 5(d) and the transactions contemplated thereunder. Further particulars of the agreements mentioned in this paragraph 5(d) were set out in the 2017 Announcement.

- (e) On 2 May 2017, the Company and Sun Hung Kai Properties Insurance Limited ("**SHKI**", a wholly-owned subsidiary of SHKP) entered into an 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 2017 to 30 June 2020 (both days inclusive) and the annual cap for each of the three financial years ending 30 June 2020 was HK\$4,900,000.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP and that Messrs. Kwok Ping-luen, Raymond, Cheung Wing-yui and Fung Yuk-lun, Allen are directors of both the Company and SHKI, they are regarded as materially interested in the agreement mentioned in this paragraph 5(e) and the transactions contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 5(e) were set out in the 2017 Announcement.

- (f) On 16 May 2018, iAdvantage entered into a project management agreement (“**Project Management Agreement**”) with Sun Hung Kai Real Estate Agency Limited (“**SHK Real Estate**”, a wholly-owned subsidiary of SHKP) for a project management fee of HK\$11,000,000 in relation to the appointment of SHK Real Estate as the project manager to generally manage, supervise and control two projects for the construction of a building to be constructed on the Land and the revitalization of MEGA-iAdvantage located at Chai Wan (the “**Chai Wan Project**”).

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, and that Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Project Management Agreement and the transactions contemplated thereunder. Further particulars of the Project Management Agreement were set out in the announcement of the Company dated 16 May 2018.

- (g) (i) On 23 May 2018, iAdvantage entered into a contract with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out, be responsible for, and complete the addition and alteration builder’s works, fitting out works and building services installation at the ground floor to the fourth floor of MEGA-iAdvantage which form part of the Chai Wan Project (the “**Sanfield A&A Work Contract**”) at a contract sum not exceeding HK\$59,070,000.

- (ii) On 23 May 2018, iAdvantage entered into a contract with Lik On Security Limited (“**Lik On**”, a wholly-owned subsidiary of SHKP), pursuant to which Lik On has agreed to carry out, be responsible for, and complete the security systems enhancement works of MEGA-iAdvantage which form part of the Chai Wan Project at a contract sum not exceeding HK\$20,160,000.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, they are regarded as materially interested in the contracts mentioned in this paragraph 5(g) and the transactions contemplated thereunder. Further particulars of the contracts mentioned in this paragraph 5(g) were set out in the announcement of the Company dated 23 May 2018.

- (h) On 28 December 2018, Grandwide Development Limited (“**Grandwide**”, a wholly-owned subsidiary of the Company), and SHK Real Estate entered into a loan agreement (the “**Loan Agreement**”) pursuant to which SHK Real Estate has agreed to make available unsecured term loan facility(ies) in an aggregate amount of HK\$3,800,000,000 to Grandwide for a term of 72 months at an interest rate of 4% per annum for general working capital requirements.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, and that Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Loan Agreement and the transactions contemplated thereunder.

- (i) On 21 January 2019, Easy Vision Development Limited (“**Easy Vision**”, a wholly-owned subsidiary of the Company) entered into a project management agreement (“**Project Management Agreement 2**”) with SHK Real Estate for a project management fee of HK\$6,000,000 in relation to the appointment of SHK Real Estate as the project manager to manage, supervise and control the development comprising a high-tier data centre to be constructed on a piece of land located at Wan Po Road, Area 85, Tseung Kwan O, New Territories, Hong Kong and registered in the Land Registry as Tseung Kwan O Town Lot No. 131.

Given that Messrs. Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Fung Yuk-lun, Allen and Kwok Kai-wang, Christopher are directors of both the Company and SHKP, and that Messrs. Tung Chi-ho, Eric and Chan Hong-ki, Robert are directors of both the Company and SHK Real Estate, they are regarded as materially interested in the Project Management Agreement 2 and the transactions contemplated thereunder.

- (j) (i) On 5 May 2020, the Company and SHKP entered into an 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) and the annual caps for the three financial years ending 30 June 2021, 2022 and 2023 are HK\$4,142,000, HK\$4,829,000 and HK\$5,529,000 respectively.
- (ii) On 5 May 2020, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure relevant members of the SHKP Group to provide to the relevant members of the Group 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 for a period from 1 July 2020 to 30 June 2023 (both days inclusive) and the annual caps for the three financial years ending 30 June 2021, 2022 and 2023 for the above transactions as well as other transactions pertaining to the provision of building management services by members of the SHKP Group to the relevant members of the Group under certain deeds of mutual covenant and management agreements are HK\$11,650,000, HK\$13,144,000 and HK\$20,739,000 respectively.

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 agreements mentioned in this paragraph 5(j) and the transactions contemplated thereunder. Further particulars of the agreements mentioned in this paragraph 5(j) were set out in the 2020 Announcement.

- (k) On 5 May 2020, the Company and SHKI entered into an 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) and the annual caps for the three financial years ending 30 June 2021, 2022 and 2023 are HK\$6,465,000, HK\$7,683,000 and HK\$9,886,000 respectively.

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 and 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 agreement mentioned in this paragraph 5(k) and the transactions contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 5(k) were set out in the 2020 Announcement.

- (l) On 11 May 2020, iAdvantage entered into a supplementary agreement with the Main Contractor (the “**Supplementary Agreement**”) to supplement the Sanfield A&A Works Contract, to cover certain additional works to be carried out for the Chai Wan Project for an additional amount of approximately HK\$49,340,000.

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 Supplementary Agreement and the transactions contemplated thereunder. Further particulars of the Supplementary Agreement were set out in the announcement of the Company dated 11 May 2020.

- (m) Mr. Cheung Wing-yui, a non-executive Director, is a consultant of Messrs. Woo Kwan Lee & Lo, a solicitors firm which provided professional services to the Group (including in relation to the Building Contract and the Continuing Connected Transactions) and charged usual professional fees in respect thereof.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was 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.

- (n) (i) On 9 September 2019, Capital Data Centre Limited (“**Capital Data Centre**”, a wholly-owned subsidiary of the Company), as purchaser, entered into a sale and purchase agreement with Camembert Investments Limited (“**Camembert**”, a wholly-owned subsidiary of SHKP), as vendor, in relation to the sale and purchase of the entire issued share capital of Branhall Investments Limited (“**Branhall**”, previously a wholly-owned subsidiary of SHKP) and the unsecured loan owing by Branhall to Fidelity Finance Company, Limited (a wholly-owned subsidiary of SHKP), at a consideration of approximately HK\$2,215,390,000.
- (ii) On 9 September 2019, Capital Data Centre, as vendor, entered into a sale and purchase agreement with First Accurate Limited (“**First Accurate**”, a wholly-owned subsidiary of SHKP), as purchaser, in relation to the sale and purchase of the entire issued share capital of Riderstrack Development Limited (“**Riderstrack**”, previously a wholly-owned subsidiary of the Company) and the unsecured loan owing by Riderstrack to Grandwide, at a consideration of approximately HK\$1,051,514,000.
- (iii) On 9 September 2019, Huge Profit Investments Ltd. (a wholly-owned subsidiary of the Company), as vendor, entered into a sale and purchase agreement with First Accurate, as purchaser, in relation to the sale and purchase of the entire issued share capital of Multi-well Investments Limited (“**Multi-well**”, previously a wholly-owned subsidiary of the Company) and the unsecured loan owing by Multi-well to iAdvantage (Solutions) Services Limited (a wholly-owned subsidiary of the Company), at a consideration of approximately HK\$755,494,000.

The transactions set out in this paragraph 5(n) comprise (i) the acquisition by the Group from the SHKP Group of an entire industrial building at 8-12 Wong Chuk Yeung Street, Fo Tan, Shatin, New Territories, Hong Kong, the majority part of which was leased to and operated by the Group as a data centre, known as MEGA Two; and (ii) the disposals by the Group to the SHKP Group of certain units on 31st, 32nd, 33rd, 35th and 37th floors of Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong and 24 workshops and 2 storerooms at Kodak House II, 39 Healthy Street East, North Point, Hong Kong respectively (together as the “**Transactions**”).

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. Further particulars of the Transactions were set out in the circular of the Company dated 11 October 2019.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 30 June 2019, being the date to which the latest published audited financial statements 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.

#### 6. MATERIAL ADVERSE CHANGE

The Directors confirm that after making reasonable enquiries, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2019, being the date to which the latest published audited financial statements of the Company were made up.

#### 7. EXPERT

The following are the qualifications of the expert who had given its opinions or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Building Contract and the Continuing Connected Transactions together with the CCTs Annual Caps therefor

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, direct or indirect, in 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.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which had been, since 30 June 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 26 May 2020 and the references to its name included herein in the form and context in which they appear.

## 8. 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 23 June 2020:

- a. the Building Contract;
- b. the agreement dated 5 May 2020 entered into by the Company and SHKP in relation to the System and Networking Arrangement;
- c. the agreement dated 5 May 2020 entered into by the Company and SHKP in relation to the Maintenance Arrangement;
- d. the agreement dated 5 May 2020 entered into by the Company and SHKP in relation to the System and Networking Sub-contracting Arrangement;
- e. the agreement dated 5 May 2020 entered into by the Company and SHKP in relation to the Maintenance Sub-contracting Arrangement;
- f. the letter from the Independent Board Committee, the text of which is set out on pages 38 to 39 of this circular;
- g. the letter from the Independent Financial Adviser, the text of which is set out on pages 40 to 76 of this circular;
- h. the written consent from Somerley referred to in paragraph 7 of this appendix; and
- i. this circular.

**9. MISCELLANEOUS**

- a. The registered office of the Company is situated at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- b. The head office and principal place of business of the Company is situated at Unit 3110, 31/F, Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.
- c. The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- d. The company secretary of the Company is Ms. Au King-lun, Paulina who is a member of the Hong Kong Institute of Certified Public Accountants.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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: 1686)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of SUNeVision Holdings Ltd. (the “**Company**”) will be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 23 June 2020 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions. Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meanings as defined in the circular of the Company dated 26 May 2020 (the “**Circular**”).

#### ORDINARY RESOLUTIONS

- (i) “**THAT:**
- (a) the building contract dated 5 May 2020 entered into between Capital Way (H.K.) Limited (a wholly-owned subsidiary of the Company) and Sanfield Engineering Construction Limited in relation to the Works (as defined and more particularly described in the Circular) (the “**Building Contract**”, 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 contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) the entering into, execution, performance and implementation of the Building Contract by the directors of the Company (the “**Directors**”), if any, for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
  - (c) any Director (or if execution under the common seal of the Company is required, any two Directors, or any one Director and the company secretary of the Company) be and is/are hereby authorised for and on behalf of the

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Company to sign, seal, deliver, execute and perfect all such documents and to do all such acts, deeds, matters and things as he/she/they may in his/her/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 Building Contract.”

(ii) “**THAT:**

- (a) the agreement dated 5 May 2020 entered into between the Company and Sun Hung Kai Properties Limited (“**SHKP**”) in respect of the System and Networking Arrangement (as defined and more particularly described in the Circular) (the “**System and Networking 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 System and Networking Arrangement Annual Caps (as defined and more particularly described in the Circular), be and are hereby approved;
- (b) the entering into, execution, performance and implementation of the System and Networking Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (c) any Director (or if execution under the common seal of the Company is required, any two Directors, or any one Director and the company secretary of the Company) be and is/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 acts, deeds, matters and things as he/she/they may in his/her/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 System and Networking Agreement.”

(iii) “**THAT:**

- (a) the agreement dated 5 May 2020 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 “C” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the Maintenance Arrangement Annual Caps (as defined and more particularly described in the Circular), be and are hereby approved;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the entering into, execution, performance and implementation of the Maintenance Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
  - (c) any Director (or if execution under the common seal of the Company is required, any two Directors, or any one Director and the company secretary of the Company) be and is/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 acts, deeds, matters and things as he/she/they may in his/her/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 Maintenance Agreement.”
- (iv) **“THAT:**
- (a) the agreement dated 5 May 2020 entered into between the Company and SHKP in respect of the System and Networking Sub-contracting Arrangement (as defined and more particularly described in the Circular) (the “**System and Networking 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 System and Networking Sub-contracting Arrangement Annual Caps (as defined and more particularly described in the Circular), be and are hereby approved;
  - (b) the entering into, execution, performance and implementation of the System and Networking Sub-contracting Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
  - (c) any Director (or if execution under the common seal of the Company is required, any two Directors, or any one Director and the company secretary of the Company) be and is/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 acts, deeds, matters and things as he/she/they may in his/her/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 System and Networking Sub-contracting Agreement.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(v) “**THAT:**

- (a) the agreement dated 5 May 2020 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 “E” and signed by the chairman of the meeting for the purpose of identification), and the transactions pursuant thereto and the Maintenance Sub-contracting Arrangement Annual Caps (as defined and more particularly described in the Circular), be and are hereby approved;
- (b) the entering into, execution, performance and implementation of the Maintenance Sub-contracting Agreement by the Directors for and on behalf of the Company be and are hereby approved, confirmed and ratified; and
- (c) any Director (or if execution under the common seal of the Company is required, any two Directors, or any one Director and the company secretary of the Company) be and is/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 acts, deeds, matters and things as he/she/they may in his/her/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 Maintenance Sub-contracting Agreement.”

By order of the Board  
**SUNEVISION HOLDINGS LTD.**  
**Au King-lun, Paulina**  
*Company Secretary*

Hong Kong, 26 May 2020

***Registered Office:***

PO Box 309, Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

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

Unit 3110, 31/F,  
Standard Chartered Tower,  
Millennium City 1,  
388 Kwun Tong Road,  
Kwun Tong, Kowloon,  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notes:

1. To safeguard the health and safety of shareholders of the Company (the “**Shareholders**”) and to prevent the spreading of the COVID-19 pandemic, certain precautionary measures will be implemented at the extraordinary general meeting of the Company to be held on Tuesday, 23 June 2020 (the “**EGM**”) including, without limitation:
  - (i) compulsory body temperature screening/checks;
  - (ii) mandatory use of surgical face mask throughout the EGM (please note that no masks will be provided at the EGM venue and Shareholders should wear their own masks);
  - (iii) mandatory health declaration – any attendee subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM (“**Recent Travel History**”), or has close contact with any person under quarantine or with Recent Travel History will not be permitted to attend the EGM; and
  - (iv) no refreshments or drinks will be provided at the EGM.

Shareholders who (a) do not comply with the precautionary measures referred to in (i) to (iii) above; (b) is subject to quarantine; (c) has any flu-like symptoms; (d) has any Recent Travel History; or (e) has close contact with any person under quarantine or with Recent Travel History may be denied entry to the EGM venue at the absolute discretion of the Company.

**Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement as appropriate.**

2. In order to determine entitlements of the Shareholders 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 of the Company (the “**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 convertible notes of the Company, 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.
3. A Shareholder entitled to attend and vote at the EGM is entitled to appoint a person or persons (who must be individuals) as his or her proxy or proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a Shareholder. **For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified below, instead of attending the EGM in person.**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. 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 registrar 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 12:00 noon on Friday, 19 June 2020 or not less than 48 hours before the time for holding any adjourned EGM (as the case may be) 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.
5. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof; and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. If a black rainstorm warning signal is in force or a tropical cyclone warning signal no. 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon on the day of the EGM, the EGM will be adjourned. The Company will publish an announcement on its website at [www.sunevision.com](http://www.sunevision.com) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and venue of the adjourned meeting.

Shareholders should decide on their own whether they would attend the EGM under bad weather conditions having regard to their own situations and, if they choose to do so, they are advised to exercise care and caution.

*This notice is made in English and Chinese. In case of any inconsistency, the English version shall prevail.*