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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)

**MAJOR AND CONNECTED TRANSACTION –
BUILDING CONTRACT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



SOMERLEY CAPITAL LIMITED

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 4 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 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 17 to 33 of this circular.

A notice of the EGM to be held at 4th Floor and 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Tuesday, 22 December 2020 at 12:00 noon is set out on pages 55 to 57 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, 18 December 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 Coronavirus Disease 2019 (“COVID-19”), certain precautionary measures will be implemented at the EGM including, without limitation:

- (i) compulsory body temperature screening;
- (ii) mandatory wearing of face mask throughout the EGM;
- (iii) mandatory health declaration;
- (iv) attendees will be assigned to a designated seating area; and
- (v) no refreshments or drinks will be provided at the EGM.

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

To ensure appropriate social distancing, the seating capacity will be limited and attendees will be assigned seats in partitioned areas on the 4th Floor or 53rd Floor at the EGM venue with video link up.

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 additional precautionary measures and may issue further announcement as appropriate.

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

Hong Kong, 24 November 2020

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 November 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 3 November 2020 entered into between Easy Vision and the Main Contractor in relation to the Works for the Project;
“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);
“Contract Sum”	HK\$3,605,000,000 (which comprises the contract sum for the Phase 1 Works of HK\$2,030,000,000 and the contract sum for the Phase 2 Works of HK\$1,575,000,000) (subject to adjustments), being the contract sum payable by Easy Vision to the Main Contractor pursuant to the Building Contract;
“Director(s)”	the director(s) of the Company;
“Easy Vision”	Easy Vision Development Limited 易信發展有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Building Contract;
“Group”	the Company and its subsidiaries from time to time;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors;
“Independent Financial Adviser” or “Sommerley”	Sommerley 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;
“Independent Shareholders”	Shareholders that are not required to abstain from voting at the EGM to approve the Building Contract;
“Independent Shareholders’ Approval”	the approval of the Independent Shareholders;
“Land”	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;
“Latest Practicable Date”	18 November 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;
“Phase 1 Works”	the construction of Tower A (with 10 storeys and one-level of basement) and a two-level basement carpark of Tower B on the Land;

DEFINITIONS

“Phase 2 Works”	the construction of 10 storeys of Tower B (which includes superstructure construction of Tower B only) on the Land;
“Project”	the development comprising a high-tier data centre consisting of two towers to be constructed on the Land;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tower A”	a 10-storey building with one-level of basement named as Tower 2 in the Building Contract to be constructed under the Phase 1 Works;
“Tower B”	a 10-storey building with two-level of basesment named as Tower 1 in the Building Contract to be constructed under the Phase 2 Works, with its two-level of basement to be constructed under the Phase 1 Works;
“Works”	the Phase 1 Works and the Phase 2 Works; and
“%”	per cent.

LETTER FROM THE BOARD



sunEvision

SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 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-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Lee Wai-kwong, Sunny
Cheng Ka-lai, Lily

Registered Office:

PO Box 309, Uglan 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

24 November 2020

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

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION – BUILDING CONTRACT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement. Pursuant to the requirements of the Listing Rules, the Company is required to seek the Independent Shareholders' Approval in relation to the Building Contract, which constitutes a major transaction and a non-exempt connected transaction of the Company under Chapters 14 and 14A of the Listing Rules respectively.

LETTER FROM THE BOARD

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

2. THE BUILDING CONTRACT

On 3 November 2020, Easy Vision, 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 comprising two towers on the Land at Wan Po Road, Area 85, Tseung Kwan O, New Territories, Hong Kong) at a Contract Sum of HK\$3,605,000,000, subject to adjustments. Principal terms of the Building Contract are summarised below:

Date	:	3 November 2020
Parties	:	Easy Vision; 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 Works comprises construction of a high-tier data centre consisting of two towers with a maximum gross floor area of approximately 1.2 million square feet and certain fitting out works and all external works including coordination of various nominated sub-contracted works that are tendered out separately. The Works will be carried out in two phases, namely (i) the Phase 1 Works, being the construction of 10 storeys and one-level of basement of Tower A and a two-level basement of Tower B on the Land; and (ii) the Phase 2 Works, being the construction of 10 storeys of Tower B (which includes superstructure construction of Tower B only) on the Land.

LETTER FROM THE BOARD

Contract Sum : HK\$3,605,000,000 (which comprises the contract sum for the Phase 1 Works of HK\$2,030,000,000 and the contract sum for the Phase 2 Works of HK\$1,575,000,000), 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 Easy Vision's agreement to the same, and the amount involved will be ascertained by the independent quantity surveyor.

Subject to fulfillment of the condition precedent of the Building Contract, the Phase 1 Works are tentatively expected to commence in around March 2021, while the Phase 2 Works will commence at a later date which shall be determined by Easy Vision. Easy Vision may terminate the engagement of the Main Contractor for the Phase 2 Works on or before 31 January 2024, upon which the Contract Sum shall accordingly be reduced by HK\$1,575,000,000.

As advised by the independent quantity surveyor, it is the usual practice that approximately 5% to 10% of the contract sum is applied as contingency for the construction projects of the private sector. The independent quantity surveyor has further advised that it is reasonable to adopt a contingency of 10% of the Contract Sum in this case. As such, it is estimated that the final Contract Sum will not exceed 110% of the original Contract Sum (i.e. not exceeding approximately HK\$3,965,500,000).

LETTER FROM THE BOARD

Easy Vision may extend the defects liability period for the Works from 12 months to 24 months by payment to the Main Contractor of an amount of HK\$3,500,000 for the Phase 1 Works and HK\$2,600,000 for the Phase 2 Works (the “**Defects Liability Period Extension Price**”).

It is therefore estimated that the aggregate consideration payable under the Building Contract will not exceed HK\$3,971,600,000, being the sum of (i) the Contract Sum of HK\$3,605,000,000 plus 10% contingency; and (ii) the aggregate Defects Liability Period Extension Price of HK\$6,100,000.

The Contract Sum and the Defects Liability Period Extension Price were determined after arm’s length negotiations with the Main Contractor and are on normal commercial terms.

The Contract Sum (subject to adjustments) and the Defects Liability Period Extension Price will be paid in cash and funded by the Group’s internal resources and/or bank financing.

LETTER FROM THE BOARD

- Payment Terms : Easy Vision 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 Easy Vision to retain a certain sum therefrom which will not in general exceed 10% of each progress payment and the maximum aggregate amount of such retention shall not in general exceed 5% of the contract sum for the Phase 1 Works and of the contract sum for the Phase 2 Works respectively) 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 Easy Vision, Easy Vision 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 Easy Vision 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 being approved by the Independent Shareholders at a general meeting of the Company.

LETTER FROM THE BOARD

Expected date of commencement and completion of the Works : Subject to fulfillment of the condition precedent of the Building Contract, (i) the Phase 1 Works are tentatively expected to commence in around March 2021 and to be completed within 838 days from and including the commencement date; and (ii) the Phase 2 Works will commence on a date to be determined by Easy Vision, which is tentatively expected to be in around June 2024, and are expected to be completed within 792 days from and including the commencement date.

Tender process for the Project

The Main Contractor was selected by Easy Vision 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. For the selection of the main contractor for the Project through the tender process, the Company had set up a project consultant team comprising the project manager and other professional experts (i.e. an independent architect, an independent quantity surveyor, an independent structural engineer and an independent building services engineer) to assist the Company in the process. These professional experts were chosen based on their work experience and their reputation.

In selecting candidates to be invited to submit tender for the role of main contractor of the Project, the management of the Group, based on their industrial and market knowledge, took into consideration main contractors involved in sizeable data centre projects in Hong Kong, as well as main contractors involved in data centre projects with similar size in the region with presence in Hong Kong. In addition, factors like reputation, job reference and size of respective contractors were also taken into account. Based on such criteria, four potential candidates were selected for the role of main contractor of the Project, among which two candidates, comprising the Main Contractor and another company principally engaged in the provision of construction services in Hong Kong, accepted the invitation to tender and submitted their service proposals to the Company.

The project consultant team assessed the service proposals submitted by the two candidates from the perspectives of technical assessment and cost evaluation. The Main Contractor was recommended to be awarded the tender by Easy Vision for the Project, as the service proposal of the Main Contractor is preferable to that of the other candidate from both of the aforesaid perspectives.

LETTER FROM THE BOARD

3. 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 purpose-built high-tier data centre on the Land owned by the Group in Tseung Kwan O 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 1.2 million square feet of gross floor area. Upon completion, this new data centre can increase the Group's supply of data centre capacity in the medium to long term, ensure the Group's existing customers have room for fast expansion as they grow and allow the Group to further expand its customer base. In addition, as the Land is located next to the Group's current data centre MEGA Plus on Tseung Kwan O Town Lot No. 122, the Project will also enable the Group to achieve substantial synergies in operations and infrastructure investment.

Leveraging on expertise

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

The principal activities of the SHKP Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics. The SHKP Group has substantial experience, competent expertise and a proven track record in property development and construction. The principal activity of the Main Contractor is building construction and the Main Contractor also has substantial experience, competent expertise and a proven track record in building construction. It is therefore in the interest of the Group to leverage on the expertise of the SHKP Group and the Main Contractor, and to appoint the

LETTER FROM THE BOARD

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 15 to 16 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.

4. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.65% 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 of the applicable percentage ratios in respect of the Building Contract calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but all are less than 100%, the entering into of the Building Contract constitutes (i) a major transaction of the Company under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and the Independent Shareholders’ Approval requirements pursuant to Chapters 14 and 14A of the Listing Rules 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 Building Contract and they have therefore abstained from voting on the Board resolutions approving the Building Contract. As

LETTER FROM THE BOARD

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.

5. INDEPENDENT SHAREHOLDERS' APPROVAL IN RESPECT OF THE BUILDING CONTRACT

An ordinary resolution will be proposed at the EGM to approve (by way of poll) the Building Contract. Pursuant to Rule 14A.70(12) of the Listing Rules, any Shareholder with a material interest in the Building Contract is required to abstain from voting on the ordinary resolution for approving the same. As such, SHKP and its associates are required to abstain from voting on the ordinary resolution for approving the Building Contract 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 an ordinary resolution will be proposed to approve the Building Contract.

LETTER FROM THE BOARD

An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Building Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The 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.

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 4th Floor and 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Tuesday, 22 December 2020 at 12:00 noon for the purposes of considering and, if thought fit, approving the Building Contract, 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 73.65% 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 resolution at the EGM. To the best of the Directors' knowledge, none of the other Shareholders is materially interested in the Building Contract and required to abstain from voting on the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

8. RECOMMENDATION

Having taken into account the factors as disclosed above in the section headed “**REASONS FOR AND BENEFITS OF ENTERING INTO THE BUILDING CONTRACT**”, 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 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. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the Building Contract.

9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 15 to 16 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 17 to 33 of this circular, and the information set out in the appendices on pages 34 to 54 of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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, 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)

24 November 2020

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION – BUILDING CONTRACT

We refer to the circular of the Company dated 24 November 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 are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Building Contract are set out in the text of the letter from the Board as set out on pages 4 to 14 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 17 to 33 of the Circular which contains, among others, its advice and recommendation to us as regards the terms of the Building Contract together with the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 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. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Building Contract.

Yours faithfully,

Independent Board Committee

SUNEVISION HOLDINGS LTD.

Li On-kwok, Victor

King Yeo-chi, Ambrose

Wong Kai-man

Kwok Kwok-chuen

Lee Wai-kyong, Sunny

Cheng Ka-lai, Lily

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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, 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

24 November 2020

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION – BUILDING CONTRACT

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. Details of the Building Contract are set out in the circular issued by the Company to the Shareholders and, for information only, the noteholders of the Company dated 24 November 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 3 November 2020, Easy Vision, 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 two towers of high-tier data centre with a maximum gross floor area of approximately 1.2 million square feet) at a Contract Sum of approximately HK\$3,605,000,000, subject to adjustments in accordance with the terms of the Building Contract.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, SHKP is a substantial Shareholder indirectly holding an aggregate of 1,719,427,500 Shares, representing approximately 73.65% 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 of the applicable percentage ratios in respect of the Building Contract calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but all are less than 100%, the entering into of the Building Contract constitutes (i) a major transaction of the Company under Chapter 14 of the Listing Rules and (ii) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and the Independent Shareholders' Approval requirements pursuant to Chapters 14 and 14A of the Listing Rules respectively.

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 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, Easy Vision, 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, Easy Vision, 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 (i) 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); and (ii) the discloseable and connected transaction relating to a building contract and various continuing connected transactions (as disclosed in the circular of the Company dated 26

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May 2020). The past engagements were 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 engagements would affect our independence to act as the independent financial adviser to the Company under the current engagement.

In formulating our opinion, we have reviewed, among other things, the Building Contract, the annual reports of the Company for the year ended 30 June 2019 and the year ended 30 June 2020 (the “**2020 Annual 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 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

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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.

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 for the development of a high grade facility, construction of which is currently in progress and is expected to be completed by phases starting in 2022. In December 2018, the Group acquired the land parcel ‘Tseung Kwan O Town Lot No.131’ designated for a high-tier data centre (i.e. the Project) 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 years ended 30 June 2018, 2019 and 2020.

	For the year ended 30 June		
	2020	2019	2018
	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>	<i>HK\$ (million)</i>
Revenue			
Data Centre and IT Facilities			
Segment	1,533.9	1,384.0	1,138.2
ELV and IT Systems Segment	179.9	176.8	165.8
Property holding segment <i>(Note)</i>	—	64.3	60.8
	1,713.8	1,625.1	1,364.8
Segment results			
Data Centre and IT Facilities			
Segment	862.1	764.3	669.5
ELV and IT Systems Segment	40.5	33.0	26.5
Property holding segment <i>(Note)</i>	—	51.1	47.4
	902.6	848.4	743.4

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Note: The revenue and segment results of the property holding segment for the year ended 30 June 2020 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 year ended 30 June 2020.

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. Revenue from continuing operations of the Group, being the Data Centre and IT Facilities Segment and ELV and IT Systems Segment businesses, continued to increase by approximately 9.8% from approximately HK\$1,560.8 million for the financial year ended 30 June 2019 to approximately HK\$1,713.8 million for the financial year ended 30 June 2020, which was driven mainly by growth in business with existing customers and signing up new customers for the core data centre business.

(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 2020 Annual 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 next to the Group's current data centre MEGA Plus on Tseung Kwan O Town Lot No. 122 and therefore will enable the Group to achieve substantial synergies in operations and infrastructure investment. Upon completion, the Project is expected to enhance and expand the Group's high-tier data centre capacity in strategic sites and this new data centre will become the highest power density data centre in Hong Kong. With the above development, the Group will be able to secure additional supply of data centre capacity in the medium term to cater for the increasing data demand in Hong Kong.

2. Background of, reasons for and benefits of the Building Contract**(a) *Enhancing and expanding high-tier data centre capacity***

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 purpose-built high-tier data centre on the Land owned by the Group in Tseung Kwan O 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 1.2 million square feet of gross floor area. Upon completion, this new data centre can increase the Group's supply of data centre capacity in the medium to long term, ensure the Group's existing customers have room for fast expansion as they grow and allow the Group to further expand its customer base. In addition, as the Land is located next to the Group's current data centre MEGA Plus on Tseung Kwan O Town Lot No. 122, the Project will also enable the Group to achieve substantial synergies in operations and infrastructure investment.

(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 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

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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 Main Contractor was selected by Easy Vision 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 3 November 2020, Easy Vision 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 comprising two towers on the Land at Wan Po Road, Area 85, Tseung Kwan O, New Territories, Hong Kong) at a Contract Sum of HK\$3,605,000,000, subject to adjustments. Set out below are the principal terms of the Building Contract:

Date	3 November 2020
Parties	Easy Vision; 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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The Works comprises construction of a high-tier data centre consisting of two towers with a maximum gross floor area of approximately 1.2 million square feet and certain fitting out works and all external works including coordination of various nominated sub-contracted works that are tendered out separately. The Works will be carried out in two phases, namely (i) the Phase 1 Works, being the construction of 10 storeys and one-level of the basement of Tower A and a two-level basement of Tower B on the Land; and (ii) the Phase 2 Works, being the construction of 10 storeys of Tower B (which includes superstructure construction of Tower B only) on the Land.

Contract Sum

HK\$3,605,000,000 (which comprises the contract sum for the Phase 1 Works of HK\$2,030,000,000 and the contract sum for the Phase 2 Works of HK\$1,575,000,000), 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 Easy Vision's agreement to the same, and the amount involved will be ascertained by the independent quantity surveyor.

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Subject to fulfillment of the condition precedent of the Building Contract, the Phase 1 Works are tentatively expected to commence in around March 2021, while the Phase 2 Works will commence at a later date which shall be determined by Easy Vision. Easy Vision may terminate the engagement of the Main Contractor for the Phase 2 Works on or before 31 January 2024, upon which the Contract Sum shall accordingly be reduced by HK\$1,575,000,000.

As advised by the independent quantity surveyor, it is the usual practice that approximately 5% to 10% of the contract sum is applied as contingency for the construction projects of the private sector. The independent quantity surveyor has further advised that it is reasonable to adopt a contingency of 10% of the Contract Sum in this case. As such, it is estimated that the final Contract Sum will not exceed 110% of the original Contract Sum (i.e. not exceeding approximately HK\$3,965,500,000).

Easy Vision may extend the defects liability period for the Works from 12 months to 24 months by payment to the Main Contractor of an amount of HK\$3,500,000 for the Phase 1 Works and HK\$2,600,000 for the Phase 2 Works (the “**Defects Liability Period Extension Price**”).

It is therefore estimated that the aggregate consideration payable under the Building Contract will not exceed HK\$3,971,600,000, being the sum of (i) the Contract Sum of HK\$3,605,000,000 plus 10% contingency; and (ii) the aggregate Defects Liability Period Extension Price of HK\$6,100,000.

The Contract Sum and the Defects Liability Period Extension Price were determined after arm’s length negotiations with the Main Contractor and are on normal commercial terms.

The Contract Sum (subject to adjustments) and the Defects Liability Period Extension Price will be paid in cash and funded by the Group’s internal resources and/or bank financing.

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- Payment terms** Easy Vision 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 Easy Vision to retain a certain sum therefrom which will not in general exceed 10% of each progress payment and the maximum aggregate amount of such retention shall not in general exceed 5% of the contract sum for the Phase 1 Works and of the contract sum for the Phase 2 Works respectively) 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 Easy Vision, Easy Vision 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 Easy Vision 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 being approved by the Independent Shareholders at the EGM.
- Expected date of commencement and completion of the Works** Subject to fulfillment of the condition precedent of the Building Contract, (i) the Phase 1 Works are tentatively expected to commence in around March 2021 and to be completed within 838 days from and including the commencement date; and (ii) the Phase 2 Works will commence on a date to be determined by Easy Vision, which is tentatively expected to be in around June 2024, and are expected to be completed within 792 days from and including the commencement date.

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 Manager (as defined below) 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 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.

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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**”);
- 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 construction projects similar to the Project.

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. Throughout the tendering process, the Architect was mainly responsible for reviewing service proposals submitted by contractors and consolidating all the assessments from the Project Consultant Team. The Architect has been appointed as the lead consultant of the Project Consultant Team. We understand that both the Quantity Surveyor and the Architect have experience in the Group’s data centre projects such as the data centres at MEGA Plus in Tseung Kwan O and Ma Kok Street in Tsuen Wan.

In selecting each of the professional experts of the Project Consultant Team, the Project Manager would shortlist candidates for each role and their selection would be based on the potential candidates’ experience in data centre projects of similar size in Hong Kong, their professional qualifications, previous working experience and their reputation. The Project Manager would then invite the candidates for each of the roles to submit their fee quotations. The Project Manager would assess the fee quotations (i) against each other and/or (ii) against market rates of projects of similar nature, in order to ensure competitiveness of fee quotations received. The candidate who offered the most competitive price would be recommended to be awarded the respective service contract in the Project Consultant Team. Appointment of professional experts shall then be put forward by the Project Manager to the

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Company for consideration and approval. We have obtained and reviewed the recommendation letters for the appointments of each of the professional experts issued by the Project Manager and the basis for their recommendations, brochures and credentials submitted by each of the Architect, the Quantity Surveyor, the Structural Engineer and the Building Services Engineer. We have reviewed the Company's procurement policy and procedure and have also discussed with the Company and based on our review and discussion, we noted that the members of the Project Consultant Team were procured in accordance with the Company's procurement policy and procedure. 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 the Group's MEGA Plus in Tseung Kwan O and Ma Kok Street in Tsuen Wan. 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 (including past track record) 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.

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.

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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 as to whether the candidates passed the assessments for further consideration together with summary of 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 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. We have obtained and reviewed 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 Project Consultant Team considered the technical submission from the candidates were generally in order in the respective technical point of view, save for the Potential Risk (as defined below).

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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, save and except for a highlight in both the Architect's report and the Structural Engineer's report on the time allowed for processing of the occupation permit as assumed under the tender proposal of the other candidate being considered by the Architect and the Structural Engineer not adequate nor realistic (the "**Potential Risk**"). We have discussed with the Architect in our interview and understood that the Potential Risk may lead to an overall delay and possible increase of overall costs of the Project, which may accordingly delay the commencement of operation of such data centre and in turn adversely affect the Company's revenue. Nevertheless, save and except for the Potential Risk, it was stated in the tender reports of the Architect, the Structural Engineer and the Building Services Engineer that the service proposals submitted by both candidates, in their view, were generally in order and complying.

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 as outlined in the bill of quantities of the Tender Document for each of the Phase 1 Works and the Phase 2 Works, 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 material to be used. The Quantity Surveyor also ascertained the reasonableness of individual rates listed out in the bills of quantities for each of the Phase 1 Works and the Phase 2 Works with reference to its database.

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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 and the Defects Liability Period Extension Price of the Main Contractor for each of the Phase 1 Works and the Phase 2 Works was lower than that of the other candidate.

Having considered: (i) the Potential Risk, although 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 Quantity Surveyor, the Structural Engineer and the Building Services Engineer; and (ii) the tender sum and the Defects Liability Period Extension Price for each of the Phase 1 Works and the Phase 2 Works submitted by the Main Contractor were lower than those of the other candidate, the Project Manager issued a tender recommendation to award the Project to the Main Contractor.

(iii) Other key terms of the Building Contract

As disclosed in the letter from the Board of the Circular, a contingency of not exceeding 10% has been provided based on the Contract Sum. As per our discussion with the Quantity Surveyor, we understand that the aforesaid level of contingency is in line with the market norm for construction projects in private sector. The buffer amount is mainly to cater for any variation (as instructed by the Architect) as 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 in accordance with the Building Contract. In addition, any such adjustments to the Contract Sum will be made based on instructions provided by the Architect after it has obtained Easy Vision's agreement to the same, and the amount involved will be ascertained by the Quantity Surveyor. On this basis, we consider the contingency of 10% is fair and reasonable.

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The progress payments upon presentation of the Architect's certificates and retention amount arrangements as discussed under the heading "Payment terms" in section headed "3. Principal terms of the Building Contract" above are also considered fair and reasonable as such arrangements, being normal market practice according to the Quantity Surveyor, can ensure the payments to the Main Contractor being fairly determined and safeguard the interests of Easy Vision.

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 service proposals, 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.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that 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. We are also of the view that the Building Contract is on normal commercial terms, and the terms of the Building Contract 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 resolution to be proposed at the EGM to approve the Building Contract.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 17 years of experience in corporate finance industry.

1. STATEMENT OF INDEBTEDNESS

As at 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had an outstanding unsecured borrowings of approximately HK\$9,590,293,000 which comprised bank loans of approximately HK\$6,290,293,000 (with principal amount of HK\$6,340,000,000) and shareholder's loan of HK\$3,300,000,000.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loan capital and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 30 September 2020.

2. FINANCIAL EFFECTS OF THE BUILDING CONTRACT

The Contract Sum (subject to adjustments) will be paid in cash and funded by the Group's internal resources and/or bank financing. Accordingly, the entering into of the Building Contract and the transactions contemplated hereunder will not have any material effects on the net assets and earnings of the Group during the construction period.

3. FINANCIAL AND TRADING PROSPECTS

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 current data centres are performing well. It is equally important that the Group has a very robust pipeline of top-quality greenfield data centres.

The Project involving the construction of a new high-tier data centre on the Land. As the Land is located next to the Group's current data centre MEGA Plus, the Group will achieve substantial synergies in operations and infrastructure investment. Upon completion, this purpose-built data centre, with approximately 1.2 million square feet of gross floor area, will support an ultra-high power of IT load. It will ensure that the Group's customers have room for fast expansion as they grow. The Project is targeted to complete construction by phases starting in 2022.

Another greenfield data centre project involving the construction a new high-tier data centre with high power capacity and outstanding architecture resilience on the 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 is targeted to be completed by phases starting in 2022. Upon completion, it 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.

As for the existing data centres, the increase of power capacity in MEGA-i by as much as 40% is on track to be completed before the end of 2020, which will be a big boost to the Group's connectivity business growth in coming years. In addition, following the completion of the acquisition of MEGA Two in November 2019, the Group invested further in revitalising multiple floors at MEGA Two with additional power to serve the high power-density needs among customers.

Looking ahead, the future of the Group remains positive. Digital economies and hence connectivity needs will continue to grow. Data traffic across and along the Pacific is expected to grow significantly, and Hong Kong will continue to be one of the key hubs for this connectivity, given its geographical location, strong subsea cable connections and well-established connections in the region. Hong Kong's long history of free trade practice and trusted data protection scheme will continue to maintain its global recognition as a distinctive location for data storage and transmission.

4. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Building Contract and the present financial resources available to the Group including the internally generated funds, available banking facilities and loan facility from the SHKP Group, the Group has sufficient working capital to satisfy its present requirements for at least the next 12 months following the date of this circular in the absence of unforeseen circumstances.

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 ¹	3,485,000	—	3,485,000	0.15
Fung Yuk-lun, Allen	4,000,000	—	—	4,000,000	4,000,000 ²	8,000,000	0.34
Tong Kwok-kong, Raymond	200,000	—	—	200,000	4,000,000 ²	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 ²	3,010,000	0.13
Lau Yeuk-hung, Fiona	—	—	—	—	2,500,000 ²	2,500,000	0.11
Kwok Kai-wang, Christopher	—	—	13,272,658 ^{1&3}	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 July 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 01.07.2020	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 01.07.2020	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	1,000,000	—	—	—	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 ¹	—	527,646,686 ²	527,905,429	—	527,905,429	18.22
Kwok Kai-wang, Christopher	110,000 ³	60,000 ⁴	—	654,600,101 ^{2&5}	654,770,101	—	654,770,101	22.60
David Norman Prince	2,000	—	—	—	2,000	—	2,000	0.00
Siu Hon-wah, Thomas	—	—	—	7,000 ⁶	7,000	—	7,000	0.00
Chan Hong-ki, Robert	60,000	—	—	—	60,000	—	60,000	0.00
Kwok Kwok-chuen	—	—	—	16,942 ⁷	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 527,646,686 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 ¹	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 ^{1&2}	12,011,498	—	12,011,498	1.07

Notes:

- 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.
- 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 ¹	25.00
Hung Carom Company Limited	25 ¹	25.00
Tinyau Company Limited	1 ¹	50.00
Open Step Limited	8 ¹	80.00
Vivid Synergy Limited	963,536,900 ¹	20.00

Note:

- 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 for the purpose of Part XV of the SFO. Such 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:

Name of Common Directors	Name of Company
Kwok Ping-luen, Raymond	SHKP
Fung Yuk-lun Allen	
Tung Chi-ho, Eric	
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.

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.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors are aware, 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.

5. DIRECTORS' INTERESTS IN CONTRACTS

- (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, 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 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, 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 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) On 16 May 2018, iAdvantage Limited (“**iAdvantage**”, a wholly-owned subsidiary of the Company) 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 on 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 (“**TWTL 428**”) and the revitalization of MEGA-iAdvantage located at Chai Wan (the “**Chai Wan Project**”).

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. 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.

- (e) (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 Works 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, 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 contracts mentioned in this paragraph 5(e) and the transactions contemplated thereunder. Further particulars of the contracts mentioned in this paragraph 5(e) were set out in the announcement of the Company dated 23 May 2018.

- (f) 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. The interest rate was subsequently changed to 3% per annum with effect from 1 August 2020.

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. 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.

- (g) On 21 January 2019, Easy Vision 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 the Land.

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. 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.

- (h) (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.
- (iii) 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 provide services to members of the SHKP Group in connection with (i) the design, installation, operation and provision of extra-low voltage ("ELV") and information technology ("IT") systems (including but not limited to satellite master antenna television ("SMATV")/ communal aerial broadcasting distribution ("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**”) 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 aggregate amount of service fees which may be received by the Group pursuant to the System and Networking Arrangement are HK\$100,200,000, HK\$132,800,000 and HK\$212,700,000 respectively.

- (iv) 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 provide services to 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**”) 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 aggregate amount of service fees which may be received by the Group pursuant to the Maintenance Arrangement are HK\$76,900,000, HK\$87,300,000 and HK\$99,200,000 respectively.
- (v) On 5 May 2020, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide services to members of the 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**”) 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 aggregate amount of service fees which may be paid by the Group pursuant to the System and Networking Sub-contracting Arrangement are HK\$9,000,000, HK\$15,200,000 and HK\$22,200,000 respectively.

- (vi) On 5 May 2020, the Company and SHKP entered into an agreement whereby SHKP has agreed to procure the relevant members of the SHKP Group to provide services to members of the 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**”) 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 aggregate amount of service fees which may be paid by the Group pursuant to the Maintenance Sub-contracting Arrangement are HK\$6,000,000, HK\$8,300,000 and HK\$10,600,000 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(h) and the transactions contemplated thereunder. Further particulars of the agreements mentioned in this paragraph 5(h) were set out in the announcement of the Company dated 5 May 2020.

- (i) On 5 May 2020, 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 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(i) and the transactions contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 5(i) were set out in the announcement of the Company dated 5 May 2020.

- (j) On 5 May 2020, Capital Way (H.K.) Limited, a wholly-owned subsidiary of the Company, entered into a 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 construction of a 21-storey high building on TWTL 428 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 for the project at a contract sum of HK\$821,143,855, subject to adjustments.

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 agreement mentioned in this paragraph 5(j) and the transactions contemplated thereunder. Further particulars of the agreement mentioned in this paragraph 5(j) were set out in the announcement of the Company dated 5 May 2020.

- (k) 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.

- (l) 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 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.

6. DIRECTORS' INTERESTS IN ASSETS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 30 June 2020, 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.

7. 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 2020, being the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

On 10 September 2018, the Company filed a notice of application for leave to apply for judicial review against Hong Kong Science and Technology Parks Corporation (“HKSTPC”) with the High Court in Hong Kong. The application was against the decision of HKSTPC in not taking immediate steps to rectify the failure or refusal to take reasonable steps to enforce restrictions in leases against subletting, parting with possession and/or sharing of occupation in the Tseung Kwan O Industrial Estate. On 9 October 2018, the High Court granted the Company leave to apply for judicial review. On 16 December 2019, the hearing of the judicial review took place and on 26 March 2020, the High Court dismissed the Company’s application. In April 2020, the Company lodged an appeal against the judgment on the said judicial review case.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT

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

Name	Qualification
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

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 2020, 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 24 November 2020 and the references to its name included herein in the form and context in which they appear.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) The Loan Agreement as mentioned in paragraph 5(f) under the section headed **“Directors’ Interests in Contracts”** of this Appendix II.

- (b) Memorandum of agreement dated 8 January 2019 and the conditions of sale entered into between Easy Vision and the Government of Hong Kong in relation to the acquisition of the Land at the land premium of HK\$5,456,007,800.
- (c) The Project Management Agreement 2 as mentioned in paragraph 5(g) under the section headed “**Directors’ Interests in Contracts**” of this Appendix II.
- (d) (i) The sale and purchase agreement dated 9 September 2019 entered into between Capital Data Centre Limited (“**Capital Data Centre**”, a wholly-owned subsidiary of the Company), as purchaser, and 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) The sale and purchase agreement dated 9 September 2019 entered into between Capital Data Centre, as vendor, and 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) The sale and purchase agreement dated 9 September 2019 entered into between Huge Profit Investments Ltd. (a wholly-owned subsidiary of the Company), as vendor, and 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 10(d) 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.

- (e) The building contract as mentioned in paragraph 5(j) under the section headed “**Directors’ Interests in Contracts**” of this Appendix II.
- (f) The Supplementary Agreement as mentioned in paragraph 5(k) under the section headed “**Directors’ Interests in Contracts**” of this Appendix II.
- (g) the Building Contract.

11. 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 22 December 2020:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) a copy of each of the material contracts referred to in the section headed “**Material Contracts**” in Appendix II to this circular;
- (c) the Building Contract;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 17 to 33 of this circular;

- (f) the written consent from Somerley referred to in paragraph 9 of Appendix II to this circular;
- (g) the annual reports of the Company for the financial years ended 30 June 2019 and 30 June 2020 respectively; and
- (h) this circular.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at PO Box 309, Ugland 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.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



sunEvision

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 4th Floor and 53rd Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong on Tuesday, 22 December 2020 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution. 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 24 November 2020 (the “**Circular**”).

ORDINARY RESOLUTION

“**THAT:**

- (a) the building contract dated 3 November 2020 entered into between Easy Vision Development 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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 Building Contract.”

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

Hong Kong, 24 November 2020

Registered Office:

PO Box 309, Uglan 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

Notes:

1. To safeguard the health and safety of shareholders of the Company (the “**Shareholders**”) and to prevent the spreading of Coronavirus Disease 2019 (“**COVID-19**”), certain precautionary measures will be implemented at the extraordinary general meeting of the Company to be held on Tuesday, 22 December 2020 (the “**EGM**”) including, without limitation:
 - (i) compulsory body temperature screening;
 - (ii) mandatory wearing of face mask throughout the EGM;
 - (iii) mandatory health declaration;
 - (iv) attendees will be assigned to a designated seating area; and
 - (v) no refreshments or drinks will be provided at the EGM.

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

To ensure appropriate social distancing, the seating capacity will be limited and attendees will be assigned seats in partitioned areas on the 4th Floor or 53rd Floor at the EGM venue with video link up.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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, 17 December 2020 to Tuesday, 22 December 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, 16 December 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, 4 November 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.**
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 notorially 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, 18 December 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 will 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 and the website of Hong Kong Exchanges and Clearing Limited at 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.