
IMPORTANT

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

If you have sold or transferred all your shares in **Sun Innovation Holdings Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

RENEWAL OF THE 10% SCHEME MANDATE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of Sun Innovation Holdings Limited to be held at the Conference Room, Room 1818, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 15 April 2010 at 10:30 a.m. is set out on pages 7 to 8 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

23 March 2010

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DEFINITIONS

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

“10% Scheme Mandate Limit”	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Company’s issued share capital as at the date of adoption of the Share Option Scheme, which may be “refreshed” pursuant to the rules of the Share Option Scheme.
“Board”	the board of Directors
“Company”	Sun Innovation Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	18 March 2010, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Renewal”	the proposed renewal of the 10% Scheme Mandate Limit under the Share Option Scheme at SGM
“SGM”	a special general meeting of the Company convened to be held at the Conference Room, Room 1818, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 15 April 2010 at 10:30 a.m. for the purposed of considering, and if though fit, approving the Proposed Renewal, the notice of which is set out on pages 7 to 8 of this circular
“Shares”	shares of HK\$0.01 each of the Company
“Shareholders”	the shareholders of the Company

DEFINITIONS

“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the annual general meeting held on 16 May 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

Directors:

Mr. Zhou Jian (*Chairman*)
Mr. Fan Lei
Ms. Lau Cheong*
Mr. Duan Xiongfei*
Mr. Tam Tak Kei Raymond*

** Independent Non-Executive Director*

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

Rooms 1717-1719, 17th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

23 March 2010

To the Shareholders

Dear Sir/Madam,

RENEWAL OF THE 10% SCHEME MANDATE LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

INTRODUCTION

The purpose of this circular is to provide you with the information relating to the Proposed Renewal and to give you notice of SGM, at which a resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Proposed Renewal.

SHARE OPTION SCHEME – RENEWAL OF THE 10% SCHEME MANDATE LIMIT

Under the rules of the Share Option Scheme:

- (1) the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company is subject to the 10% Scheme Mandate Limit;
- (2) the overall maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time ("**30% Overall Limit**"); and

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- (3) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted and to be granted to each participant (other than a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, who shall be subject to a lower threshold) of the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued capital of the Company.

The Company may seek approval from the Shareholders in general meeting for refreshing the 10% Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as “refreshed”. In this connection, options previously granted under the Share Option Scheme and any other share schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as “refreshed”.

The 10% Scheme Mandate Limit as at the date of adoption of the Share Option Scheme on 16 May 2002 was 418,243,897 Shares. The 10% Scheme Mandate Limit was refreshed by the Shareholders in the general meetings held on 28 June 2004, 25 May 2005 and 26 May 2006 respectively (i.e. 488,123,897 Shares, 659,675,563 Shares and 9,007,305 Shares respectively). After the adjustments due to the share consolidation in 2005, open offer and share subdivision in 2007, the number of Shares available for issue upon exercise of options to be granted under the Share Option Scheme is 116,663,050 Shares, representing approximately 1.33% of the issued share capital of the Company as at the Latest Practicable Date. Unless the 10% Scheme Mandate Limit is “refreshed”, only 116,663,050 Shares can be issued pursuant to the grant of further options under the Share Option Scheme.

Apart from the Share Option Scheme, the Company did not have any other share option scheme or any outstanding options to subscribe for Shares granted under the Share Option Scheme or other share option scheme of the Company as at the Latest Practicable Date.

If the 10% Scheme Mandate Limit is “refreshed”, on the basis of 8,757,685,768 Shares in issue as at the Latest Practicable Date and assuming that, prior to the SGM, no Shares are issued (whether upon exercise of options granted under the Share Option Scheme or otherwise) or repurchased by the Company, the 10% Scheme Mandate Limit will be re-set at 875,768,576 Shares and the Company will be allowed to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe for maximum of 875,768,576 Shares (“**Available Limit**”).

The Directors consider that it will be for the benefit of the Company and its Shareholders as a whole that eligible participants of the Share Option Scheme are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Group. For these reasons, the Directors will propose the passing of an ordinary resolution at the SGM for “refreshing” the 10% Scheme Mandate Limit.

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On the basis of 8,757,685,768 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 2,627,305,730 Shares. As at the Latest Practicable Date, there is no outstanding option to subscribe for Shares was granted. Accordingly, the Available Limit arising from the “refreshing” of the 10% Scheme Mandate Limit does not exceed the 30% Overall Limit as at the Latest Practicable Date.

The renewal of the 10% Scheme Mandate Limit is conditional upon:

- (1) the passing of an ordinary resolution by the Shareholders to approval the Proposed Renewal at the SGM; and
- (2) the Stock Exchange granting the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the date of the SGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the 10% Scheme Mandate Limit so refreshed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the date of the SGM, which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the 10% Scheme Mandate Limit so refreshed.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

SGM

The SGM will be held at 10:30 a.m. on Thursday 15 April 2010 at the Conference Room, Room 1818, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, the notice of which is set out on pages 7 to 8 of this circular, for the Shareholders to consider and, if through fit, approve the Proposed Renewal.

In compliance with the Listing Rules, the resolution to approve the Proposed Renewal will be voted on by way of a poll at SGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, no Shareholders have a material interest in the Proposed Renewal and accordingly, no Shareholders will have to abstain from voting at the SGM.

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You will find an enclosed form of proxy for use at the SGM. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

RECOMMENDATION

The Directors consider that the Proposed Renewal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

By Order of the Board
SUN INNOVATION HOLDINGS LIMITED
Zhou Jian
Chairman

NOTICE OF SPECIAL GENERAL MEETING



SUN INNOVATION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

NOTICE IS HEREBY GIVEN that the special general meeting of the Company will be held at the Conference Room, Room 1818, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Thursday, 15 April 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 16 May 2002 (**“Share Option Scheme”**), representing 10 per cent. of the issued share capital of the Company as at the day on which this resolution is passed, pursuant to the rules of the Share Option Scheme:

- (a) approval be and is hereby granted for refreshing the 10 per cent. mandate under the Share Option Scheme (**“Refreshed Scheme Mandate”**) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and
- (b) the directors of the Company or a duly authorised committee thereof be and are hereby authorised: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

By Order of the Board

SUN INNOVATION HOLDINGS LIMITED

Zhou Jian

Chairman

Hong Kong, 23 March 2010

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place

of business in Hong Kong:

Rooms 1717-1719, 17th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Notes:

- (a) Any member of the Company (the “Member”) entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote in his stead. Vote may be given either personally or by a duly authorized corporate representative or by proxy. A Member who is the holder of two or more shares of the Company (the “Shares”) may appoint more than one proxy to attend on the same occasion provided that, if more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. A proxy need not be a Member. In addition, a proxy or proxies representing either an individual Member or a Member which is a corporate, shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy to vote shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.
- (d) A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority shall be deposited at the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude of a Member from attending and voting in person at the meeting or poll concerned.

As at the date hereof, Mr. Zhou Jian and Mr. Fan Lei are the executive directors and Ms. Lau Cheong, Mr. Duan Xiongfei and Mr. Tam Tak Kei Raymond are the independent non-executive directors.