

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATELY ATTENTION**

If you are in any doubt as to any aspect 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 China Cyber Port (International) Company Limited (the “Company”), you should at once hand this circular and the accompanying 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



China Cyber Port (International) Company Limited

神州奧美網絡(國際)有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

**CONTINUING CONNECTED TRANSACTIONS  
AND  
CHANGE OF AUDITORS**

**Independent Financial Adviser to the Company**

**Nuada Limited**

*Corporate Finance Advisory*

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 8 January 2009 at 11:00 a.m. is set out on pages 42 to 43 of this circular. A form of proxy for use thereat is also enclosed.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806 – 1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. 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 should you so wish.

*This circular will appear and remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and the Company’s website at [www.cspi.com.hk](http://www.cspi.com.hk).*

## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Company of 75% equity interest in CCP from CCI pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 1 November 2007 entered into between Favor Grow Holdings Limited, a wholly-owned subsidiary of the Company, and China Communication Investment Ltd, in relation to the acquisition of 75% equity interest in CCP
“Agreements”	altogether, the BTT Web Advertising Agreement, the CCC Tenancy Agreement, the CCC Web Advertising Agreement, the HTD Naming-Right Sponsorship Agreement and the HTD Web Advertising Agreement
“Announcement”	the announcement dated 4 December 2008 whereby the Company announced, among other matters, the Agreements, the Supplemental Agreements and the transaction contemplated thereunder
“associate(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“BTT”	北京天地融合科技有限公司 (Beijing Tiandironghe Technology Company Limited*), a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of CCC
“BTT Web Advertising Agreement”	the web advertising agreement dated 29 September 2007 and entered into between CCP and BTT in relation to the provision of advertising space by CCP to BTT
“CCC”	神州通信有限公司 (China Communication Co., Ltd), a company established under the laws of the PRC
“CCC Tenancy Agreement”	the tenancy agreement dated 1 June 2008 entered into between CCC as landlord and CCP as tenant in relation to a property in Beijing, PRC

## DEFINITIONS

“CCC Web Advertising Agreement”	the web advertising agreement dated 19 March 2008 and entered into between CCP and CCC in relation to the provision of advertising space by CCP to CCC
“CCP”	神州奧美網絡有限公司 (China Cyber Port Co., Ltd.), a company established under the laws of the PRC, is a non wholly-owned subsidiary of the Company
“CCI”	神州通信投資有限公司 (China Communication Investment Ltd.), a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of CCC
“Company”	China Cyber Port (International) Company Limited, a company incorporated in the Cayman Islands with limited liability with its issued share capital listed on GEM
“connected person(s)”	shall have the meaning as ascribed to it under the GEM Listing Rules
“Directors”	directors (including independent non-executive directors) of the Company, from time to time
“EGM”	an extraordinary general meeting to be convened by the Company to approve, inter alia, Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder and the change of auditors of the Company
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HTD”	黑龍江天地數碼科技有限公司 (Heilongjiang Tiandi Digital Technology Company Limited*), a company established under the laws of the PRC
“HTD Naming-Right Sponsorship Agreement”	the naming-right sponsorship agreement dated 1 March 2008 and entered into between CCP and HTD in relation to the acquisition of naming rights by HTD of certain computer and online game tournaments to be organized by CCP

## DEFINITIONS

“HTD Web Advertising Agreement”	the web advertising agreement dated 29 September 2007 and entered into between CCP and HTD in relation to the provision of advertising space by CCP to HTD
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee comprising Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong, all being the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Supplemental Agreements (including but not limited to the annual caps) and all the transactions contemplated thereunder
“Independent Financial Adviser or IFA”	Nuada Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than BTT, CCC and HTD and Shareholders who are connected to or otherwise associated with BTT, CCC and HTD or interested in the Supplemental Agreements other than being a Shareholder of the Company
“Latest Practicable Date”	11 December 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Mr. He”	Mr. He Chenguang, the chairman and an executive Director, and a substantial shareholder of HTD
“Mr. Bao”	Mr. Bao Yueqing, a director of CCP and a substantial shareholder of HTD
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	altogether, the Supplemental BTT Advertising Agreement, the Supplemental CCC Advertising Agreement, the Supplemental HTD Advertising Agreement and the Supplemental HTD Naming-Right Sponsorship Agreement
“Supplemental BTT Advertising Agreement”	the supplemental agreement dated 24 November 2008 entered into by BTT and CCP to supplement certain terms in the BTT Web Advertising Agreement
“Supplemental CCC Advertising Agreement”	the supplemental agreement dated 24 November 2008 entered into by CCC and CCP to supplement certain terms in the CCC Web Advertising Agreement
“Supplemental HTD Advertising Agreement”	the supplemental agreement dated 24 November 2008 entered into by HTD and CCP to supplement certain terms in the HTD Web Advertising Agreement
“Supplemental HTD Naming-Right Sponsorship Agreement”	the supplemental agreement dated 24 November 2008 and entered into by HTD and CCP to supplement certain terms in the HTD Naming-Right Sponsorship Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

\* For identification purpose only

*For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.88. This exchange rate is adopted for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.*

## LETTER FROM THE BOARD



China Cyber Port (International) Company Limited

神州奧美網絡(國際)有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

*Executive Directors:*

Mr. He Chenguang (*Chairman*)  
Mr. Xiao Haiping  
Mr. Zhang Peng (*Chief executive officer*)  
Ms. Weng Pinger

*Independent non-executive Directors:*

Mr. Yip Tai Him  
Ms. Cao Huifang  
Ms. Liu Hong

*Registered office*

P.O. Box 309GT  
Ugland House  
South Church Street  
Grand Cayman  
Cayman Islands

*Head office and principal place of  
business in Hong Kong*

Units 2115–2116, 21/F  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

16 December 2008

*To the Shareholders*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS AND CHANGE OF AUDITORS

#### (A) INTRODUCTION

By the Announcement, the Board announces that while preparing the Company's financial statements for the 6 months ended 30 September 2008, the Directors note that the Company had failed to comply with the relevant requirements of the GEM Listing Rules in respect of the Agreements entered into by CCP, a non wholly-owned subsidiary of the Company since 1 April 2008.

Each of the Agreements is subject to various reporting, disclosure requirements under the GEM Listing Rules. Details of each of the Agreements and the relevant GEM Listing Rules implications are set out below.

Each of HTD, BTT and CCC had subsequently on 24 November 2008 entered into the Supplemental Agreements with CCP. Given HTD, BTT and CCC are connected persons to the Company, the transactions contemplated under the Supplemental Agreements and as the relevant percentage ratio has exceeded 25%, the Supplemental Agreements have

\* For identification purpose only

## LETTER FROM THE BOARD

constituted continuing connected transactions on the part of the Company under Rule 20.35 of the GEM Listing Rules and the Supplemental Agreements (including but not limited to the annual caps) and transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval.

An EGM will be held to approve the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder by the Independent Shareholders by way of poll. An Independent Board Committee, comprising Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders in relation to the Supplemental Agreements (including but not limited to the annual caps) and all the transactions contemplated thereunder. The Independent Financial Adviser has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

CCI and their respective associates, are in aggregate, interested in and control over the voting right of 220,542,000 Shares, representing approximately 27.49% of the total issued Shares of the Company of 802,286,761 as at the Latest Practicable Date and are required to abstain from voting in respect of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder at the forthcoming EGM. Save as disclosed, no other Shareholders have material interest in the Supplemental Agreements and the transactions contemplated thereunder and are required to abstain from voting in respect of the approval of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder at the forthcoming EGM.

The purpose of this circular is to provide you with details of (i) details of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder, (ii) a letter from the Independent Board committee containing its advice and recommendation in respect of the Supplemental Agreements (including but not limited to the annual caps) and the transaction contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders containing its advice to the Independent Board Committee and Independent Shareholders in respect of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder; (iv) change of auditors of the Company; and (v) a notice convening the EGM at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder and the change of auditors of the Company by way of poll.

## LETTER FROM THE BOARD

### (B) RELATIONSHIPS BETWEEN THE PARTIES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the relationships between the relevant parties under the Agreements and the Supplemental Agreements are set out below:

<b>The Company</b>	China Cyber Port (International) Company Limited, a company incorporated in the Cayman Islands with limited liability with its issued share capital listed on GEM
<b>BTT</b>	Beijing Tiandironghe Technology Company Limited*, a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of CCC principally engaged in the business of development and selling of computer softwares and networks. By virtue of being an associate to CCC, BTT is considered to be a connected to the Company
<b>CCC</b>	China Communication Co., Ltd, a company established under the laws of the PRC, is a national-wide telecom operator and internet network operator in the PRC. By virtue of its interest in 25% equity interest in CCP as well as its interest as to approximately 27.49% of the issued Shares of the Company through CCI, a wholly-owned subsidiary of CCC, it is considered as a connected person to the Company
<b>CCP</b>	China Cyber Port Co., Ltd., a company established under the laws of the PRC, a non wholly-owned subsidiary of the Company, with its entire equity interests owned by the Company and CCC as to 75% and 25% respectively
<b>HTD</b>	Heilongjiang Tiandi Digital Technology Company Limited*, a company established under the laws of the PRC principally engaged in the business of development and selling of high technology products. At the time of entering into the HTD Web Advertising Agreement and the HTD Naming-Right Sponsorship Agreement, as Mr. He, the chairman and an executive Director, and Mr. Bao, a director of CCP, were the substantial shareholders of Heilongjiang Tiandi Digital holding its equity interest as to 66% and 32.5% respectively, Heilongjiang Tiandi Digital is regarded as a connected person to the Company. In or about October 2008, Mr. He, Mr. Bao and other shareholders of HTD have respectively transferred all their shareholdings in HTD to CCC and CCC has become the legal and beneficial owner of the entire equity interest in HTD on 13 October 2008. By virtue of being an associate to CCC, HTD shall remain to be a connected person to the Company

\* For identification purpose only

## LETTER FROM THE BOARD

### (C) CONTINUING CONNECTED TRANSACTIONS

#### (1) HTD WEB ADVERTISING AGREEMENT AND SUPPLEMENTAL HTD ADVERTISING AGREEMENT

**Date:** 29 September 2007 (as supplemented by the Supplemental HTD Advertising Agreement dated 24 November 2008)

**Parties:** (1) Heilongjiang Tiandi Digital Technology Company Limited\*  
(2) China Cyber Port Co., Ltd

#### **Services**

HTD agreed to place and CCP agreed to arrange the web advertisements of HTD be published on the "Sudden Attack" online game platform operated by CCP for two years commencing from 1 October 2007 to 30 September 2009. 24-hour technical support services shall also be provided by CCP to HTD to handle technical issues arising out of the publication of the advertisements.

#### **Consideration**

It is agreed that the amount of advertising fees to be incurred by HTD during the term of the HTD Web Advertising Agreement shall not be less than RMB150,000,000 (equivalent to approximately HK\$170,454,545). A non-refundable deposit of RMB15,000,000 (equivalent to approximately HK\$17,045,455) had been paid by HTD on 30 September 2007 and shall be used to settle all or part of the final instalment of the advertising fees payable by HTD by the end of the term.

Under the Supplemental HTD Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the agreed amount of advertising fees to be incurred by CCP during the term of the HTD Web Advertising Agreement has been revised to not more than RMB138,000,000 (equivalent to approximately HK\$156,818,182) of which the advertising fee shall not be more than RMB40,000,000 (equivalent to approximately HK\$45,454,545), RMB65,000,000 (equivalent to approximately HK\$73,863,636) and RMB33,000,000 (equivalent to approximately HK\$37,500,000) for the three years ended 31 March 2010 respectively.

\* For identification purpose only

## LETTER FROM THE BOARD

The above annual cap of the HTD Web Advertising Agreement was determined by reference to the estimated number of advertisement to be placed by HTD derived from the historical data of the past dealings between HTD and CCP and the possible inflation and exchange rate of RMB in the coming years.

### **Pricing basis**

The advertising fees to be charged by CCP for each advertisement to be placed by HTD shall be determined according to the proposed publication timeslots, size, position etc. and shall be determined based on the prevailing charging rates and are no less favourable than terms available to independent third parties.

The advertising fees shall be payable in the following manner:

- (1) 40% of the total advertising fees shall be payable by HTD before publication of the relevant advertisement;
- (2) 40% of the total advertising fees shall be payable by HTD during advertising period of the relevant advertisement; and
- (3) the remaining 20% of the advertising fee shall be payable by HTD at least one month before the end of the relevant advertising period.

The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms.

### **Termination**

The HTD Web Advertising Agreement may be terminated by either party thereto by notice should the operation of the HTD Web Advertising Agreement would be materially and adversely affected by any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out etc, and such event of force majeure has been subsisting for more than 30 days.

## LETTER FROM THE BOARD

### (2) BTT WEB ADVERTISING AGREEMENT AND SUPPLEMENTAL BTT ADVERTISING AGREEMENT

**Date:** 29 September 2007 (as supplemented by the Supplemental BTT Advertising Agreement dated 24 November 2008)

**Parties:** (1) Beijing Tiandironghe Digital Technology Company Limited\*  
(2) China Cyber Port Co., Ltd.

#### Services

BTT agreed to place and CCP agreed to arrange the web advertisements of BTT be published on the "e-Sports" online game platform operated by CCP for three years commencing from 1 October 2007 to 30 September 2010. 24-hour technical support services shall also be provided by CCP to BTT to handle all technical issues arising out of the publication of the advertisements.

#### Consideration

It is agreed that the amount of advertising fees to be incurred by BTT during the term of the BTT Web Advertising Agreement shall not be less than RMB100,000,000 (equivalent to approximately HK\$113,636,364). A non-refundable deposit of RMB10,000,000 (equivalent to approximately HK\$11,363,636) had been paid by BTT on 29 September 2007 and shall be used to settle all or part of the final instalment of the advertising fees payable by BTT by the end of the term.

Under the Supplemental BTT Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the terms of the said agreement shall be for two years commencing from 1 October 2007 to 30 September 2009;
- (b) the agreed amount of advertising fees to be incurred by CCP during the term of the BTT Web Advertising Agreement has been revised to not more than RMB85,000,000 (equivalent to approximately HK\$96,590,909) of which the advertising fee shall not be more than RMB20,000,000 (equivalent to approximately HK\$22,727,273), RMB40,000,000 (equivalent to approximately HK\$45,454,545) and RMB25,000,000 (equivalent to approximately HK\$28,409,091) for the three years ended 31 March 2010 respectively.

\* For identification purpose only

## LETTER FROM THE BOARD

The above annual cap of the BTT Web Advertising Agreement was determined by reference to the estimated number of advertisements to be placed by BTT derived from the historical data of the past dealings between BTT and CCP and the possible inflation and exchange rate of RMB in the coming years.

### **Pricing basis**

The advertising fees to be charged by CCP for each advertisement to be placed by BTT shall be determined according to the proposed publication timeslots, size, position etc. and shall be determined based on the prevailing charging rates and are no less favourable than terms available to independent third parties.

The advertising fees shall be payable in the following manner:

- (1) 40% of the total advertising fee shall be payable by BTT before publication of the relevant advertisement;
- (2) 40% of the total advertising fee shall be payable by BTT during advertising period of the relevant advertisement; and
- (3) the remaining 20% of the advertising fee shall be payable by BTT at least one month before the end of the relevant advertising period.

The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms.

### **Termination**

The BTT Web Advertising Agreement may be terminated by either party thereto by notice should the operation of the BTT Web Advertising Agreement would be materially and adversely affected by any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out etc, and such event of force majeure has been subsisting for more than 30 days.

## LETTER FROM THE BOARD

### (3) HTD NAMING-RIGHT SPONSORSHIP AGREEMENT AND SUPPLEMENTAL HTD NAMING-RIGHT SPONSORSHIP AGREEMENT

**Date:** 1 March 2008 (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement dated 24 November 2008)

**Parties:** (1) Heilongjiang Tiandi Digital Technology Company Limited\*  
(2) China Cyber Port Co., Ltd.

#### Services

HTD agreed to acquire and CCP agreed to grant the naming rights of certain computer and online game tournaments to be organised by CCP during the period commencing from 1 March 2008 to 1 March 2010. It was also agreed that HTD shall be allowed to participate in not less than ten promotion events to be organised by CCP for each year during the term of the HTD Naming-Right Sponsorship Agreement. Premier advertising space shall also be reserved for HTD during the promotion events. Pursuant to the HTD Naming-Right Sponsorship Agreement, an amount of RMB18,000,000 (equivalent to approximately HK\$20,454,545) should be paid by HTD to the Group, however, pursuant to subsequent agreement by the parties, an amount of RMB6,000,000 (equivalent to approximately HK\$6,818,182) has been paid by HTD to the Group on 25 March 2008.

#### Pricing basis

Pursuant to the Supplemental HTD Naming-Right Sponsorship Agreement, during the term of agreement, the naming right fees shall be satisfied in the manner of not more than RMB1,000,000 (equivalent to approximately HK\$1,136,364), RMB12,000,000 (equivalent to approximately HK\$13,636,364) and RMB10,000,000 (equivalent to approximately HK\$11,363,636) respectively for the three years ended 31 March 2010 respectively in accordance with number and size of the promotion events held during the term of the HTD Naming-Right Sponsorship Agreement. The exact deduction amount for each promotion event shall be agreed between HTD and CCP.

The naming right fees shall be payable in the following manner:

- (1) deduct from the prepaid RMB6,000,000; and
- (2) after deducting (1) above in full, the remaining naming right fees shall be payable by HTD upon completion of each promotion events.

\* For identification purpose only

## LETTER FROM THE BOARD

The pricing basis for each promotion events shall be determined on an arm's length basis in the ordinary course of business and on normal commercial terms based on the prevailing charging rate and is no less favourable than terms available to independent third parties.

### **Termination**

The HTD Naming-Right Sponsorship Agreement may be terminated by either party thereto by 15-day notice upon any breach of the terms and conditions of the HTD Naming-Right Sponsorship Agreement by the other party.

#### **(4) CCC WEB ADVERTISING AGREEMENT AND SUPPLEMENTAL CCC ADVERTISING AGREEMENT**

**Date:** 19 March 2008 (as supplemented by the Supplemental CCC Advertising Agreement dated 24 November 2008)

**Parties:** (1) China Communication Co., Ltd.  
(2) China Cyber Port Co., Ltd.

### **Services**

CCC agreed to place and CCP agreed to arrange the web advertisements of CCC be published on the "e-Sports" online game platform operated by CCP for the period commencing from 20 March 2008 to 19 March 2009. 24-hour technical support services shall also be provided by CCP to CCC to handle all technical issues arising out of the publication of the advertisements.

### **Consideration**

It is agreed that the amount of advertising fees to be incurred by CCC during the term of the CCC Web Advertising Agreement shall not be less than RMB10,000,000 (equivalent to approximately HK\$11,363,636). A prepayment in the sum of RMB4,000,000 (equivalent to approximately HK\$4,545,455) and a non-refundable deposit of RMB1,000,000 (equivalent to approximately HK\$1,136,364) had been paid by CCC on 10 April 2008. The said non-refundable deposit paid shall be used to settle all or part of the final instalment of the advertising fees payable by CCC by the end of the term.

Under the Supplemental CCC Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the terms of the said agreement shall be for approximately three years commencing from 20 March 2008 to 31 March 2011;

## LETTER FROM THE BOARD

- (b) the agreed amount of advertising fees to be incurred by CCP during the term of the CCC Web Advertising Agreement has been revised to not more than RMB95,000,000 (equivalent to approximately HK\$107,954,545) of which the advertising fee shall not be more than RMB25,000,000 (equivalent to approximately HK\$28,409,091), RMB30,000,000 (equivalent to approximately HK\$34,090,909) and RMB40,000,000 (equivalent to approximately HK\$45,454,545) for the three years ended 31 March 2011 respectively.

The above annual cap of the CCC Web Advertising Agreement was determined by reference to the estimated number of advertisement to be placed by CCC derived from the historical data of the past dealings between CCC and CCP and the possible inflation and exchange rate of RMB in the coming years.

### **Pricing basis**

The advertising fees to be charged by CCP for each advertisement to be placed by CCC shall be determined according to the proposed publication timeslots, size, position etc. and shall be determined based on the prevailing charging rate and are no less favourable than terms available to independent third parties.

The advertising fees shall be payable in the following manner:

- (1) 40% of the total advertising fees shall be payable by CCC before publication of the relevant advertisement;
- (2) 40% of the total advertising fees shall be payable by CCC during advertising period of the relevant advertisement; and
- (3) the remaining 20% of the advertising fee shall be payable by CCC at least one month before the end of the relevant advertising period.

The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms.

### **Termination**

The CCC Web Advertising Agreement may be terminated by either party thereto by notice should the operation of the CCC Web Advertising Agreement would be materially and adversely affected by any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out etc, and such event of force majeure shall be subsisting for more than 30 days.

## LETTER FROM THE BOARD

### (5) CCC TENANCY AGREEMENT

**Date:** 1 June 2008

**Parties:** (1) China Communication Co., Ltd., as landlord

(2) China Cyber Port Co., Ltd., as tenant

#### **Subject property**

No.172, Dexingmennei Road, Xicheng District Beijing, PRC with a total gross floor area of approximately 120 sq. metres, where shall be used by CCP as the venue for members' gatherings and the computer and online game tournaments to be organised by CCP from time to time.

#### **Consideration**

The annual rental payable by CCP shall be RMB2,460,000 (equivalent to approximately HK\$2,795,455), inclusive of all the utilities charges. A deposit of RMB615,000 (equivalent to approximately HK\$698,864), being three months rental payment, shall be payable by CCP as deposit upon signing of the CCC Tenancy Agreement. The rents are payable quarterly in advance which shall be satisfied in cash by the internal resources of the Group.

The annual rental was determined on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.

#### **Termination**

The term for the CCC Tenancy Agreement shall be one year commencing from 1 June 2008 and expiring on 1 June 2009 and may be terminated by CCP by one-month notice.

## LETTER FROM THE BOARD

### COMMON TERMS OF THE SUPPLEMENTAL AGREEMENTS

Each Supplemental Agreements contains the following terms:

1. The term of the relevant agreements shall not extend beyond 31 March 2011. CCP will be entitled to extend the relevant agreements on or before the end of term or 31 March 2011 (as the case may be) and to take such actions as may be appropriate to comply with the relevant GEM Listing Rules requirements. Without prejudice to the rights of any party to terminate the relevant agreements pursuant to their terms, the relevant agreements shall automatically be terminated on the end or term or 31 March 2011 (as the case may be) (or such later date as the parties may agree) if:
  - (a) the Company considers that the continuing performance by the Company of its obligations under the relevant agreements would render it infeasible to comply with the relevant GEM Listing Rules requirements; or
  - (b) compliance with the GEM Listing Rules by the Company would require amendments to be made to the relevant agreements which are not acceptable to any of the parties thereto.
2. Any amendments to be made to the relevant agreements shall be subject to due compliance by the Company with the applicable GEM Listing Rules requirements.
3. The total annual consideration received by CCP under the relevant agreements shall be subject to a yearly cap set by the parties.

## LETTER FROM THE BOARD

### ANNUAL CAP OF THE CONTINUING CONNECTED TRANSACTIONS

The fees have been or to be received or to be paid (as applicable) by CCP under the Agreements between 30 September 2007 to 31 March 2008 and the respective annual caps set by the parties for the four years ending 31 March 2011 pursuant to the Supplemental Agreements were summarized below.

The Agreements and their respective Supplemental Agreements	Terms of the Supplemental Agreements	Historical figures from 30 September 2007 to 31 March 2008	Annual caps for the years ended/ending 31 March				
		RMB	2008 RMB	2009 RMB	2010 RMB	2011 RMB	
HTD Web Advertising Agreement	01/10/2007–30/09/2009	37,500,000	40,000,000	65,000,000	33,000,000	-	
BTT Web Advertising Agreement	01/10/2007–30/09/2009	16,666,668	20,000,000	40,000,000	25,000,000	-	
HTD Naming-Right Sponsorship Agreement	01/03/2008–01/03/2010	750,000	1,000,000	12,000,000	10,000,000	-	
CCC Web Advertising Agreement	20/03/2008–31/03/2011	308,333	310,000	25,000,000	30,000,000	40,000,000	
CCC Tenancy Agreement	01/06/2008–01/06/2009	-	-	2,050,000	410,000	-	

The above annual caps was determined by reference to the estimated number of advertisement to be placed derived from the historical data of the past dealings between CCP and the relevant parties, the possible inflation and exchange rate of RMB in the coming years and the management best estimation.

### INFORMATION OF THE GROUP

The Group is principally engaged in (i) operation of the e-Sports Platform; (ii) operation of the online game “Sudden Attack” (突袭OL) in the PRC; and (iii) distribution and selling of computer games in the PRC.

### REASONS FOR ENTERING INTO THE AGREEMENTS AND THE SUPPLEMENTAL AGREEMENTS

CCP is principally engaged in (i) operation of the e-Sports Platform; (ii) operation of the online game “Sudden Attack” (突袭OL) in the PRC; and (iii) distribution and selling of computer games in the PRC.

## LETTER FROM THE BOARD

The operation of online game platforms, including “Sudden Attack” (突袭OL) and “e-Sports” is one of the principal business of the Group and the relevant advertising income generated has become a main stream of revenue of the Group. The entering into of the HTD Web Advertising Agreement, the BTT Web Advertising Agreement, the HTD Naming-Right Sponsorship Agreement and the CCC Web Advertising Agreement would allow the Company to have a stable and a relatively secured source of income during the term of the said agreements and so to strengthen the revenue base of the Group.

Also, the entering into of the CCC Tenancy Agreement would allow the Company to have a readily available venue for organising various activities and computer and online game tournaments. The Board considers these value-adding services provided to the registered members of the online game platforms would help maintaining a solid relationship with the existing clientele as well as to attract more of the target customers.

In view of the above, the Directors (excluding the independent non-executive Directors who shall provide their view after taking the advice from the independent financial adviser), considered that the terms of the Supplemental Agreements were entered into upon normal commercial terms following arm’s length negotiations among the parties, and that the terms of the Supplemental Agreements were fair and reasonable and were in the interests of the Company and the Shareholders as a whole.

### GEM LISTING RULES IMPLICATION

Prior to the entering into of the Acquisition Agreement, CCP had entered into the HTD Web Advertising Agreement and the BTT Web Advertising Agreement with HTD and BTT respectively. On 1 March 2008, CCP had also entered into the HTD Naming-Right Sponsorship Agreement with HTD. On 19 March 2008, CCP had also entered into the CCC Web Advertising Agreement with CCC. Following the completion of the Acquisition on 1 April 2008, CCP has become a non wholly-owned subsidiary of the Company. Given HTD, BTT and CCC are connected persons to the Company, the transactions contemplated under the HTD Web Advertising Agreement, the BTT Web Advertising Agreement, the HTD Naming-Right Sponsorship Agreement and the CCC Web Advertising Agreement have constituted continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

According to Rule 20.41 of the GEM Listing Rules, where a pre-existing agreement entered into by the Company involving continuing transactions and such transactions subsequently become continuing connected transactions, the Company shall, immediately upon become aware of the fact, comply with all applicable reporting and disclosure requirements in respect of all such continuing connected transactions.

For the CCC Tenancy Agreement, as the relevant amount is less than HK\$10,000,000 and the relevant percentage ratio is less than 25%, the CCC Tenancy Agreement should have only been subject to reporting and announcement requirements under the GEM Listing Rules and exempt from the Independent Shareholders’ approval requirement pursuant to Rule 20.32 of the GEM Listing Rules.

## LETTER FROM THE BOARD

While preparing the Company's financial statements for the 6 months ended 30 September 2008, the Directors note that the Company had failed to comply with the relevant requirements of the GEM Listing Rules in respect of the Agreements entered into by CCP due to inadvertent oversight by the Directors.

As at the date of entering into the Agreements, CCP has not yet or has only recently become a subsidiary of the Company. As it took time for the management to review all the agreements previously entered into by CCP, a then newly acquired subsidiary, as well as to obtain information regarding the background of each of the business partners of CCP, it was only the first available opportunity for the Directors to reveal the connected nature of the Agreements. Immediately after becoming aware of the incident, the Board has made an enquiry with the legal adviser to the Company as to the requirements under the GEM Listing Rules in this regard. The Company was later informed that each of the Agreements has fall within the definition of continuing connected transaction under Chapter 20 of the GEM Listing Rules and that the Company had not complied in full with the applicable GEM Listing Rules requirements. In the circumstances, the Company has immediately requested its legal adviser to brief and explain the relevant requirements under the GEM Listing Rules and has taken all initiatives to comply with Rule 20.41 of the GEM Listing Rules to arrange for reporting and disclosure of those continuing connected transactions.

Further, pursuant to the Supplemental Agreements subsequently entered into by CCP and each of HTD, BTT and CCC respectively on 24 November 2008, as the relevant percentage ratio for each of the Supplemental Agreements have exceeded 25%, the Supplemental Agreements shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 20.35 of the GEM Listing Rules.

### CHANGE OF AUDITORS

The Board announces that due to unintentional inadvertence, the Company has failed to announce that Baker Tilly Hong Kong ("**Baker Tilly**") has resigned as the auditors of the Group with effect from 28 July 2008. The Board has appointed RSM Nelson Wheeler as the auditors of the Company to fill the causal vacancy following the resignation of Baker Tilly. The appointment of new auditors is subject to the approval by the Shareholders at an extraordinary general meeting.

Baker Tilly has confirmed that there were no matters that needed to be brought to the attention of the Shareholders. Moreover, the Board was not aware of any matters, including any disagreement or any unresolved issues between the Group and Baker Tilly that should be brought to the attention of the shareholders and creditors of the Group in relation to the resignation of Baker Tilly.

The reason for the change of the Company's auditors is due to the fact that RSM Nelson Wheeler was the reporting accountant of the Group for the Acquisition, and engagement of RSM Nelson Wheeler helps the Group to be more familiar with the business of CCP which the Board considers it to be in the interests of the Shareholders as a whole.

## LETTER FROM THE BOARD

A notice convening an extraordinary general meeting to approve the appointment of RSM Nelson Wheeler as the auditors of the Company has been attached to this circular.

### **EFFECTS OF THE CONTINUING CONNECTED TRANSACTIONS TO THE GROUP**

The Agreements (as supplemented by the Supplemental Agreements) would allow CCP to receive advertising and/or sponsorship income from HTD, BTT and CCC respectively, and thus enhancing its revenue stream. The Directors expect that the Group's turnover and earnings can be improved by the income to be received by the Group under the terms and conditions of the Agreements and the Supplemental Agreements. Save for the aforesaid, the Agreements and the Supplemental Agreements should have no immediate material impact on the assets and liabilities of the Group.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong, all being the independent non-executive Directors, will be formed to advise the Independent Shareholders in relation to the Supplemental Agreements (including but not limited to the annual caps) and all the transactions contemplated thereunder.

Nuada Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreements (including but not limited to the annual caps) in relation to the Supplemental Agreements and all the transactions contemplated thereunder.

### **GENERAL**

CCI and their respective associates, are in aggregate, interested in and control over the voting right of 220,542,000 Shares, representing approximately 27.49% of the total issued Shares of the Company of 802,286,761 Shares as at the Latest Practicable Date and are required to abstain from voting in respect of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder at the forthcoming EGM. Save as disclosed, no other Shareholders have material interest in the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder and are required to abstain from voting in respect of the approval of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder at the forthcoming EGM.

### **EGM**

Set out on pages 42 to 43 of this circular is a notice convening the EGM which will be held at 11:00 a.m. on Thursday, 8 January 2009 at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. At the EGM, ordinary resolutions will be proposed to approve (i) the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder (ii) the change of auditors.

## LETTER FROM THE BOARD

Any vote exercised by the Shareholders at the EGM in relation to the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder and in relation to the change of auditors shall be taken by poll.

A form of proxy of the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of EGM. Completion and return of the form of proxy will not preclude you from attending and voting at EGM or any adjournment thereof if you so wish.

### **PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL AT THE EGM**

Pursuant to Article 76, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (1) the chairman of the meeting; or
- (2) at least five members present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (3) any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (4) any Shareholder or Shareholders present in person (or, in the case of a Shareholder, being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (5) if required by the GEM Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent (5%) or more of the total voting rights at such meeting.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to the letter of advice from IFA set out on pages 24 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreements (including but not limited to the annual caps) and transactions contemplated thereunder and the letter from the Independent Board Committee set out on page 23 of this circular which contains its recommendation to the Independent Shareholders in relation to the same matters. The Independent Board Committee, having taken into account the advice of IFA in relation to the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder, is of the opinion that the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. The ordinary resolution to approve the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder, will be voted by way of poll at the EGM as required under the GEM Listing Rules.

Your attention is also drawn to the additional information set out in the Appendix to this circular. Please note, however, the ordinary resolutions to approve the change of auditors will be voted by way of poll at the EGM as required under the GEM Listing Rules.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of  
**China Cyber Port (International) Company Limited**  
**He Chenguang**  
*Chairman*



China Cyber Port (International) Company Limited

神州奧美網絡(國際)有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

16 December 2008

*To the Independent Shareholders*

Dear Sirs or Madams,

### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 16 December 2008 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders in connection with the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder. Nuada Limited has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 24 to 34 of the Circular, we are of the opinion that the terms of the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Supplemental Agreements (including but not limited to the annual caps) and the transactions contemplated thereunder by way of poll.

**Mr. Yip Tai Him**

Independent Board Committee

**Ms. Cao Huifang**

*Independent non-executive Directors*

**Ms. Liu Hong**

\* For identification purpose only

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited setting out its opinion regarding the Supplemental Agreements and the transactions contemplated thereunder (including the annual caps) prepared for the purpose of incorporation in this circular.*

**Nuada Limited**  
*Corporate Finance Advisory*

7th Floor, New York House  
60 Connaught Road Central  
Hong Kong

16 December 2008

*To the Independent Board Committee and the Independent Shareholders of  
China Cyber Port (International) Company Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Supplemental Agreements and the transactions contemplated thereunder (including the annual caps), details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company dated 16 December 2008 to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 1 November 2007, Favor Grow Holdings Limited (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement with China Communication Investments Ltd. for the acquisition of 75% of the equity interest in CCP. Following completion of the Acquisition on 1 April 2008, CCP has become a non wholly-owned subsidiary of the Company.

Prior to the entering into of the Acquisition Agreement, CCP had entered into the HTD Web Advertising Agreement and the BTT Web Advertising Agreement with HTD and BTT respectively, pursuant to which each of HTD and BTT agreed to place advertisements on the online game platforms (namely “Sudden Attack” and “e-Sports”) operated by CCP at a consideration of not less than RMB150,000,000 (equivalent to approximately HK\$170,454,545) for the two years commencing from 1 October 2007 and not less than RMB100,000,000 (equivalent to approximately HK\$113,636,364) for the three years commencing from 1 October 2007 respectively.

On 1 March 2008, CCP has entered into the HTD Naming-Right Sponsorship Agreement with HTD, pursuant to which HTD agreed to pay to CCP a sum of RMB18,000,000 (equivalent to approximately HK\$20,454,545) as consideration for acquiring the naming rights of certain computer and online game tournaments to be organised by CCP during the period commencing from 1 March 2008 to 1 March 2010. On

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

19 March 2008, CCP entered into the CCC Web Advertising Agreement with CCC, pursuant to which CCC agreed to place advertisements on the online game platform (namely “e-Sports”) operated by CCP at a consideration of not less than RMB10,000,000 (equivalent to approximately HK\$11,363,636) during the period commencing from 20 March 2008 to 19 March 2009.

Subsequently, the Supplemental Agreements dated 24 November 2008 were entered into by CCP with HTD, BTT and CCC respectively to amend certain terms of the Agreements for the purpose of complying with the relevant GEM Listing Rules requirements, details of which are set out in the Letter. As set out in the Letter, given HTD, BTT and CCC are connected persons to the Company, the transactions contemplated under the Supplemental Agreements have constituted continuing connected transactions, and the EGM will be held to approve the Supplemental Agreements and the transactions contemplated thereunder by the Independent Shareholders. We are appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. As at the Latest Practicable Date, CCI and their respective associates are in aggregate interested in approximately 27.49% of the issued share capital of the Company and are required to abstain from voting in respect of the Supplemental Agreements and the transactions contemplated thereunder at the EGM.

### BASES AND ASSUMPTIONS

In formulating our opinion, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed to us by the Directors, the Company and its management. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company and the Directors, and have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all statements of intention of the Company or its Directors as set out in the Circular will be implemented.

In formulating our opinion, we have obtained and reviewed relevant information and documents provided by the Directors, the Company and its management in connection with the Agreements, the Supplemental Agreements and the transactions contemplated thereunder (including the annual caps) and discussed with the management of the Group so as to assess the fairness and reasonableness of the terms of the Supplemental Agreements (including the annual caps). We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion.

We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the EGM. We have not, however, carried out any independent verification of the information and representations provided

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to and reviewed by us nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects of the Company, HTD, BTT, CCP, CCC and/or their respective subsidiaries or associates and/or the operation and prospects of their businesses. We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Agreements and the Supplemental Agreements. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, clearances and approvals necessary for the effectiveness and implementation of the Agreements and the Supplemental Agreements have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the transactions contemplated under the Agreements and the Supplemental Agreements.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Agreements and the Supplemental Agreements. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

The principal factors and reasons we have taken into account in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

#### **Business of the Group and benefits of the Agreements (as supplemented by the Supplemental Agreements)**

The Group is principally engaged in (i) the operation of the e-Sports Platform; (ii) the operation of the online game "Sudden Attack" in the PRC; and (iii) the distribution and selling of computer games in the PRC .

As stated in the interim report 2008 of the Company, the Group recorded turnover of approximately HK\$354,688,000 for the six months ended 30 September 2008 (representing an increase of approximately 3,043% as compared to approximately HK\$11,284,000 for the six months ended 30 September 2007), approximately 35.3%, 59.5% and 5.2% of which were attributable to (i) the operation of the e-Sports Platform; (ii) the operation of the online game "Sudden Attack" in the PRC; and (iii) the distribution and selling of computer games in the PRC respectively. As advised by the Company, the advertising income generated from the online game platforms, including "Sudden Attack" and "e-Sports", operated by CCP has become a main stream of revenue of the Group. CCP also generated income from sponsorship of computer and online game tournaments organized by CCP.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the principal business of the Group and the Agreements (as supplemented by the Supplemental Agreements) would allow CCP to receive advertising and/or sponsorship income from HTD, BTT and CCC respectively, and thus enhancing its revenue stream, we consider that the Supplemental Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

### **Terms of the HTD Web Advertising Agreement (as supplemented by the Supplemental HTD Advertising Agreement)**

Pursuant to the HTD Web Advertising Agreement, HTD agreed to place and CCP agreed to arrange the web advertisements of HTD be published on the “Sudden Attack” online game platform operated by CCP for two years commencing from 1 October 2007 to 30 September 2009, and 24-hour technical support services shall also be provided by CCP to HTD to handle technical issues arising out of the publication of the advertisements.

Pursuant to the HTD Web Advertising Agreement, the amount of advertising fees to be incurred by HTD during the term of the HTD Web Advertising Agreement shall not be less than RMB150,000,000 (equivalent to approximately HK\$170,454,545). A non-refundable deposit of RMB15,000,000 (equivalent to approximately HK\$17,045,455) had been paid by HTD on 30 September 2007 and shall be used to settle all or part of the final instalment of the advertising fees payable by HTD by the end of the term. The advertising fees shall be payable by HTD as to (i) 40% before publication of the relevant advertisement; (ii) 40% during the advertising period of the relevant advertisement; and (iii) the remaining 20% at least one month before the end of the relevant advertising period.

Pursuant to the Supplemental HTD Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the agreed amount of advertising fees to be incurred by CCP during the term of the HTD Web Advertising Agreement has been revised to not more than RMB138,000,000 (equivalent to approximately HK\$156,818,182), of which the advertising fees shall not be more than RMB40,000,000 (equivalent to approximately HK\$45,454,545), RMB65,000,000 (equivalent to approximately HK\$73,863,636) and RMB33,000,000 (equivalent to approximately HK\$37,500,000) for the three years ended 31 March 2010 (the “**HTD Advertising Annual Cap**”).

As stated in the Letter, the HTD Advertising Annual Cap was determined by reference to the estimated number of advertisements to be placed by HTD derived from the historical data of the past dealings between HTD and CCP and the possible inflation and exchange rate of RMB in the coming years. As advised by the Company, the advertising fees to be charged by CCP for each advertisement to be placed by HTD shall be determined according to the proposed publication timeslots, size, position etc. and shall be determined based on the prevailing charging rates.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, in compliance with Rule 20.37 the GEM Listing Rules, each year the independent non-executive Directors must review the transactions contemplated under the HTD Web Advertising Agreement (as supplemented by the Supplemental HTD Advertising Agreement) and confirm in the annual report and accounts that the transactions have been entered into (1) in the ordinary and usual course of business of the Company; (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the HTD Web Advertising Agreement (as supplemented by the Supplemental HTD Advertising Agreement) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For reference purpose, we have reviewed the historical sales regarding HTD's advertising on the "Sudden Attack" online game platform operated by CCP, the relevant historical transaction record between CCP and HTD under the HTD Web Advertising Agreement, the sample evidence of contractual arrangement and historical transaction record between CCP and other third parties regarding advertising on the online game platforms operated by CCP, and the relevant prevailing charging rate schedule of CCP provided by the Company. Having reviewed the aforesaid documents, we found that the terms of the HTD Web Advertising Agreement (as supplemented by the Supplemental HTD Advertising Agreement) and the charging rates offered to HTD are comparable to and no less favourable than that offered to independent third parties. In addition, we consider that the determination of the HTD Advertising Annual Cap is in line with the historical sale regarding HTD's advertising on the "Sudden Attack" online game platform operated by CCP, and thus fair and reasonable. According to the management account of the Group, for the six-month period from 1 October 2007 (being the commencement date of the HTD Web Advertising Agreement) to 31 March 2008, the historical sale regarding HTD's advertising on the "Sudden Attack" online game platform operated by CCP amounted to RMB37,500,000 (equivalent to approximately HK\$42,613,636). Given the transactions contemplated under the HTD Web Advertising Agreement (as supplemented by the Supplemental HTD Advertising Agreement) shall be entered into on normal commercial terms or terms no less favourable than terms available to independent third parties in compliance with the Listing Rules and the historical sales regarding HTD's advertising on the "Sudden Attack" online game platform operated by CCP, we consider that the terms of the Supplemental HTD Advertising Agreement, including the HTD Advertising Annual Cap, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Terms of the BTT Web Advertising Agreement (as supplemented by the Supplemental BTT Advertising Agreement)**

Pursuant to the BTT Web Advertising Agreement, BTT agreed to place and CCP agreed to arrange the web advertisements of BTT be published on the "e-Sports" online game platform operated by CCP for three years commencing from 1 October 2007 to 30 September 2010, and 24-hour technical support services shall

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

also be provided by CCP to BTT to handle all technical issues arising out of the publication of the advertisements.

Pursuant to the BTT Web Advertising Agreement, the amount of advertising fees to be incurred by BTT during the term of the BTT Web Advertising Agreement shall not be less than RMB100,000,000 (equivalent to approximately HK\$113,636,364). A non-refundable deposit of RMB10,000,000 (equivalent to approximately HK\$11,363,636) had been paid by BTT on 29 September 2007 and shall be used to settle all or part of the final instalment of the advertising fees payable by BTT by the end of the term. The advertising fees shall be payable by BTT as to (i) 40% before publication of the relevant advertisement; (ii) 40% during the advertising period of the relevant advertisement; and (iii) the remaining 20% at least one month before the end of the relevant advertising period.

Pursuant to the Supplemental BTT Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the term of the said agreement shall commence from 1 October 2007 to 30 September 2009;
- (b) the agreed amount of advertising fees to be incurred by CCP during the term of the BTT Web Advertising Agreement has been revised to not more than RMB85,000,000 (equivalent to approximately HK\$96,590,909), of which the advertising fees shall not be more than RMB20,000,000 (equivalent to approximately HK\$22,727,273, RMB40,000,000 (equivalent to approximately HK\$45,454,545) and RMB25,000,000 (equivalent to approximately HK\$28,409,091) for the three years ended 31 March 2010 respectively (the “**BTT Advertising Annual Cap**”).

As stated in the Letter, the BTT Advertising Annual Cap was determined by reference to the estimated number of advertisements to be placed by BTT derived from the historical data of the past dealings between BTT and CCP and the possible inflation and exchange rate of RMB in the coming years. As advised by the Company, the advertising fees to be charged by CCP for each advertisement to be placed by BTT shall be determined according to the proposed publication timeslots, size, position etc. and shall be determined based on the prevailing charging rates. Furthermore, in compliance with Rule 20.37 the GEM Listing Rules, each year the independent non-executive Directors must review the transactions contemplated under the BTT Web Advertising Agreement (as supplemented by the Supplemental BTT Advertising Agreement) and confirm in the annual report and accounts that the transactions have been entered into (1) in the ordinary and usual course of business of the Company; (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the BTT Web Advertising Agreement (as supplemented by the Supplemental BTT Advertising Agreement) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For reference purpose, we have reviewed the historical sales regarding BTT's advertising on the "e-Sports" online game platform operated by CCP, the relevant historical transaction record between CCP and BTT under the BTT Web Advertising Agreement, the sample evidence of contractual arrangement and historical transaction record between CCP and other third parties regarding advertising on the online game platforms operated by CCP and the relevant prevailing charging rate schedule of CCP provided by the Company. Having reviewed the aforesaid documents, we found that the terms of the BTT Web Advertising Agreement (as supplemented by the Supplemental BTT Advertising Agreement) and the charging rates offered to BTT are comparable to and no less favourable than that offered to independent third parties. In addition, we consider that the determination of the BTT Advertising Annual Cap is in line with the historical sale regarding BTT's advertising on the "e-Sports" online game platform operated by CCP, and thus fair and reasonable. According to the management account of the Group, for the six-month period from 1 October 2007 (being the commencement date of the BTT Web Advertising Agreement) to 31 March 2008, the historical sale regarding BTT's advertising on the "e-Sports" online game platform operated by CCP amounted to RMB16,666,668 (equivalent to approximately HK\$18,939,395). Given the transactions contemplated under the BTT Web Advertising Agreement (as supplemented by the Supplemental BTT Advertising Agreement) shall be entered into on normal commercial terms or terms no less favourable than terms available to independent third parties in compliance with the Listing Rules and the historical sales regarding BTT's advertising on the "e-Sports" online game platform operated by CCP, we consider that the terms of the Supplemental BTT Advertising Agreement, including the BTT Advertising Annual Cap, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Terms of the HTD Naming-Right Sponsorship Agreement (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement)**

Pursuant to the HTD Naming-Right Sponsorship Agreement, HTD agreed to acquire and CCP agreed to grant the naming rights of certain computer and online game tournaments to be organised by CCP during the period commencing from 1 March 2008 to 1 March 2010. It was also agreed that HTD shall be allowed to participate in not less than ten promotion events to be organised by CCP for each year during the term of the HTD Naming-Right Sponsorship Agreement. Premium advertising space shall also be reserved for HTD during the promotion events. Pursuant to the HTD Naming-Right Sponsorship Agreement, an amount of RMB18,000,000 (equivalent to approximately HK\$20,454,545) should be paid by HTD to the Group, however, pursuant to subsequent agreement by the parties, an amount of RMB6,000,000 (equivalent to approximately HK\$6,818,182) has been paid by HTD to the Group on 25 March 2008.

Pursuant to the Supplemental HTD Naming-Right Sponsorship Agreement, during the term of agreement, the naming right fees shall be satisfied in the manner not more than RMB1,000,000 (equivalent to approximately HK\$1,136,364), RMB12,000,000 (equivalent to approximately HK\$13,636,364) and RMB10,000,000

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(equivalent to approximately HK\$11,363,636) respectively for the three years ended 31 March 2010 respectively (the “**HTD Sponsorship Annual Cap**”) in accordance with the number and size of the promotion events held during the term of the HTD Naming-Right Sponsorship Agreement. The naming right fees shall be payable (i) by deduction from the prepaid RMB6,000,000; and (ii) after deducting (i) above, upon completion of each promotion event by HTD. The exact deduction amount for each promotion events shall be agreed between HTD and CCP, and the pricing basis for each promotion events shall be determined on an arm’s length basis in the ordinary course of business and on normal commercial terms based on the prevailing charging rate and is no less favourable than terms available to independent third parties. Furthermore, in compliance with Rule 20.37 the GEM Listing Rules, each year the independent non-executive Directors must review the transactions contemplated under the HTD Naming-Right Sponsorship Agreement (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement) and confirm in the annual report and accounts that the transactions have been entered into (1) in the ordinary and usual course of business of the Company; (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the HTD Naming-Right Sponsorship Agreement (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement) governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For reference purpose, we have reviewed the historical sales regarding the naming rights and sponsorship of HTD for computer and online game tournaments organised by CCP, the relevant historical transaction record between CCP and HTD under the HTD Naming-Right Sponsorship Agreement, the sample evidence of contractual arrangement and historical transaction record between CCP and other third parties regarding the naming rights and sponsorship for computer and online game tournaments organised by CCP. Having reviewed the aforesaid documents, we found that the terms of the HTD Naming-Right Sponsorship Agreement (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement) are comparable to and no less favourable than that offered to independent third parties. In addition, we consider that the determination of the HTD Sponsorship Annual Cap is in line with the historical sales regarding the naming rights and sponsorship of HTD for computer and online game tournaments organised by CCP, and thus fair and reasonable. According to the management account of the Group, for the one-month period from 1 March 2008 (being the commencement date of the HTD Naming-Right Sponsorship Agreement) to 31 March 2008, the historical sale regarding the naming rights and sponsorship of HTD for computer and online game tournaments organised by CCP amounted to RMB750,000 (equivalent to approximately HK\$852,273). Given the transactions contemplated under the HTD Naming-Right Sponsorship Agreement (as supplemented by the Supplemental HTD Naming-Right Sponsorship Agreement) shall be entered into on normal commercial terms or terms no less favourable than terms available to independent third parties in compliance with the Listing Rules and the naming rights and sponsorship of HTD for computer and online game tournaments organised by CCP, we consider that the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

terms of the Supplemental HTD Naming-Right Sponsorship Agreement, including the HTD Sponsorship Annual Cap, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Terms of the CCC Web Advertising Agreement (as supplemented by the Supplemental CCC Advertising Agreement)**

Pursuant to the CCC Web Advertising Agreement, CCC to place and CCP agreed to arrange the web advertisements of CCC be published on the “e-Sports” online game platform operated by CCP for the period commencing from 20 March 2008 to 19 March 2009, and 24-hour technical support services shall also be provided by CCP to CCC to handle technical issues arising out of the publication of the advertisements.

Pursuant to the CCC Web Advertising Agreement, the amount of advertising fees to be incurred by CCC during the term of the CCC Web Advertising Agreement shall not be less than RMB10,000,000 (equivalent to approximately HK\$11,363,636). A prepayment in the sum of RMB4,000,000 (equivalent to HK\$4,545,455) and a non-refundable deposit of RMB1,000,000 (equivalent to approximately HK\$1,136,364) had been paid by CCC on 10 April 2008. The said non-refundable deposit paid shall be used to settle all or part of the final instalment of the advertising fees payable by CCC by the end of the term. The advertising fees shall be payable by CCC as to (i) 40% before publication of the relevant advertisement; (ii) 40% during the advertising period of the relevant advertisement; and (iii) the remaining 20% at least one month before the end of the relevant advertising period.

Pursuant to the Supplemental CCC Advertising Agreement, the parties agreed to amend the following terms and conditions:

- (a) the term of the said agreement shall be for approximately three years commencing from 20 March 2008 to 31 March 2011;
- (b) the agreed amount of advertising fees to be incurred by CCP during the term of the CCC Web Advertising Agreement has been revised to not more than RMB95,000,000 (equivalent to approximately HK\$107,954,545), of which the advertising fees shall not be more than RMB25,000,000 (equivalent to approximately HK\$28,409,091), RMB30,000,000 (equivalent to approximately HK\$34,090,909) and RMB40,000,000 (equivalent to approximately HK\$45,454,545) for the three years ending 31 March 2011 (the “**CCC Advertising Annual Cap**”).

As stated in the Letter, the CCC Advertising Annual Cap was determined by reference to the estimated number of advertisements to be placed by CCC derived from the historical data of the past dealings between CCC and CCP and the possible inflation and exchange rate of RMB in the coming years. As advised by the Company, the advertising fees to be charged by CCP for each advertisement to be placed by CCC shall be determined according to the proposed publication timeslots,

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

size, position etc. and shall be determined based on the prevailing charging rates. Furthermore, in compliance with Rule 20.37 the GEM Listing Rules, each year the independent non-executive Directors must review the transactions contemplated under the CCC Web Advertising Agreement (as supplemented by the Supplemental CCC Advertising Agreement) and confirm in the annual report and accounts that the transactions have been entered into (1) in the ordinary and usual course of business of the Company; (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (3) in accordance with the CCC Web Advertising Agreement (as supplemented by the Supplemental CCC Advertising Agreement) governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

For reference purpose, we have reviewed the historical sales regarding CCC's advertising on the "e-Sports" online game platform operated by CCP, the relevant historical transaction record between CCP and CCC under the CCC Web Advertising Agreement, the sample evidence of contractual arrangement and historical transaction record between CCP and other third parties regarding advertising on the online game platforms operated by CCP and the relevant prevailing charging rate schedule of CCP provided by the Company. Having reviewed the aforesaid documents, we found that the terms of the CCC Web Advertising Agreement (as supplemented by the Supplemental CCC Advertising Agreement) and the charging rates offered to CCC are comparable to and no less favourable than that offered to independent third parties. In addition, we consider that the determination of the CCC Advertising Annual Cap is in line with the historical sale regarding CCC's advertising on the "e-Sports" online game platform operated by CCP, and thus fair and reasonable. According to the management account of the Group, for the period from 20 March 2008 (being the commencement date of the CCC Web Advertising Agreement) to 31 March 2008, the historical sale regarding CCC's advertising on the "e-Sports" online game platform operated by CCP amounted to RMB308,333 (equivalent to approximately HK\$350,378), while for the period from 1 April 2008 to 30 September 2008, the historical sale regarding CCC's advertising on the "e-Sports" online game platform operated by CCP amounted to RMB3,421,107 (equivalent to approximately HK\$3,887,622). Given the transactions contemplated under the CCC Web Advertising Agreement (as supplemented by the Supplemental CCC Advertising Agreement) shall be entered into on normal commercial terms or terms no less favourable than terms available to independent third parties in compliance with the Listing Rules and the historical sales regarding CCC's advertising on the "e-Sports" online game platform operated by CCP, we consider that the terms of the Supplemental CCC Advertising Agreement, including the CCC Advertising Annual Cap, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Common terms of the Supplemental Agreements**

Each Supplemental Agreements contains the following terms:

1. The terms of the relevant agreements shall not extend beyond 31 March 2011. CCP will be entitled to extend the relevant agreements on or before the end of

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

term or 31 March 2011 (as the case may be) and to take such actions as may be appropriate to comply with the relevant GEM Listing Rules requirements. Without prejudice to the rights of any party to terminate the relevant agreements pursuant to their terms, the relevant agreements shall automatically be terminated on the end of term or 31 March 2011 (as the case may be) (or such later date as the parties may agree) if:

- (a) the Company considers that the continuing performance of the Company of its obligations under the relevant agreements would render it infeasible to comply with the relevant GEM Listing Rules requirements; or
  - (b) compliance with the GEM Listing Rules by the Company would require amendments to be made to the relevant agreements which are not acceptable to any of the parties thereto.
2. Any amendments to be made to the relevant agreements shall be subject to due compliance by the Company with the applicable GEM Listing Rules requirements.
  3. The total annual consideration received by CCP under the relevant agreements shall be subject to a yearly cap set by the parties.

Taking into account the above terms as stipulated in the Supplemental Agreements are in place to ensure compliance with the GEM Listing Rules by the Company, we consider that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the terms of the Supplemental Agreements (including the annual caps) and the transactions contemplated thereunder are in the ordinary course of business of the Group, in the interests of the Company and the Shareholders as a whole, on normal commercial terms and fair and reasonable. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Supplemental Agreements (including the annual caps) and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Po Chan**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the 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 required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows.

#### (i) Directors' interest in Shares

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital (%)
Xiao Haiping	Personal	1,000,000	0.12

(ii) *Directors' interest in share options*

Name	Date of grant of share option	Exercise period	Exercise price per Share HK\$	Number of share option held	Approximate percentage of issued share capital (%)
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.09	1,000,000	0.12

(L) *Long position*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions 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 required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital (%)
CCI (Note 1)	Beneficial	220,542,000	27.49
CCC (Note 1)	Interest of a controlled corporation	220,542,000	27.49

Name	Nature of interests	Number of the Shares held	Approximate percentage of issued share capital (%)
Superhero Limited (Note 2)	Beneficial	74,979,195	9.35
Mi Hui Ying (Note 2)	Interest of a controlled corporation	74,979,195	9.35
Supreme System Investments Limited (Note 3)	Beneficial	54,001,144	6.73
Ge Wen Bin (Note 3)	Interest of a controlled corporation	54,001,144	6.73
Chan Wong Kum Fung, Cecilia	Beneficial	51,500,798	6.42

(L) Long position

Notes:

1. CCC is deemed to be a substantial shareholder as defined in the GEM Listing Rules, CCI is a wholly-owned subsidiary of CCC.
2. Ms. Mi Hui Ying is interested in the entire share capital of Superhero Limited and is deemed to be interested in the 74,979,195 Shares held by Superhero Limited by virtue of the SFO.
3. Mr. Ge Wen Bin is interested in the entire share capital of Supreme System Investments Limited and is deemed to be interested in 54,001,144 Shares held by Supreme System Investments Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

### 4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, management shareholders or substantial shareholders or any of their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or has, any other conflict of interest which any such person has or may have within the Group.

### 5. LITIGATION

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

### 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2008, being the date to which the latest audited financial statements of the Company were made up.

### 7. MATERIAL CONTRACTS

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

- (a) the subscription agreement dated 28 May 2007 between the Company and Sparkly Moon Continental S.A. (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe for 20,000,000 new Shares at the subscription price of HK\$2.70 per Share. The subscription was completed on 11 June 2007;
- (b) the revised and restated agreement entered into between CCI and Success Advantage Investments Limited on 28 May 2007 in relation to the acquisition of the right to receive the distributable profit in relation to the e-Sports Platform payable by CCI to Success Advantage Investments Limited;

- (c) the supplemental agreement entered into between Success Advantage Investments Limited, CCI and CCC as guarantor on 30 June 2007 to amend the sale and purchase agreement dated 20 October 2006 between Success Advantage Investments Limited, CCI and CCC as guarantor;
- (d) a sale and purchase agreement dated 30 September 2007 between Sino Key International Ltd. and Fly Dragon International Investment Holdings Ltd. in relation to sale of 49% equity interest in a joint venture in the PRC;
- (e) the Acquisition Agreement;
- (f) the Agreements; and
- (g) the Supplemental Agreements.

Save for the aforementioned, no contract, not being contracts in the ordinary course of business carried on by the Company or any of its subsidiaries, has been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

#### 8. EXPERT'S QUALIFICATION AND CONSENT

- (a) The following are the respective qualifications of the experts who have been named in this circular or have given their opinions, letters or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Nuada Limited ("Nuada")	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO

- (b) Nuada has no shareholding, directly or indirectly, in any member of the Group or any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Nuada has given and has not withdrawn its written consent to the issue of the circular, with the inclusion of the reference to its name and/or its opinion in the form and context in which they are included.
- (d) Nuada has no direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2008, the date to which the latest published audited financial statements of the Group were made up.

## 9. INTEREST IN CONTRACTS AND ASSETS

No contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries is a party and in which any Director has a material interest, whether directly or indirectly, subsist at the date of this circular.

None of the Directors and experts referred in the paragraph headed "Qualification and consent of experts" in this appendix has any direct or indirect interest in any asset which has been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 March 2008, the date to which the latest published audited consolidated financial statements of the Group were compiled, up to and including the Latest Practicable Date.

## 10. MISCELLANEOUS

1. The registered office of the Company is at P.O. Box 309 GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands.
2. The head office and the principal place of business of the Company in Hong Kong is located at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
3. The principal share registrar and transfer office of the Company is Bank of Butterfield International (Cayman) Limited at Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
4. The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
5. The company secretary and qualified accountant of the Company is Ms. Chan Mei Yee. Ms. Chan is currently a member of the Hong Kong Institute of Certified Public Accountants.
6. The compliance officer of the Company is Mr. Zhang Peng.
7. The audit committee of the Company comprises the three independent non-executive Directors, Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges.

Mr. Yip Tai Him, aged 38, was appointed as an independent non-executive Director since October 2002. Mr. Yip is a member of the Hong Kong Institute of Certified Public Accountants. He is currently an independent non-executive director of Global Solution Engineering Limited, Vinco Financial Group Limited and Wing Lee Holdings Limited.

Ms. Cao Huifang aged 59, was appointed as an independent non-executive Director since May 2008. Ms. Cao has over 30 years' of experience in engineering technology and corporate management. She is the vice-president of Shanghai International Airport Co., Ltd. and president of Shanghai Pudong International Airport Aviation Fuels Limited (上海浦東國際機場航空油料有限公司).

Ms. Liu Hong, aged 46, was appointed as an independent non-executive Director since October 2008. Ms. Liu has over 20 years' of management experience in telecommunication industry in China. Currently, she is the Manager of China Telecom.

The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

8. The English text of this circular shall prevail over the Chinese text in case of inconsistency.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (except Saturdays and public holidays) at the head office and principal place of business of the Company at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong as at the date of this circular up to and including 8 January 2009:

- (i) the memorandum of association and Articles of the Company;
- (ii) the letter from the Independent Board Committee, the text of which is set out on page 23 of this circular;
- (iii) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 24 to 34 of this circular;
- (iv) the annual reports of the Company for the three years ended 31 March 2008;
- (v) the first quarterly report of the Company for the three months ended 30 June 2008;
- (vi) the interim report of the Company for the six months ended 30 September 2008;
- (vii) the material contracts referred to in the section headed "Material contracts" in this appendix;
- (viii) the written consent referred to in the section headed "Expert's qualification and consent" in this appendix; and
- (ix) this circular.

## NOTICE OF EGM



China Cyber Port (International) Company Limited

神州奧美網絡(國際)有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of China Cyber Port (International) Company Limited (the “Company”) will be held at 11:00 a.m. on Thursday, 8 January 2009 at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolutions (with or without amendments) as ordinary resolutions of the Company with votes on both resolutions to be taken by way of poll.

### ORDINARY RESOLUTIONS

1. “**THAT**

- (i) the Supplemental Agreements (all as defined in the circular of the Company dated 16 December 2008, a copy of each of the Supplemental Agreements have been produced to this meeting marked “A” to “D” respectively and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) the annual caps in relation to the Supplemental Agreements (as stated in the circular of the Company dated 16 December 2008), for each of the years ending 31 March 2009, 2010 and 2011, be and are hereby approved; and
- (iii) any one director of the Company be and is hereby authorised to do all other acts and things and execute all documents which he/she considers necessary or expedient for the implementation of and giving effect to the, Supplemental Agreements and the transactions contemplated thereunder.”

2. “**THAT**

- (i) the resignation of Baker Tilly Hong Kong Limited be and is hereby approved and Messrs. RSM Nelson Wheeler be and is hereby appointed as auditors of the Company and its subsidiaries to fill the casual vacancy created by the resignation of Baker Tilly Hong Kong Limited and to hold office until the conclusion of the next annual general meeting of the Company and the board of directors of the Company be authorised to fix their remuneration.”

On behalf of the Board  
**China Cyber Port (International) Company Limited**  
**He Chenguang**  
*Chairman*

Hong Kong, 16 December 2008

\* *For identification purpose only*

## NOTICE OF EGM

*Registered office:*  
P.O. Box 309 GT  
Ugland House  
South Church Street  
Grand Cayman  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*  
Units 2115–2116, 21/F  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

*Notes:*

1. Subject to the provisions of the articles of association of the Company, any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. On a poll, votes may be given either personally or by proxy.
2. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong limited (the “Stock Exchange”) at [www.hkgem.com](http://www.hkgem.com). In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has been certified by a notary) to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.
3. In case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
5. Pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, the voting on the ordinary resolution at the EGM will be conducted by way of poll.