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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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 75% OF THE EQUITY INTEREST IN CHINA CYBER PORT CO., LTD. AND CONTINUING CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING

Financial Adviser to the Company

建银国际金融有限公司
CCB International Capital Limited

Sale and Purchase Agreement

On 1 November 2007, Favor Grow, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with CCI for the acquisition of 75% of the equity interest in CCP. The parties agreed that the consideration for the Acquisition shall be based on the difference between the valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007). Based on the preliminary valuation of CCP prepared on a discounted cash flow basis by an independent valuer, 75% equity interest in CCP is valued at approximately RMB781.30 million (HK$813.85 million) (subject to finalisation of the valuation report) and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007) amounted to approximately HK$883.19 million. As the preliminary valuation of 75% equity interest in CCP is less than the Previous Consideration, in accordance with the terms of the Sale and Purchase Agreement, the shortfall will be settled by the cancellation of the Promissory Notes and the parties agrees the amount to be cancelled to be HK$80 million.

CCI is a substantial shareholder of the Company holding approximately 27.49% of the issued share capital of the Company and hence, a connected person of the Company. Therefore, under the GEM Listing Rules, the Sale and Purchase Agreement and the transactions contemplated therein constitute connected transactions for the Company. As the revenue ratio under Chapter 19 of the GEM Listing Rules exceeds 100%, the Sale and Purchase Agreement and the transactions contemplated therein also constitutes a very substantial acquisition for the Company. The Sale and Purchase Agreement is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. Details of the Sale and Purchase Agreement will be included in the Company's next published annual report and accounts.

* *for identification purpose only*

Continuing connected transactions

Prior to the entering into of the Sale and Purchase Agreement, CCP has entered into certain Service Agreements with CCC. Following Completion, CCP will become a non wholly-owned subsidiary of the Company. Given that CCC is a connected person of the Company, the transactions contemplated under the Service Agreements will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. For the purpose of complying with the relevant GEM Listing Rules requirements, CCP and CCC have agreed to enter into the Supplemental Service Agreements before Completion. The Supplemental Service Agreements will be conditional and effective upon Completion.

On 1 February 2006, Pro-Concept, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). The parties have reviewed the terms of the Licensing Agreement and have agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. The entering into of the Supplemental Licensing Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Supplemental Licensing Agreement will be conditional and effective upon Completion.

Based on the annual caps set by the Company, the annual amount payable by CCP under the CCT Agreements, in aggregate, will exceed 25% under the applicable ratios in the GEM Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Details of the CCT Agreements will be included in the Company's next published annual reports and accounts for so long as the CCT Agreements continue to be effective.

EGM

An EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Transactions. CCI and its associates will abstain from voting on the resolutions proposed at the EGM to approve the Transactions. Voting at the EGM will be taken on poll.

An Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee in relation to the Transactions.

A circular of the Company containing, amongst other things, further information of the Transactions, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee, certain financial information as required under the GEM Listing Rules and the notice of the EGM will be despatched to Shareholders within 21 days after the publication of this announcement.

Suspension and resumption of trading

Trading in the Shares has been suspended since 2:30 p.m. on 24 October 2007 at the request of the Company, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 7 November 2007.

Completion is conditional upon, *inter alia*, satisfactory due diligence on CCP and the Transactions may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

SALE AND PURCHASE AGREEMENT

On 1 November 2007, Favor Grow, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with CCI for the acquisition of 75% of the equity interest in CCP.

Date

1 November 2007

Parties

Purchaser: Favor Grow, a wholly-owned subsidiary of the Company

Vendor: CCI

Assets to be acquired

CCI agreed to sell, and Favor Grow agreed to buy, a 75% equity interest in CCP.

Prior to the entering into of the Sale and Purchase Agreement, the equity interest in CCP was held as to 75% by CCI (which is in turn wholly-owned by CCC) and 25% directly by CCC. Following Completion, CCP will become an indirect 75%-owned subsidiary of the Company and the financial statements of CCP will be consolidated into the Group's financial statements.

Valuation of CCP

Based on the preliminary valuation of CCP prepared on a discounted cash flow basis by an independent valuer, Grant Sherman Appraisal Limited, CCP is valued at approximately RMB1,041.80 million (HK$1,085.21 million) as at 30 September 2007 (subject to finalisation of the valuation report) and a 75% equity interest in CCP is valued at approximately RMB781.30 million (HK$813.85 million) as at 30 September 2007.

The Board has been given to understand that the discount rate used for the preliminary valuation of CCP has factored in risks adjustments including small capitalization risk premium, and company specific risk premium. As such, the Board considers that the preliminary valuation of CCP based on a discounted cash flow basis was prepared with an appropriate discount rate and the forecasts adopted therein are made after due and careful enquiry. The Company will comply with the requirements stipulated under Rule

19.62 of the GEM Listing Rules and in particular, the reports in relation to the valuation of CCP to be issued by the Company's reporting accountants and financial adviser will be included in the circular of the Company to be despatched to the Shareholders in relation to the Transaction within 21 days after the publication of this announcement.

Cancellation of the Sudden Attack Agreement and the e-Sports Platform Agreement

The Group had entered into the Sudden Attack Agreement and the e-Sports Platform Agreement on 20 October 2006 and 28 May 2007 respectively, details of which are summarised as follows:

Sudden Attack Agreement:	Pursuant to the Sudden Attack Agreement, Success Advantage, a wholly-owned subsidiary of the Company, had acquired from CCI the right to receive the 40% of the net sales revenue derived from operating "Sudden Attack" in the PRC by CCP at a consideration of HK$620 million (comprising HK$60 million in cash, HK$135 million satisfied by way of the issue of 30,000,000 Shares and HK$425 million satisfied by way of the issue of the Promissory Notes).
e-Sports Platform Agreement:	Pursuant to the e-Sports Platform Agreement, Success Advantage, a wholly-owned subsidiary of the Company, had acquired from CCI the right to receive the 75% of the distributable profit derived from operating the e-Sports Platform in the PRC by CCP at a consideration of HK$304.5 million (satisfied by way of the issue of 105,000,000 Shares). The e-Sports Platform is developed, operated and owned by CCP.

The aggregate consideration paid by the Group to CCI under the Sudden Attack Agreement and the e-Sports Platform Agreement amounted to HK$924.5 million.

The entering into of the above agreements allows the Group to account for certain portion of revenue and profit derived from CCP in its income statements. However, such shared revenue and profit were only reflected as financial income in the Group's income statements. To be in line with its strategic move to refocus its resources and position itself as an online game platform provider in the gaming industry in the PRC, the Group has decided to enter into the Sale and Purchase Agreement such that upon Completion, the Group will have a direct 75% equity interest in CCP. Since CCI will no longer benefit from the operating results of CCP following Completion, the parties agreed that the Sudden Attack Agreement and the e-Sports Platform Agreement shall be cancelled upon Completion.

The parties agreed that the consideration for the Acquisition shall be based on the difference between the valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007). In accordance with the terms of the aforesaid agreements, the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007) is expected to be approximately HK$883.19 million. As the preliminary valuation of 75% equity interest in CCP of approximately RMB781.30 million (HK$813.85 million) is less than the Previous Consideration, in accordance with the terms of the Sale and Purchase Agreement, the shortfall will be settled by the cancellation of the Promissory Notes and the parties agrees the amount to be cancelled to be HK$80 million.

The Promissory Notes were originally issued by Success Advantage to CCI in the principal sum of HK$425 million as part of the consideration under the Sudden Attack Agreement. The Promissory Notes are non-transferable, unsecured and interest-bearing at the rate of 2% per annum payable yearly and will mature on 10 August 2009. On 30 June 2007, the parties to the Sudden Attack Agreement entered into a supplemental agreement to postpone the right to receive the net revenue for six months from between 1 January 2007 and 10 August 2009 to between 1 July 2007 and 10 February 2010. The maturity date of the Promissory Notes is also postponed to 10 February 2010. On 21 August 2007, Success Advantage made a partial repayment of the Promissory Notes in the amount of HK$25 million which was sourced from the Group's internal resources. As at the date of this announcement, the outstanding principal amount of the Promissory Notes amounted to HK$394 million.

Under the Sale and Purchase Agreement, the Acquisition will result in the cancellation of the Promissory Notes of HK$80 million upon Completion.

Conditions to Completion

Completion is conditional upon, *inter alia*:

(a) the Company having complied with all its obligations to consummate the transactions contemplated by the Sale and Purchase Agreement under the GEM Listing Rules including the passing of the resolutions by the Independent Shareholders at the EGM;

(b) Favor Grow having completed its due diligence on CCP and being satisfied with all its enquiries;

(c) Favor Grow having obtained a valuation report to be issued by a firm of valuers appointed by Favor Grow or the Company showing that the fair value of 75% equity interest in CCP should be not less than HK$803.19 million;

(d) Favor Grow having received the legal opinions as to PRC laws, in the form and substance reasonably satisfactory to it, as to, *inter alia*, (a) the due incorporation, valid existence and good standing of CCP; (b) the obtaining and possession of all necessary government approvals and licences for the engagement of CCP in its principal business; (c) the legality, validity and enforceability of the Sale and Purchase Agreement and the transactions contemplated therein; and (d) the continual engagement of CCP in its principal business will not be affected by the equity transfer contemplated by the Sale and Purchase Agreement;

(e) the warranties as contained in the Sale and Purchase Agreement remaining true as of the date of Completion by reference to the facts existing on the date of Completion; and

(f) between the date of the Sale and Purchase Agreement and the date of Completion, no material adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or value of CCP, or in the laws and regulations applicable to CCP.

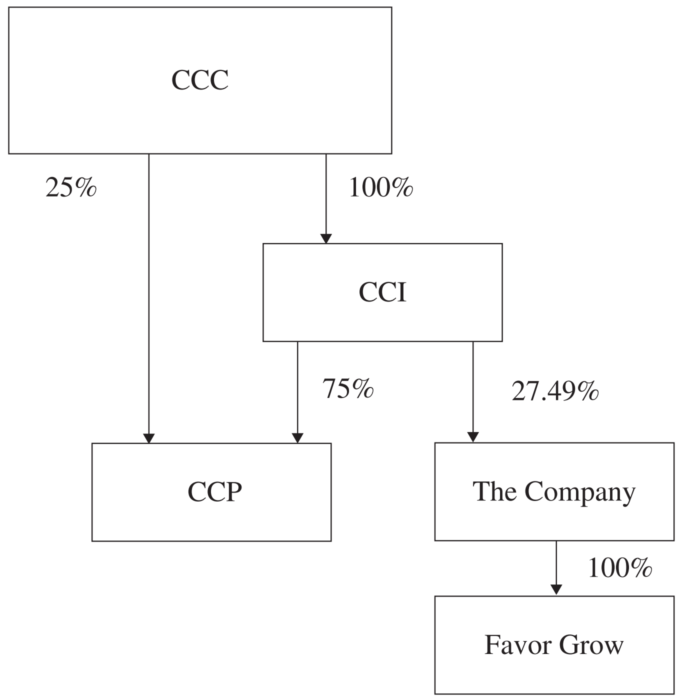
The Company may, at its sole discretion, waive (to the extent that the Company may do so) any of the conditions set out in the Sale and Purchase Agreement.

Completion

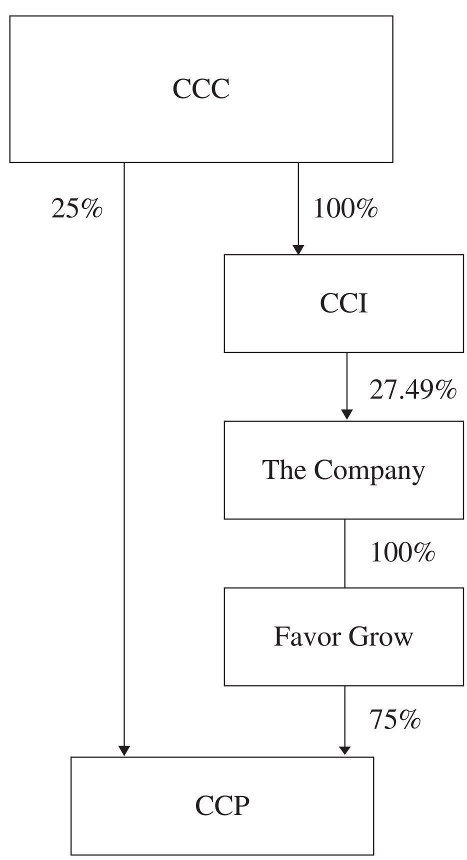
Completion shall take place within 7 working days after the satisfaction or waiver of the conditions set out in the Sale and Purchase Agreement. If the conditions set out in the Sale and Purchase Agreement are not satisfied or waived by 31 March 2008, or such later date as agreed by the parties in writing, the Sale and Purchase Agreement shall terminate and no party thereto shall have any claim whatsoever against the other party save for antecedent breaches.

STRUCTURE CHARTS OF CCC, CCI, CCP AND THE COMPANY

Immediately before Completion



Immediately after Completion



INFORMATION ON THE GROUP, CCI, CCC, AND CCP

Information on the Group

The Group is principally engaged in (i) the licensing of computer games in the PRC; (ii) the investment in the operation of the online game "Sudden Attack" in the PRC; and (iii) the investment in the online platform for computer and online game tournaments.

Information on CCI

CCI is a wholly-owned subsidiary of CCC and is interested in approximately 27.49% in the issued share capital of the Company as at the date of this announcement. CCI is principally engaged in investments in information technology related businesses, including the operation and distribution of computer games.

Information on CCC

CCC is a nationwide telecom operator and Internet network operator in the PRC covering a wide range of value-added telecom services. Currently, CCC has launched an electronic wallet called "Shentong Card" (神通卡) which is approved by the Industrial and Commercial Bank of China whereby money can be transferred between an individual's bank account and his designated "Shentong Card". As an electronic wallet, "Shentong Card" is designed to pay transportation fees, bank charges, IP phone fees, online trading fees and home utilities fees, etc.

Information on CCP

CCP is a limited liability company established in the PRC on 15 August 2005. Prior to the entering into of the Sale and Purchase Agreement, the equity interest in CCP is owned as to 75% by CCI and 25% by CCC. CCP is principally engaged in the development, operation and distribution of computer games and online games in the PRC. CCP currently develops and operates nationwide game platforms including online game platform. CCP is licensed to distribute and operate a number of well-known computer games in the PRC market, including "Counter-Strike", "WarCraft", "Star Craft", "Half Life" and "Diablo".

The following table summarises the historical financial results of CCP based on its unaudited management accounts prepared based on Hong Kong Financial Reporting Standards:

	From 15 August (date of incorpoartion) to 31 December 2005	**For the year ended 31 December 2006**	**For the seven months ended 31 July 2007**
	RMB	*RMB*	*RMB*
Revenue	–	7,415,628	45,195,918
Operating loss	553,614	43,805,836	36,001,842

CCP was established in August 2005, and was mainly engaged in the sale and distribution of computer games during the year 2006. Since its establishment, CCP was also involved in developing and operating online game platforms, including Sudden Attack and e-Sports Platforms. During the period from January 2006 to July 2007, the online game platforms developed by CCP was still in development and testing stage and the official launch of the first tournament on the e-Sports Platform was only made in June 2007. Since the recent official launch of the online game platforms, CCP has already recorded substantial increase in enrollment fee of online game players and the management of CCP expects that the revenue of CCP will continue to grow as the development of the CCP's online game platforms mature and become well-known to players throughout China. In addition, the profit margin of CCP is also expected to rise when the development of online game platforms achieve economies of scale. In addition, CCP is planning to launch several new popular games on its platform which are expected to attract more players to play and spend on the platforms. As such, the Directors expect that the financial results of CCP will turnaround from 2008 onwards and will continue to benefit from the huge and fast growing market of the PRC online game industry.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group was originally engaged in the provision of financial information. However, the competition among financial information providers in Hong Kong has become increasingly fierce due to the small market size and the saturated market. In view of this, the Board has been actively seeking other opportunities to broaden the revenue base of the Group. According to the China Internet Industry Research Report 2007 compiled by iResearch, an independent consulting agent, the Internet market size in the PRC is expected to increase from approximately RMB33.6 billion in 2006 to approximately RMB94 billion in 2010. As one of the major sectors in the Internet market, the online game market has also been growing with the Internet market. According to CCID Consulting, an independent consulting agent, the PRC online game market size is expected to reach about RMB22.7 billion in 2010.

During the years 2006 and 2007, the Group has made strategic move to enter into the booming animation and gaming industry in the PRC and has successfully completed a few acquisitions. Such strategic moves signal the Group's intention to step out from the financial information provision services in Hong Kong and to refocus its business in the gaming industry in the PRC.

On 1 February 2006, the Group entered into the Licensing Agreement with CCP and CCI pursuant to which the Group licensed to CCP the rights to publish, replicate, reproduce, manufacture, distribute and sell thirty-four computer game softwares and computer game guide books and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of such computer games in the PRC. Licensing income derived from the Licensing Agreement generates a steady income for the Group.

Further to the Licensing Agreement, the Group entered into the Sudden Attack Agreement with CCI and CCC on 20 October 2006 pursuant to which the Group acquired the right to receive 40% of the net revenue from the operation of one of the most popular Korean FPS (First Person Shooting) online game "Sudden Attack" in the PRC operated by CCP for the period between 1 January 2007 and 10 August 2009. On 30 June 2007, the parties to the Sudden Attack Agreement entered into a supplemental agreement to postpone the right to receive the net revenue for six months to between 1 July 2007 and 10 February 2010. The Sudden Attack Agreement enables the Group to participate in the fast growing industry of online game in the PRC.

On 28 May 2007, the Group further entered into the e-Sports Platform Agreement with CCI pursuant to which the Group would receive 75% of the distributable profit derived from the operation of the "e-Sports Platform" in the PRC operated by CCP.

After the above acquisitions, the Group was able to account for certain portion of revenue and profit from CCP in its income statements. However, such shared revenue and profit were booked as financial income in the Group's income statements. The Group has no control over the operation of CCP and the financial results of CCP are not consolidated into the Group's financial statements.

As such, in line with its strategic move to refocus its resources and position itself as an online game platform provider in the gaming industry in the PRC, the Group decided to enter into the Sale and Purchase Agreement such that upon Completion, CCP will be accounted for as a non wholly-owned subsidiary of the Company and the financial statements of CCP will be consolidated into the Group's financial statements. The Board believes that through the Acquisition, the Group will benefit from the opportunity to consolidate the financial results of CCP and the ability to exercise control over the operation of CCP.

As explained in the paragraph headed "Cancellation of the Sudden Attack Agreement and the e-Sports Platform Agreement" in this announcement, the Acquisition will result in the cancellation of the Promissory Notes to the amount of HK$80 million. Such amount was agreed after arm's length negotiations between the parties by reference to the valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to Completion). On the basis of the above and in light of the favourable business prospect of CCP and the long-term outlook of the PRC online game market, the Board (excluding the independent non-executive Directors who will only make a recommendation to the Independent Shareholders after considering the letter of advice from the independent financial adviser) considers that the terms of the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Company and CCI intended to enter into the Sale and Purchase Agreement on 24 October 2007. However, as there were several professional parties involved in the Transactions, and as the Company was unable to continue to maintain confidentiality on the Transactions, the Company requested for suspension of trading of the Shares on 24 October 2007. In addition, as the 75% equity interest in CCP based on the preliminary valuation model was lower than the Previous Consideration, the Company and CCI also required additional time to consider the possible methods of settlement and had to further review the valuation model as the discrepancy has materially affected the terms of the Acquisition. On 30 October 2007, the Company and CCI decided that the shortfall will be settled by the cancellation of the Promissory Note and the relevant announcement was then submitted on 1 November 2007.

IMPLICATIONS UNDER THE GEM LISTING RULES

CCI is a substantial shareholder of the Company holding approximately 27.49% of the issued share capital of the Company and hence, a connected person of the Company. Therefore, under the GEM Listing Rules, the Sale and Purchase Agreement and the transactions contemplated therein constitute connected transactions for the Company. As the revenue ratio under Chapter 19 of the GEM Listing Rules exceeds 100%, the Sale and Purchase Agreement and the transactions contemplated therein also constitute a very substantial acquisition for the Company. The Sale and Purchase Agreement is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. Details of the Sale and Purchase Agreement will be included in the Company's next published annual report and accounts.

CONTINUING CONNECTED TRANSACTIONS

Prior to the entering into of the Sale and Purchase Agreement, CCP has entered into certain Service Agreements with CCC (including the Server Hosting Agreement, the Customer Service Hotline Rental Agreement, the Office Internet Connection Agreement, and the Internet Payment and Settlement Service Agreement). Following Completion, CCP will become a non wholly-owned subsidiary of the Company. Given that CCC is a connected person of the Company, the transactions contemplated under the Service Agreements will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. For the purpose of complying with the relevant GEM Listing Rules requirements, CCP and CCC have agreed to enter into the Supplemental Service Agreements before Completion. The Supplemental Service Agreements will be conditional and effective upon Completion.

Major terms and conditions of the Service Agreements are summarised as follows:

Server Hosting Agreement

Date: 1 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)

Parties: CCC and CCP

Services:

(a) Server hosting service – CCP will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to CCP.

(b) Dedicated leased lines – CCC will provide dedicated 100M-bandwidth broadband leased lines to CCP for CCP's website running. CCC will also allow CCP to run its operations and provide its paid services via the online platform operated by CCC.

Pricing basis:

(a) Server hosting service – CCC will charge CCP (i) a one-off payment of RMB1,000 per rack; and (iii) a monthly hosting fee of RMB8,800 per rack.

(b) Dedicated leased lines – CCC will charge CCP (i) a one-off installation fee of RMB2,000 per leased line; and (ii) a monthly rental fee of RMB215,600 per leased line.

The above pricing basis was made 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 this agreement is from the commencement of hosting the servers by CCP (1 January 2007) to 31 December 2008, which may be terminated by CCP by 30 days' written notice.

Customers Service Hotline Rental Agreement

Date:	15 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)
Parties:	CCC and CCP
Services:	CCC provides a designated national customer service hotline number 95130001 to CCP.
Pricing basis:	CCC will charge CCP (i) an annual fee of RMB100,000; (ii) RMB7,000 per month for each sub-line under the national hotline; (iii) a calling charge of RMB0.06 per 6 seconds for long distance incoming calls (subject to bulk use discounted rates); and (iv) a calling charge of RMB0.30 per minute for all outgoing calls. The calling charge rate is subject to any new charging standard announced by the government. The above pricing basis was made 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 initial term for this agreement is 1 year from the commencement of operation of the hotline, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 90 days' written notice prior to the end of the term.

Office Internet Connection Agreement

Date:	1 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)
Parties:	CCC and CCP
Services:	CCC will provide a dedicated 100M-bandwidth broadband leased line to CCP for CCP's own office use.
Pricing basis:	CCC will charge CCP a monthly fee of RMB45,000 based on CCP's actual usage of 20M-bandwidth (subject to any new charging standard announced by the government). The above pricing basis was made 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 initial term for this agreement is 1 year from 1 December 2006 to 1 December 2007, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 1 month's notice prior to the end of the term.

Internet Payment and Settlement Service Agreement

Date:	12 December 2006, supplemented on 12 September 2007 and to be further supplemented by a Supplemental Service Agreement effective upon Completion
Parties:	CCC and CCP
Services:	CCC is currently operating an electronic wallet service named "Shentong Card". CCP will charge its customers via "Shentong Card". CCC will generate monthly reports and pay the sales revenue through "Shentong Card" to CCP (net of CCC's service charge).
Pricing basis:	CCC will charge CCP a service charge at the rate of 25% of the payments made by CCP's customers through "Shentong Card" to compensate CCC for the sales tax and the handling charge. The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms which is determined with reference to i) sales tax of 3% incurred by CCC upon selling of Shentong Card; ii) distribution cost incurred by CCC when distributing the Shentong Card throughout the PRC which is estimated at about 10% on the sale value of Shentong Card; and iii) administrative costs at about 12% incurred by CCC for the manufacturing of Shentong Card.
Termination:	The term for this agreement is 1 year from 12 September 2007, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 1 month's notice prior to the end of the term.

Common terms of the Supplemental Service Agreements

Each Supplemental Service Agreement contains the following terms:

1. The term of the Service Agreement shall not extend beyond 31 March 2010. CCP will be entitled to extend the Service Agreement on or before 31 March 2010 and to take such action as may be appropriate to comply with the GEM Listing Rules. Without prejudice to the right of any party to terminate the Service Agreement pursuant to its terms, the Service Agreement shall automatically terminate on 31 March 2010 (or such later date as the parties may agree) if:

   (a) the Company considers that it is not feasible to comply with the GEM Listing Rules at the relevant time; or

   (b) compliance with the GEM Listing Rules would require changes to the Service Agreement which are not acceptable to any of the parties.

2. All changes made to the Service Agreement shall be subject to compliance by the Company with the GEM Listing Rules.

3. The total annual consideration payable by CCP under the Service Agreement shall be subject to a yearly cap set by the parties.

Supplemental Licensing Agreement

On 1 February 2006, Pro-Concept, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). Under the Licensing Agreement, CCP agreed to pay an annual license fee of RMB20 million, RMB22 million and RMB24.2 million for the financial years of the Company ended 31 March 2006, 2007 and 2008, respectively. The Licensing Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The parties have reviewed the terms of the Licensing Agreement and have agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. Such charging basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to i) the projected possible revenue and costs that can be generated or incurred by CCP through the use of the Licensed Rights; and ii) general market practice on charging license rights for selling and distribution of computer games. In addition, the term of the Licensing Agreement (as supplemented by the Supplemental Licensing Agreement) will expire on 31 March 2010. The entering into of the Supplemental Licensing Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Supplemental Licensing Agreement will be conditional and effective upon Completion.

Annual caps of the continuing connected transactions

The fees paid by CCP to CCC under the Service Agreements between 1 April 2007 and 31 July 2007 were summarised in the table below.

Taking into account (i) the historical amounts paid by CCP under each of the CCT Agreement; (ii) the business projections for CCP for the years to follow; and (iii) the possible inflation and exchange rate of RMB in the coming years, the Company has set the following annual caps for each of the years ending respectively 31 March 2008, 2009 and 2010.

CCT Agreements (as supplemented):	**Historical figures from 1 April to 31 July 2007**	**Annual caps for the years ending 31 March**		
		2008	**2009**	**2010**
	HK$	*HK$*	*HK$*	*HK$*
Server hosting service	3,785,833	15,000,000	19,000,000	19,000,000
Dedicated leased lines	23,757,247	130,000,000	200,000,000	210,000,000
Customer service hotline rental	3,028,584	15,000,000	17,000,000	17,000,000
Office Internet connection	187,500	600,000	600,000	600,000
Internet payment and settlement service	Nil	54,000,000	85,000,000	110,000,000
Licensing Agreement	7,507,500	18,000,000	500,000	500,000
Total:	38,266,664	232,600,000	322,100,000	357,100,000

The increase in total annual cap for 2008 and 2009 is mainly attributable to server hosting, dedicated lease lines and internet payment and settlement services. As CCP expects that the traffic volume of its online game platforms, especially the e-Sports Platform, will increase significantly from 2008 to 2009, the growth in the relevant broadband width requirements and number of servers employed is expected to increase significantly. Therefore, CCP will need to lease additional broadband lines and server hosting service from CCC to ensure the ongoing smooth operation of the online game platforms. In addition, as a result of the expected increase in the number of users enrolling on CCP's online game platforms, the demand for internet payment and settlement services and customer hotline services will also increase. These factors will contribute to the increase in total annual cap for 2008 and 2009.

Reasons for entering into of the CCT Agreements

CCC is a nationwide telecom operator and Internet network operator in the PRC covering a wide range of value-added telecom services and CCP is principally engaged in the development, operation and distribution of computer games and online games in the PRC. Therefore, in order for CCP to carry on its principal business, it is appropriate for and beneficial to CCP to enter into the Service Agreements with CCC who can provide a comprehensive and full range of telecommunications, Internet and payment supporting services.

The distribution of computer games in the PRC is one of the principal business of CCP and historically the Group had granted to CCP the Licensed Rights under the Licensing Agreement. In light of the Acquisition and, in particular, the facts that CCP will become a non wholly-owned subsidiary of the Company following Completion, the Group decided to enter into the Supplemental Licensing Agreement with CCP and CCI to revise the annual license fee to an amount which is based on the revenue generated from the use of the Licensed Rights by CCP.

The terms of the CCT Agreements have been negotiated on arm's length basis between the parties. The Directors consider that the CCT Agreements are either (a) on normal commercial terms, or (b) if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms and prices no less favourable to the Group than terms available to or from independent third parties.

The Board (excluding the independent non-executive Directors who will only make a recommendation to the Independent Shareholders after considering the letter of advice from the independent financial adviser) is of the opinion that the terms and the annual caps in respect of the CCT Agreements are fair and reasonable and in the interests of the company and the Shareholders as a whole. In the event that any of these caps is exceeded, the Company will re-comply with its obligations under the GEM Listing Rules.

Implications of the continuing connected transactions under the GEM Listing Rules

Based on the annual caps set by the Company, the annual amount payable by CCP under the CCT Agreements, in aggregate, will exceed 25% under the applicable ratios in the GEM Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Details of the CCT Agreements will be included in the Company's next published annual reports and accounts for so long as the CCT Agreements continue to be effective.

EGM

An EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Transactions. CCI and its associates will abstain from voting on the resolutions proposed at the EGM to approve the Transactions. Voting at the EGM will be taken on poll.

An Independent Board Committee will be formed to advise the Independent Shareholders in relation to the Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee in relation to the Transactions.

A circular of the Company containing, amongst other things, further information of the Transactions, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee, certain financial information as required under the GEM Listing Rules and the notice of the EGM will be despatched to Shareholders within 21 days after publication of this announcement.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares has been suspended since 2:30 p.m. on 24 October 2007 at the request of the Company, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 7 November 2007.

Completion is conditional upon, *inter alia*, satisfactory due diligence on CCP. As the Transactions may or may not proceed Shareholders and investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

"Acquisition"	the acquisition by the Company of 75% equity interest in CCP from CCI pursuant to the terms and conditions of the Sale and Purchase Agreement;
"Board"	the board of Directors;
"CCC"	神州通信有限公司 (China Communication Co., Ltd.), a company established under the laws of the PRC, a nationwide telecom operator and Internet network operator in the PRC;
"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 and a wholly-owned subsidiary of 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;
"CCT Agreements"	collectively, the Service Agreements (as supplemented by the Supplemental Service Agreements) and the Licensing Agreement (as supplemented by the Supplemental Licensing Agreement);

"Company"	China Cyber Port (International) Company Limited (Stock Code: 8206), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on GEM;
"Completion"	completion of the Sale and Purchase Agreement pursuant to the terms and conditions of the Sale and Purchase Agreement;
"connected person"	has the meaning ascribed to it under the GEM Listing Rules;
"connected transaction"	has the meaning ascribed to it under the GEM Listing Rules;
"continuing connected transactions"	has the meaning ascribed to it under the GEM Listing Rules;
"Directors"	the directors of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened and held to approve the Transactions;
"e-Sports Platform Agreement"	an agreement entered into between Success Advantage and CCI on 28 May 2007 pursuant to which Success Advantage has agreed to acquire the right to receive the 75% of the distributable profit derived from operating the "e-Sports Platform" in the PRC by CCP from CCI at the consideration of HK$304.5 million, as disclosed in the Company's announcement dated 1 June 2007;
"Favor Grow"	Favor Grow Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM;
"Group"	The Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	a committee, comprising all the independent non-executive Directors, established to advice the Independent Shareholders in relation to the Transactions;
"Independent Shareholders"	Shareholders of the Company other than Shareholders who are required to abstain from voting in respect of the Transactions at the EGM;

"Licensed Rights"	the license of the rights to publish, replicate, reproduce, manufacture, distribute and sell the Localised Products in the PRC and the use of the trademarks pertaining to the Localised Products and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of the Localised Products in the PRC;
"Licensing Agreement"	the license agreement dated 1 February 2006 and entered into between Pro-Concept, CCI and CCP for the license of the Licensed Rights by Pro-Concept to CCP;
"Localised Products"	the thirty-four computer game software and computer game guide books modified into Chinese language for distribution and sale in the PRC under the Licensed Rights;
"PRC"	the People's Republic of China;
"Previous Consideration"	the aggregate consideration paid by the Company to CCI under the Sudden Attack Agreement and the e-Sports Platform Agreement amounted to HK$924.5 million
"Pro-Concept"	Pro-Concept Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
"Promissory Notes"	the promissory notes in the principal sum of HK$425 million issued by Success Advantage to CCI as part of the consideration under the Sudden Attack Agreement;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 1 November 2007 in relation to the Acquisition;
"Service Agreements"	the Server Hosting Agreement, the Customer Service Hotline Rental Agreement, the Office Internet Connection Agreement, and the Internet Payment and Settlement Service Agreement, as described in the paragraph headed "Continuing Connected Transactions" of this announcement;
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company;
"Shareholder(s)"	holder(s) of Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder"	has the meaning ascribed to it under the GEM Listing Rules;
"Success Advantage"	Success Advantage Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;

"Sudden Attack Agreement"	an agreement entered into between Success Advantage, CCI and CCC on 20 October 2006 pursuant to which Success Advantage has acquired, at a consideration of HK$620 million, the right to receive 40% of the net sales revenue derived from operating "Sudden Attack" in the PRC by CCP as disclosed in the Company's announcement dated 26 October 2006 (as amended by a supplemental agreement dated 30 June 2007 as disclosed in the Company's announcement dated 4 July 2007);
"Supplemental Licensing Agreement"	the supplemental agreement to be entered into between Pro-Concept and CCP prior to Completion to supplement certain terms in the Licensing Agreement for the purpose of complying with the provisions regarding continuing connected transactions under the GEM Listing Rules;
"Supplemental Service Agreements"	the supplemental agreements to be entered into between CCP and CCC prior to Completion to supplement certain terms in the Service Agreements for the purpose of complying with the provisions regarding continuing connected transactions under the GEM Listing Rules;
"Transactions"	the Sale and Purchase Agreement, the CCT Agreements and the transactions contemplated thereunder, including but not limited to the cancellation of the Sudden Attack Agreement, the cancellation of the e-Sports Platform Agreement, the modification to the Licensing Agreement, and the annual caps for the transactions contemplated under the CCT Agreements as supplemented by the Supplemental Licensing Agreement and the Supplemental Service Agreements; and
"%"	per cent.

Amounts denominated in RMB in this announcement have been converted into HK$ at the rate of HK$1 = RMB0.96 for illustration purposes.

By Order of the Board
China Cyber Port (International) Company Limited
He Chenguang
Chairman

Hong Kong, 6 November 2007

As at the date of this announcement, the executive Directors are Mr. He Chenguang, Mr. Xiao Haiping, Mr. Zhang Peng and Ms. Zhang Jialin, and the independent non-executive Directors are Mr. Yip Tai Him, Dr. Liu Jie and Ms. Weng Pinger.

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

(1) the information contained in this announcement is accurate and complete in all material respects and not misleading;

(2) there are no other matters the omission of which would make any statement in this announcement misleading; and

(3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting and on the website of the Company at www.ccpi.com.hk.