
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Coslight Technology International Group Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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.



COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED
光宇國際集團科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1043)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION:
PROPOSED DEEMED DISPOSAL OF 50.17% ISSUED SHARE CAPITAL OF
COSLIGHT INTERACTIVE COMPANY LIMITED**

AND

**(II) DISCLOSEABLE AND CONNECTED TRANSACTION:
PROPOSED ACQUISITION OF 7% ISSUED SHARE CAPITAL OF
BEIJING GUANGYU HUAXIA SCI-TECH CO., LTD**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: the information contained in this circular is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this circular misleading; and 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.

4 August 2008

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
(I) Proposed Deemed Disposal of 50.17% Interest in Coslight Interactive	5
(II) Proposed Acquisition of 7% Interest in Beijing Guangyu Huaxia	9
(III) General	12
Appendix — General information	18

DEFINITIONS

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

“Acquired Interest”	7% equity interest in Beijing Guangyu Huaxia held by Best Chance
“Acquisition”	the acquisition of the Acquired Interest under the Coslight Network Agreement
“Approval Authorities”	any competent examination and approval authorities for the approval of the Acquisition
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Beijing Guangyu Huaxia”	北京光宇華夏科技有限責任公司 (Beijing Guangyu Huaxia Sci-Tech Co. Ltd*), is a joint venture enterprise established under the laws of the PRC to engage in the on-line game operation in the PRC and owned by Best Chance, HCG and Coslight Network as to 37.17%, 20% and 42.83% currently. HCG has committed to acquire an additional 30.17% of Beijing Guangyu Huaxia from Best Chance by a separate arrangement which will take place immediately before the Acquisition.
“Best Chance”	Best Chance Technology Limited (佳運科技有限公司), a company incorporated under the laws of the British Virgin Islands
“Board”	the board of Directors
“Chairman”	Mr. Song Dian Quan, chairman of the Board
“Company”	Coslight Technology International Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion (1)”	the completion of the Deemed Disposal under the Coslight Interactive Agreement
“Completion (2)”	the completion of the Acquisition under the Coslight Network Agreement

DEFINITIONS

“Completion Date”	the date on which Completion (2) will take place, being the fifth business day after the condition precedent to the Coslight Network Agreement has been satisfied or such other date as the parties to the Coslight Network Agreement may agree in writing
“Coslight Interactive”	Coslight Interactive Company Limited, a company incorporated under the laws of the Cayman Islands, an indirect non-wholly owned subsidiary of the Company and will become an associate of the Company upon completion of the Deemed Disposal
“Coslight Interactive Agreement”	the share swap agreement dated 14 July 2008 pursuant to which, amongst others, Coslight Network agreed to acquire the Sale Interest from HCG, in consideration of which Coslight Interactive will issue 50.17% issued share capital of Coslight Interactive to Global Universe as nominee of HCG
“Coslight Network”	Coslight Network Company Limited (光宇網絡有限公司), a company incorporated under the laws of the British Virgin Islands, an indirect non-wholly owned subsidiary of the Company and will become an associate of the Company upon completion of the Deemed Disposal
“Coslight Network Agreement”	the sale and purchase agreement dated 14 July 2008 pursuant to which Coslight Network agreed to acquire the Acquired Interest from Best Chance
“Deemed Disposal”	the issue of 50.17% (as enlarged) of the issued share capital of Coslight Interactive to Global Universe
“Directors”	the directors of the Company
“Global Universe”	Global Universe Development Ltd., a company incorporated under the laws of the British Virgin Islands
“Group”	the Company and its subsidiaries
“Guangyu Tiancheng”	光宇天成互動軟件有限公司 (Guangyu Tiancheng Interactive Software Company Limited*), a company incorporated in the PRC which is a wholly-owned subsidiary of Coslight Network

DEFINITIONS

“HCG”	哈爾濱光宇集團股份有限公司 (Harbin Coslight Group Company Limited*), a company incorporated under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HKGAAP”	The Hong Kong Generally Accepted Accounting Principle
“Latest Practicable Date”	means 29 July 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Song”	Mr. Song Yang, son of the Chairman
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the sale of 50.17% equity interest in Beijing Guangyu Huaxia by HCG,
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustrative purposes only, RMB is converted into HK\$ at an exchange rate of HK\$1.00 = RMB0.89 in this circular.

LETTER FROM THE BOARD



COSLIGHT TECHNOLOGY INTERNATIONAL GROUP LIMITED 光宇國際集團科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1043)

Executive Directors:

Mr. Song Dian Quan
Ms. Luo Ming Hua
Mr. Li Ke Xue
Mr. Xing Kai
Mr. Zhang Li Ming
Mr. Liu Xing Quan

Independent Non-executive Directors:

Mr. Li Zeng Lin
Mr. Jiang Zhao Hua
Mr. Xiao Jian Min

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

Rooms 2501-2502
COSCO Tower
181-183 Queen's Road Central
Hong Kong

4 August 2008

To the Shareholders

Dear Sirs or Madams,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION:
PROPOSED DEEMED DISPOSAL OF 50.17% ISSUED SHARE CAPITAL OF
COSLIGHT INTERACTIVE COMPANY LIMITED**

AND

**(II) DISCLOSEABLE AND CONNECTED TRANSACTION:
PROPOSED ACQUISITION OF 7% ISSUED SHARE CAPITAL OF
BEIJING GUANGYU HUAXIA SCI-TECH CO., LTD**

INTRODUCTION

Reference is made to the announcement made by the Company on 14 July 2008 in relation to the transactions contemplated under (i) the Coslight Interactive Agreement, and (ii) the Coslight Network Agreement, both of which constitute discloseable and connected transactions of the Company under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

(I) PROPOSED DEEMED DISPOSAL OF 50.17% INTEREST IN COSLIGHT INTERACTIVE

THE COSLIGHT INTERACTIVE AGREEMENT

By the Coslight Interactive Agreement dated 14 July 2008, the Group agreed with HCG to conduct a share swap pursuant to which HCG agreed to transfer 50.17% equity interest in Beijing Guangyu Huaxia to Coslight Network (a wholly owned subsidiary of Coslight Interactive, a subsidiary of the Company), in consideration of which Coslight Interactive agreed to issue 50.17% of its issued share capital (as enlarged by the issue) to Global Universe, as nominee of HCG. Upon completion, the Group will be deemed to have disposed of 50.17% of Coslight Interactive.

1. **Date:** 14 July 2008

2. **Parties:**

Purchaser: Coslight Network Company Limited, currently an indirect non-wholly owned subsidiary of the Company

Vendor: Harbin Coslight Group Company Limited (哈爾濱光宇集團股份有限公司)

3. **Assets involved**

The Deemed Disposal involves the issue of 50.17% (as enlarged) of the issued share capital of Coslight Interactive. At present, Coslight Interactive, through its wholly-owned subsidiary Coslight Network, holds 42.83% equity interest in Beijing Guangyu Huaxia and 100% equity interest in Guangyu Tiancheng. Coslight Interactive and Costlight Network are investment holding companies for holding equity interests in Beijing Guangyu Huaxia and Guangyu Tiancheng. Please refer to the corporate structure charts set out in pages 13 to 14 for more information about the Deemed Disposal. The value of the disposed assets is approximately RMB8,305,000 (equivalent to approximately HK\$9,331,461), representing 50.17% of the net assets of Coslight Interactive, which is made up of (i) 42.83% equity interest in Beijing Guangyu Huaxia and (ii) 100% equity interest in Guangyu Tiancheng (which has a net liability of RMB3,293,000 as at 31 December 2007).

LETTER FROM THE BOARD

The calculation of the net asset value of Coslight Interactive is as follows:

$$\begin{aligned} \text{Net asset value of Coslight Interactive} &= (\text{net asset value of Beijing Guangyu} \\ &\quad \text{Huaxia} \times 42.83\% + \text{net liabilities of} \\ &\quad \text{Guangyu Tiancheng}) \times 50.17\% \\ &= (\text{RMB}46,337,000 \times 42.83\% + \\ &\quad (-\text{RMB}3,293,000)) \times 50.17\% \\ &= \text{RMB}8,305,000 \end{aligned}$$

Upon completion of the Coslight Interactive Agreement, the Group will not have any additional interest in Beijing Guangyu Huaxia.

4. Consideration

The consideration for the Deemed Disposal will be satisfied by (i) a cash payment of RMB8,700,000 (equivalent to approximately HKD9,775,000) to be made by HCG to the two existing shareholders of Coslight Interactive representing the consideration for the deemed disposal of 50.17% equity interest of Guangyu Tiancheng, and (ii) the transfer of 50.17% equity interest in Beijing Guangyu Huaxia from HCG to Coslight Network. The value of 50.17% equity interest in Beijing Guangyu Huaxia as determined by net assets value is approximately RMB23,247,000 (equivalent to approximately HK\$26,120,000).

The consideration for the Deemed Disposal was agreed after arm's length negotiations between the parties, having regard to the audited financial statements of Guangyu Tiancheng as at 31 December 2007 and the unaudited financial statement of Guangyu Tiancheng as at 31 March 2008 (Guangyu Tiancheng has no profits for the financial year ended 31 December 2007 and the three months ended 31 March 2008), and the share swap of 50.17% equity interest in Beijing Guangyu Huaxia for 50.17% equity interest in Coslight Interactive. The cash proceeds of RMB8,700,000 (equivalent to approximately HKD9,775,000) will be used as working capital of the Group.

LETTER FROM THE BOARD

5. Conditions precedent

The completion of the Coslight Interactive Agreement is subject to and conditional upon the completion of acquisition of 30.17% equity interest in Beijing Guangyu Huaxia by HCG from Best Chance and the Acquisition. HCG currently holds 20% equity interest in Beijing Guangyu Huaxia and it has committed to acquire 30.17% equity interest in Beijing Guangyu Huaxia at two times of the par value of the registered capital of Beijing Guangyu Huaxia from Best Chance, which currently holds 37.17% in Beijing Guangyu Huaxia. The registered share capital of Beijing Guangyu Huaxia is RMB55 million. The original subscription cost of 30.17% for Best Chance was RMB16,593,500. The acquisition cost of the 30.17% equity interest in Beijing Guangyu Huaxia by HCG from Best Chance is RMB33,187,000, which is the same as the purchase consideration of Coslight Network from Best Chance. The Company purchased the 30.17% Beijing Guangyu Huaxia through HCG because Best Chance is not willing to sell the 30.17% equity interest to the Group.

If the above conditions are not fulfilled on or before 30 September 2008 or such other date as the parties to the Coslight Interactive Agreement may agree, the Coslight Interactive Agreement will cease to be of any further effect and none of the parties to the Coslight Interactive Agreement shall have any claims against the other (save for any antecedent breach).

6. Completion

Subject to fulfillment of the conditions precedent to the Coslight Interactive Agreement, completion shall take place, if possible, on the Completion Date, or, if later, on the fifth business day after the conditions precedent to the Coslight Interactive Agreement have been satisfied, or such other date as the parties to the Coslight Interactive Agreement may agree in writing. Upon completion, the Group will hold 49.83% of the issued share capital of Coslight Interactive which will become an associate but no longer be a subsidiary of the Company and will hold 46.16% effective interest in Beijing Guangyu Huaxia upon completion of the Coslight Interactive Agreement.

LETTER FROM THE BOARD

Information of Coslight Interactive

Being an indirect non wholly-owned subsidiary of the Company, Coslight Interactive is a company incorporated on 6 May 2008 in the Cayman Islands with limited liability and is an investment holding company. Coslight Interactive is the registered and beneficial owner of 100% of the issued share capital of Coslight Network which is also an investment holding company. Coslight Network is the registered and beneficial owner of 100% of the equity interest of Guangyu Tiancheng, and is the registered and beneficial owner of 42.83% of the equity interest of Beijing Guangyu Huaxia (before the completion of the Acquisition). Beijing Guangyu Huaxia is engaged in the business of on-line game operation in the PRC whereas Guangyu Tiancheng is engaged in the development of on-line game products in the PRC. The Company is engaged in the business of manufacturing and sale of sealed lead acid batteries and related accessories, lithium ion batteries, and electricity control device.

Set out below is a summary of the unaudited proforma consolidated results of Coslight Interactive and its subsidiaries for the two years ended 31 December 2007, prepared under the Hong Kong Financial Reporting Standards, which is consistent with the accounting policies adopted by the Group:

	For the year ended 31 December 2006	For the year ended 31 December 2007
	<i>HK\$ million</i>	<i>HK\$ million</i>
Gain/(Loss) before taxation	(2.5)	16.1
Gain/(Loss) after taxation	(2.5)	16.1

Listing Rules Implications

Connected persons involved: Mr. Song, the owner of HCG and Global Universe, is the son of the Chairman. Mr. Song is an associate to the Chairman and is regarded as a connected person under the Listing Rules.

Applicable Listing Rules: The Deemed Disposal constitutes a connected transaction under Rule 14A.13(1)(a) as the Deemed Disposal involves a transaction with a connected person. As the applicable size test ratios, except for the profit test ratio, as defined in the Listing Rules are below 2.5%, the Deemed Disposal is subject to the reporting, announcement requirements but is exempt from the independent shareholders' approval requirement as set out in Rule 14A.32(1) of the Listing Rules. The Deemed Disposal also constitutes a discloseable transaction under Chapter 14 of the Listing Rules as the profit tests ratio as defined in the Listing Rules exceed 5% but is less than 25%.

LETTER FROM THE BOARD

In January 2008, Best Chance and Coslight Network entered into an agreement pursuant to which Best Chance transferred 6.97% unpaid equity in Beijing Guangyu Huaxia to Coslight Network at a consideration of RMB697,000, being a transaction which did not require disclosure under the Listing Rules. Save as already disclosed, the Directors confirm that there is no other previous transaction between the Company and each of HCG and Best Chance (and their beneficial owners) which may require aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Deemed Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

(II) PROPOSED ACQUISITION OF 7% INTEREST IN BEIJING GUANGYU HUAXIA

THE COSLIGHT NETWORK AGREEMENT

Pursuant to the Coslight Network Agreement dated 14 July 2008, Coslight Network will acquire 7% equity interest in Beijing Guangyu Huaxia from Best Chance, an independent third party to the Company.

1. **Date:** 14 July 2008

2. **Parties:**

Purchaser: Coslight Network Company Limited, currently an indirect non wholly-owned subsidiary of the Company

Vendor: Best Chance Technology Limited

3. **Assets involved**

At present, Coslight Network holds 42.83% equity interest in Beijing Guangyu Huaxia. The Acquired Interest represents 7% equity interest in Beijing Guangyu Huaxia, the value of which is RMB3,244,000 (equivalent to approximately HK\$3,645,000) as determined by reference to the net assets value of Beijing Guangyu Huaxia as stated in its audited financial statement as at 31 December 2007. Beijing Guangyu Huaxia is engaging in the business of on-line game operation in the PRC. The equity interest in Beijing Guangyu Huaxia has been accounted for by the Group as an associate using equity method.

LETTER FROM THE BOARD

Following the completion of the Acquisition, Coslight Network will hold as to 49.83% equity interest in Beijing Guangyu Huaxia. The Group's equity interest in Beijing Guangyu Huaxia will continue to be accounted for by the Group as an associate using equity method.

4. Consideration

The consideration for the Acquired Interest is RMB7.7 million (equivalent to approximately HK\$8.7 million). The consideration is payable by Coslight Network in cash on the Completion Date.

The consideration for the Acquired Interest was agreed after arm's length negotiations between the parties, having regard to the unaudited net assets value of Beijing Guangyu Huaxia as at 31 March 2008. For the transfer of 6.97% unpaid share capital with a consideration of RMB697,000, as the registered share capital of Beijing Guangyu Huaxia is RMB55 million and Best Chance holds 37.17% of fully paid capital and 6.97% unpaid share capital of Beijing Guangyu Huaxia before the transaction, Coslight Network paid RMB697,000 consideration for the unpaid equity and subsequently injected RMB3,833,500 into Beijing Guangyu Huaxia. When determining the consideration, the Company has taken into account the net assets value of Beijing Guangyu Huaxia of about RMB46,337,000 and the audited 2007 profit for Beijing Guangyu Huaxia of about RMB87 million.

5. Condition precedent:

The completion of the Coslight Network Agreement is subject to and conditional upon the granting of necessary approvals from the Approval Authorities in respect of the Acquisition, but is not conditional upon the completion of the Coslight Interactive Agreement.

If such condition is not fulfilled on or before 30 September 2008 or such other date as the parties to the Coslight Network Agreement may agree, the Coslight Network Agreement will cease to be of any further effect and none of the parties to the Coslight Network Agreement shall have any claims against the other (save for any antecedent breach).

LETTER FROM THE BOARD

6. Completion

Subject to fulfillment of the condition precedent to the Coslight Network Agreement, Completion (2) shall take place on the Completion Date. It is expected that Completion (1) will also take place on the Completion Date.

Financial information of Beijing Guangyu Huaxia

The value of the net assets of Beijing Guangyu Huaxia was RMB46,337,000 as at 31 December 2007 (as adjusted in accordance with the HKGAAP). Set out below is a summary of the audited consolidated results of Beijing Guangyu Huaxia for the two years ended 31 December 2007, prepared under the Hong Kong Financial Reporting Standards, which is consistent with the accounting policies adopted by the Group:

	For the year ended 31 December 2006 (audited) HK\$ million	For the year ended 31 December 2007 (audited) HK\$ million
Gain/(Loss) before taxation	(18.2)	97.4
Gain/(Loss) after taxation	(18.2)	97.4

Listing Rules Implications

Connected person involved: HCG, the substantial shareholder of Beijing Guangyu Huaxia, is a company controlled by Mr. Song who is the son of the Chairman. According to the Listing Rules, Mr. Song is an associate of the Chairman, a controller of the Company.

Applicable Listing Rules: the Acquisition constitutes a connected transaction under Rule 14A.13(1)(b)(i) as it involves a transaction between the Company and a person who is not a connected person and the Acquisition involves the Company acquiring an interest in a company where a substantial shareholder of that company is an associate of the Chairman, a controller of the Company. As the applicable size test ratios, except for the profit test ratio, as defined in the Listing Rules are less than 2.5%, the Acquisition is subject to the reporting, announcement requirements but is exempt from the independent shareholders' approval requirement as set out in Rule 14A.32(1) of Chapter 14A of the Listing Rules. The Acquisition also constitutes a discloseable transaction under Chapter 14 of the Listing Rules as the profit test ratio as defined in the Listing Rules exceed 5% but is less than 25%.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(III) GENERAL

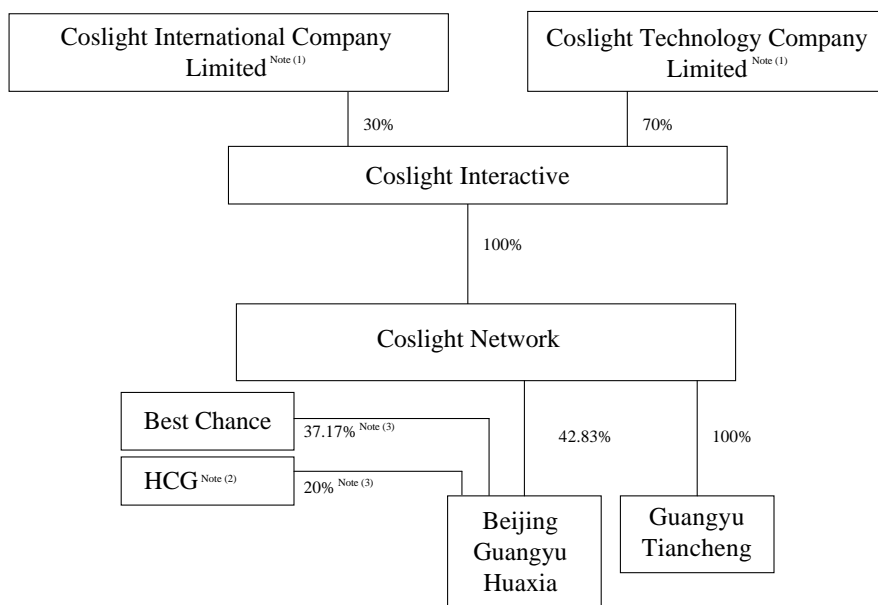
CORPORATE STRUCTURES BEFORE AND AFTER THE COMPLETION OF THE ACQUISITION AND DEEMED DISPOSAL

1. The table below sets out the interest in Beijing Guangyu Huaxia held/to be held by Coslight Network and the Group:

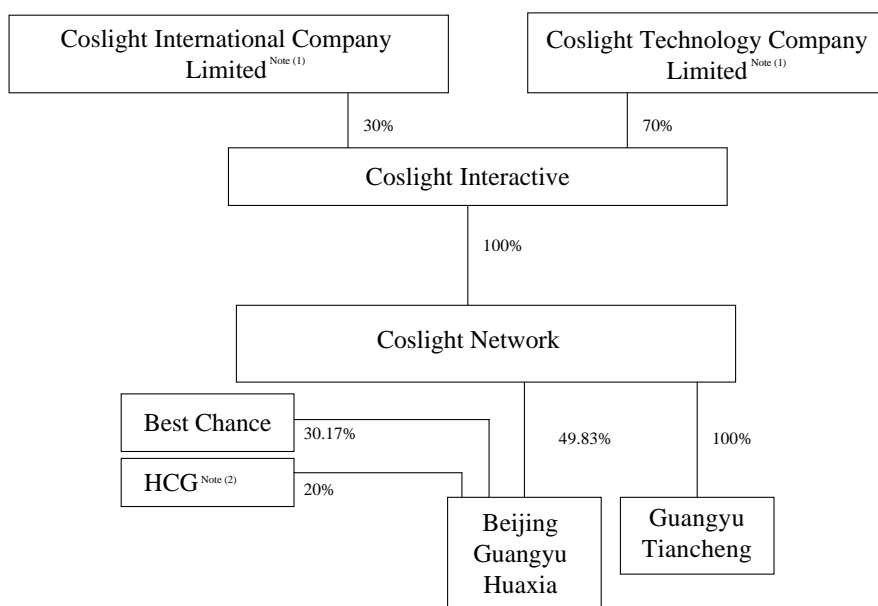
Description of the relevant event	Percentage interest (%) of Coslight Network	Effective percentage interest (%) of the Company
(i) before acquisition of 6.97% of Beijing Guangyu Huaxia in January 2008	35.83	33.22
(ii) after acquisition of 6.97% Beijing Guangyu Huaxia in January 2008	42.83	39.68
(iii) after completion of Coslight Network Agreement and (ii) above only	49.83	46.16
(iv) after completion of Coslight Interactive Agreement and Coslight Network Agreement and (ii) above	100	46.16

LETTER FROM THE BOARD

2. The chart below sets out the corporate structure of the company before the completion of the Acquisition and Deemed Disposal:

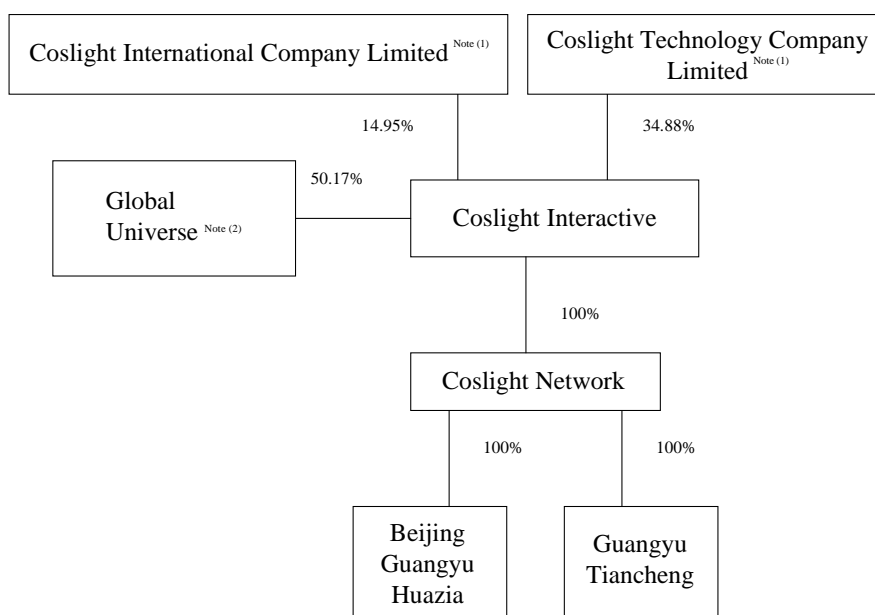


3. The chart below sets out the corporate structure after the completion of the Coslight Network Agreement only:



LETTER FROM THE BOARD

4. The chart below sets out the corporate structure after the completion of the Acquisition and Deemed Disposal:



Note (1): Coslight International Company Limited, incorporated in Hong Kong, is a wholly-owned subsidiary of the Company. Coslight Technology Company Limited, incorporated in the British Virgin Islands, is a subsidiary of the Company effectively 89.48% owned by the Company.

Note (2): Global Universe is the nominee of HCG. Global Universe and HCG are controlled by Mr. Song, the son of the Chairman.

Note (3): HCG currently holds 20% equity interest in Beijing Guangyu Huaxia and it has committed to acquire 30.17% equity interest in Beijing Guangyu Huaxia from Best Chance, which currently holds 37.17% in Beijing Guangyu Huaxia.

Following completion of the Acquisition and the Deemed Disposal, Coslight Network will hold 100% equity interest of Beijing Guangyu Huaxia and Guangyu Tiancheng and the Company's subsidiaries will together hold 49.83% of the issued share capital of Coslight Interactive which will become an associate but no longer be a subsidiary of the Company. The Group's equity interest in Coslight Interactive will be accounted for as an associate using equity method.

The Coslight Network Agreement is a separate and independent transaction from the Coslight Interactive Agreement. But the completion of the Coslight Network Agreement is one of the conditions precedent of the Coslight Interactive Agreement.

LETTER FROM THE BOARD

There is no difference in the basis of consideration paid for the acquisition of Beijing Guangyu Huaxia in respect of the Coslight Interactive Agreement and the Coslight Network Agreement. The basis of consideration of acquisition for 6.97% equity interest of Beijing Guangyu Huaxia was different to the Coslight Interactive Agreement and the Coslight Network Agreement because the transaction was concluded several months before.

Financial Effects of the Acquisition and the Deemed Disposal

In addition to the expected gain to be derived from the Acquisition and Deemed Disposal as mentioned above, upon completion of the Acquisition and Deemed Disposal, the Group's equity interest in Coslight Interactive will decrease from 92.64% to 46.16%. Coslight Interactive will be accounted for as an associated company of the Group.

Reasons for and benefits of the Acquisition and the Deemed Disposal

Having considered the existing market condition, the net profit (loss) of Beijing Guangyu Huaxia in the previous years, the net assets of Beijing Guangyu Huaxia and the consideration for the Acquisition offered by Best Chance, the Directors consider that the Acquisition is a good opportunity for the Group to increase its investment in Beijing Guangyu Huaxia.

The Group has from time to time looked for opportunities to streamline and restructure its investments in the on-line game business. It has been the strategy of the Group to restructure business and clarify operational focuses by optimizing and streamlining its business. The Acquisition and Deemed Disposal are in line with the strategy of the Group to exit fully from its non-core on-line game business so as to allow the Group to concentrate its resources to develop and expand its core businesses, while retaining a relatively high investment interest in the on-line game business to capture potential growth in the business.

The expected gain to be derived from the Deemed Disposal before expenses will amount to approximately RMB9.9 million (equivalent to approximately HK\$11.1 million), which represents the gain to be recognized by the Group when the proposed Deemed Disposal of 50.17% interest in Coslight Interactive is completed. Upon completion of the Deemed Disposal, the Group's effective equity interest in Coslight Interactive will decrease from 92.64% to 46.16%. The expected gain of RMB9.9 million (equivalent to approximately HK\$11.1 million) represents the sum of cash consideration of RMB8.7 million (equivalent to approximately HK\$9.8 million) receivable by the Group and the increase in Group's share of net assets of Coslight Interactive after the Deemed Disposal.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that (i) both the Coslight Network Agreement and Coslight Interactive Agreement are on normal commercial terms, (ii) the Acquisition and the Deemed Disposal and the transactions contemplated under the Coslight Network Agreement and the Coslight Interactive Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information of Best Chance

Best Chance is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Best Chance and its beneficial owners is a third party independent of and not connected with any connected persons of the Company and is not a connected person of the Company.

Information of HCG and Global Universe

Global Universe is an investment holding company wholly owned by Mr. Song, the son of the Chairman and HCG is an investment holding company which is owned as to 91.66% by Mr. Song. The minority shareholders, who are executive Directors of the Company and in aggregate holding 8.34% of equity interest in HCG, have agreed in writing with Mr. Song and Coslight Network to the nomination of Global Universe by HCG to take up the 50.17% issued share capital in Coslight Interactive pursuant to the Coslight Interactive Agreement. Currently, HCG's investment assets is 20% equity interest in Beijing Guangyu Huaxia, but it has committed to acquire an additional 30.17% from Best Chance in a separate arrangement which will take place immediately before the completion of the Acquisition. Global Universe is a newly incorporated company formed for the purpose of holding 50.17% issued share capital of Coslight Interactive as nominee of HCG after the completion of the Deemed Disposal.

Information of Coslight Interactive

Coslight Interactive is an investment holding company. It is the registered and beneficial owner of 100% issued share capital of Coslight Network.

LETTER FROM THE BOARD

Information of Coslight Network

Coslight Network is an investment holding company. Coslight Network is the registered and beneficial owner of 100% of the equity interest of Guangyu Tiancheng, and is the registered and beneficial owner of 42.83% of the equity interest of Beijing Guangyu Huaxia (before the completion of the Acquisition). Beijing Guangyu Huaxia is engaged in the business of on-line game operation in the PRC, whereas Guangyu Tiancheng is engaged in the development of on-line game products in the PRC.

Yours faithfully,

By order of the Board

Coslight Technology International Group Limited

Company Limited

Song Dian Quan

Chairman

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests or short positions in the shares, underlying shares or debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in shares/underlying shares of the Company

Name of Directors	Number of Shares/ underlying shares (where appropriate)	Capacity	Percentage of issued share capital
Song Dian Quan	260,323,300	Directly beneficially owned	63.26%
Luo Ming Hua	3,186,027	Directly beneficially owned	0.77%
Liu Xing Quan	1,132,793	Directly beneficially owned	0.28%
Xing Kai	826,793	Directly beneficially owned	0.20%
Li Ke Xue	668,793	Directly beneficially owned	0.16%

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and 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 will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

Directors' Rights to Acquire Shares or Debentures

None of the Directors or their respective associates (as defined under the Listing Rules) was granted by the Company, or any of its subsidiaries to any rights or options to acquire shares or debentures in the Company as at the Latest Practicable Date.

Substantial shareholders' and other persons' interests and short positions in the shares, underlying shares and debentures

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, the following persons had interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, 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 other member of the Group:

Long positions in shares/underlying shares of the Company

Name	Number of Shares/ underlying shares (where appropriate)	Capacity	Percentage of issued share capital
Song Dian Quan	260,323,300	Directly beneficially owned	63.26%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, no persons had interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, 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 other member of the Group or any options in respect of such capital.

3. COMPETING INTEREST

None of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

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

6. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Mr. Chou Yung. Mr. Chou is member of Hong Kong Institute of Certified Public Accountants (HKICPA).
- (b) The registered office of the Company is situated in Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The head office and principal place of business is situated at Rooms 2501-2502, COSCO Tower, 181-183 Queen's Road Central, Hong Kong.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.