

The Company's Shareholders immediately prior to the Offering comprise the 12 Founders and MIH. The 12 Founders each holds Shares in the Company and in aggregate hold 50% of its Share capital, and MIH holds the remaining 50%. Each of the 12 Founders and MIH will not reduce their number of Shares immediately after or as a result of the Offering. Ma Huateng, one of our executive Directors, will hold 14.43% of the Company's issued Share capital (assuming the Over-allotment Option is not exercised) and MIH will hold 37.50% of the Company's issued Share capital (assuming the Over-allotment Option is not exercised). See the section of this Prospectus entitled "Risk Factors—Risks Related to Our Structure—The Company's current Shareholders, whose interest may be different from that of the public Shareholders, will have certain influence over the adoption of Shareholder resolutions after the Offering".

RELATIONSHIP BETWEEN THE FOUNDERS AND MIH

On April 20, 2004, each Founder and MIH entered into an amended and restated agreement (the "Shareholders' Agreement"), pursuant to which they agree to exercise their rights as Shareholders with regard to certain matters as set forth below.

Each Founder and MIH will vote their Shares so that the Board and any board of directors of a subsidiary in which the Company holds more than half of the equity interests (the "Equity Controlled Subsidiaries") will have an equal number of directors nominated by the Founders and MIH, respectively. They will also take all necessary action within their respective authority to ensure that the Directors so nominated constitute the majority of the Board and the sole directors of each Equity Controlled Subsidiary.

Each Founder and MIH agree that the Founders will nominate the Chief Executive Officer of the Company, and MIH will nominate the Chief Financial Officer of the Company.

Each Founder and MIH further agree to amend the Articles to provide that all Shareholders' resolutions of the Company, and all directors' resolutions of the Company and the Equity Controlled Subsidiaries must be adopted by a 75% majority of the Shareholders' or directors (as the case may be) present and voting at the relevant general meeting or board meeting. This amendment will remain in effect for a three-year period after the adoption of the relevant amendment to the Articles by the Company on March 24, 2004 (the "Adoption Date") and will automatically cease to have any further effect on the third anniversary of the Adoption Date. See also the section entitled "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix V to this Prospectus.

The Shareholders' Agreement will expire on the third anniversary of the Adoption Date and can be terminated earlier by the Founders if MIH ceases to hold at least 15% of the Company's Share capital, or by MIH if the Founders cease to hold in aggregate at least 15% of the Company's Share capital.

NASPERS AND MIH

MIH is wholly owned by Naspers Limited through its wholly owned intermediate holding companies, MIH (BVI) Limited, MIH Holdings Limited and MIH Investments (Pty) Ltd. Naspers Limited is listed on the JSE Securities Exchange South Africa and the Nasdaq Stock Market.

Naspers Limited is a multinational media group that conducts its activities through subsidiaries, joint ventures and associated companies, with its principal operations in pay-television and Internet platforms, print media, book publishing, private education and technology markets. The MIH group is a multinational provider of entertainment, interactive and e-media services with operations spanning over 50 countries delivering media services to consumers via television and the Internet. The MIH's group activities are focused on subscriber platforms providing television and Internet services to over two million paying subscribers in Africa, the Mediterranean and Asia.

The MIH group has an 87.66% interest in Sportscn, which focuses on sports related content and offers sports results and prediction services to subscribers through various distribution channels, including pagers, mobile telephones, PDAs and PCs. The senior management team of Sportscn does not consist of any individuals that are senior managers within the Group. While Antonie Andries Roux, our non-executive Director, serves on the board of directors of Sportscn, the Company believes that there is a clear delineation of business, operations, target customers and management between Sportscn and the Group. The local partners of Sportscn are different from the Founders and the Group, and more importantly, the business focus of Sportscn is currently limited to providing score information to a limited scope of sports enthusiasts, while the Group has a much broader audience and a broad range of content services. Accordingly, other than an overlap in relation to the provision of sports content, which we believe is an immaterial portion of our business based on the fact that the Group recorded net revenue of approximately RMB400,000 in 2003 from its cooperation with Sportscn (representing less than 0.06% of the Group's total revenue in 2003), we are satisfied that in view of the different management teams, the different local partners, the different focus of the two businesses and the different segments of the markets that they target, the business of Sportscn does not, and is not likely to, compete with our business.

We provide services to, obtain services from, and enter into transactions with MIH. All of these relationships and transactions are conducted on an arm's length basis and either on normal commercial terms or on terms that are fair and reasonable so far as our Shareholders are concerned, and in each case are conducted within relevant regulatory requirements. The Group and MIH will not enter into a non-competition deed. Two of our Directors, Antonie Andries Roux and Charles St Leger Searle, are also directors of MIH.

RELATIONSHIP WITH MIH

We have entered into three agreements with MIH or its affiliates. The Company licenses know-how to MIH for use in territories outside China. Entriq, an MIH affiliate, licenses software to Tencent Computer, and Sportscn develops a co-branded SMS channel with Tencent Technology. None of these agreements did, or is expected to, result in significant revenues or costs to the Group. See the section entitled "—Connected Transactions". On the basis of the discussions above, we believe that we are capable of carrying on our business independently of MIH and its associates. Other than as disclosed in this Section "Relationship with Our Shareholders", MIH and the Directors are not interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

On completion of the Offering, we will have the following continuing connected transactions:

A. Current Contracts

(a) License Agreement

On June 27, 2002, the Company, as licensor, and MIH, as licensee, entered into a license agreement (superseding a license agreement entered into on September 28, 2001) pursuant to which the Company granted to MIH and its affiliates a sole and exclusive license to use in Indonesia, Thailand, Greece, Cyprus and South Africa specific proprietary technology and intellectual property belonging to us.

The technology that is the subject of the license comprises of all technology developed by or on our behalf to allow for the implementation of a separate and independent IM service in each of the licensed territories, including the right to use all improvements, modifications, enhancements or adaptations which we may develop in the future.

In consideration for the license from and related implementation, support and maintenance obligations of the Company, MIH and its affiliates which use the licensed technology to conduct IM services must pay to the Company an amount equal to 40% of all gross revenues received by MIH and its relevant affiliates which are specifically and directly attributable to the provision of IM services to non-enterprise users. These terms were negotiated on an arm's length basis on normal commercial terms.

On June 24, 2003, the Company and MIH entered into a supplemental agreement to the License Agreement pursuant to which the Company granted to MIH and the MIH operators a sole and exclusive license to use specific trademarks and other intellectual property when carrying on the Internet-related business referred to in the license agreement. MIH and its affiliates have not generated any revenues from the provision of the services up to March 31, 2004. The license agreement has a term of fifteen years.

On June 18, 2003, the Company, as licensor, and Mweb (Thailand) Limited, an affiliate of MIH, entered into an agreement pursuant to which Mweb (Thailand) Limited agreed to pay the Company a fee per use for any licensed mobile downloaded images at the rate of 3.0 Baht per SMS message and 4.5 Baht per MMS message. No fee has been payable by Mweb (Thailand) Limited up to March 31, 2004.

(b) Cooperation Agreement

On January 1, 2003, Tencent Technology and Sportscn, an affiliate of MIH, entered into an agreement pursuant to which they agreed to cooperate to develop a co-branded SMS channel. Tencent Technology is entitled to 40% of the revenues generated and Sportscn is entitled to receive the remaining 60%. This agreement has a one-year term which is automatically renewable unless terminated by either party. These terms were negotiated on an arm's length basis on normal commercial terms.

For the year ended December 31, 2003, we paid to Sportscn approximately RMB587,000 pursuant to the terms of the Cooperation Agreement.

(c) *Entriq Customer License Agreement*

On March 11, 2004, Tencent Computer and Entriq, Inc, an affiliate of MIH, entered into a three-year agreement pursuant to which Entriq, Inc licensed to Tencent Computer the right to use certain services and software to distribute content to authorized end users in the PRC utilizing the Entriq media authorization network. Tencent Computer undertakes to pay fees to Entriq for content licensed by Entriq to Tencent Computer and content relationships developed and maintained by Entriq for Tencent Computer; the fees are calculated as variable portions of the net revenue received by Tencent Computer from the distribution of the content. Also, Entriq undertakes to pay a fee to Tencent Computer for Tencent Computer's mediation of business between Entriq and content providers in the PRC; the fee is equal to 10% of Entriq's net revenues generated from services as a direct result of Tencent Computer's introduction. The Company estimates that net revenue which Tencent Computer will derive from the agreement will be approximately US\$30,000 for the period ending December 31, 2004. No amount has been payable under the agreement up to March 31, 2004. These terms were negotiated on an arm's length basis on normal commercial terms.

The License Agreement, the Cooperation Agreement and the Entriq Customer Licence Agreement described above will constitute "continuing connected transactions" for the Company under the Listing Rules once the Shares are listed on the Stock Exchange. Under Rule 14A.33(3) of the Listing Rules, a continuing connected transaction on normal commercial terms where: (i) each of the percentage ratios (other than the profits ratio) is on an annual basis less than 0.1%; or (ii) each of the percentage ratios (other than the profits ratio) is on an annual basis equal to or more than 0.1% but less than 2.5% and the annual consideration is less than HK\$1,000,000, will be exempt from the reporting, announcement and independent shareholder approval requirements contained in Chapter 14A of the Listing Rules. Since the expected annual total consideration under each of the above agreements falls within the limits set out above and is expected to continue to do so in the foreseeable future, these transactions are exempt continuing connected transactions under Rule 14A.33(3). Should the amount of consideration payable by the Group in respect of any of these transactions exceed the limits set forth the above, the transactions under the relevant arrangement will be subject to the applicable reporting, announcement and independent shareholder approval requirements contained in Chapter 14A of the Listing Rules.

In the opinion of the Company's Directors, each of the above agreements is on normal commercial terms. As there is a lack of market benchmarks in China and the other jurisdictions in which the technology is licensed, in concluding that the connected transactions referred to above are on normal commercial terms, the Directors have taken into account: (i) the cost of providing the relevant technology, intellectual property or services to the connected party; (ii) the cost incurred by the connected counterparty in commercializing the relevant technology, intellectual property or services and (iii) the market rates charged by other providers for similar technology, intellectual property or services in a number of countries.

B. Non-Current Contracts

In 2002 and 2003, under the contracts described in detail in the next paragraph, we paid consultancy fees to companies wholly owned by the Core Founders, including our two executive Directors, in the aggregate amounts of US\$235,000 (equivalent to approximately

RMB1,943,000) and US\$705,000 (equivalent to approximately RMB5,828,000), respectively. We have discontinued these consultancy arrangements.

The Company entered into consultancy contracts with Fat Yue Holdings Limited, a company owned by one of the Core Founders, and Surge Ahead Limited, a company jointly owned by the Core Founders. These contracts were in effect from September 2002 to July 2003 and from July to December 2003, respectively. Pursuant to these contracts, Fat Yue Holdings Limited and Surge Ahead Limited are required to provide technical research and development consultancy services, including reports, analyses and assessments required for the Company's business. The Company paid a total consideration equal to approximately HK\$1,060,000 (equivalent to approximately RMB1,123,600) and HK\$1,513,000 (equivalent to approximately RMB1,603,780) to Fat Yue Holdings Limited and Surge Ahead Limited, respectively. The Company has not renewed these contracts nor has the Company entered into similar consultancy service contracts with other connected persons.