



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, 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 announcement.

This announcement, for which the directors (the “Directors”) of China Cyber Port (International) Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

* For identification purpose only

CHAIRMAN'S STATEMENT

On behalf of the board of the Directors (the "Board"), I am pleased to present the audited consolidated results of China Cyber Port (International) Company Limited (the "Company", together with its subsidiary companies, collectively the "Group") for the year ended 31 March 2008.

FINANCIAL PERFORMANCE

The Group recorded consolidated total turnover of approximately HK\$23,644,000 for the year ended 31 March 2008, representing an increase of approximately 11.2% as compared to approximately HK\$21,264,000 for the year ended 31 March 2007. The turnover for the year ended 31 March 2008 was attributable to the licensing income from the licensed rights of certain PC games.

The Group made a net loss attributable to shareholders of approximately HK\$35,800,000 for the year ended 31 March 2008 as compared to approximately HK\$23,022,000 for the year ended 31 March 2007.

BUSINESS REVIEW

The competition among financial information providers in Hong Kong has always been fierce due to the small size market and the market has already become saturated. In view of this, the Board has been actively seeking other opportunities to broaden the revenue base of the Group. During the past years, the Group has made strategic move to entering into the booming animation and game industry in the PRC and successfully completed three substantial acquisitions. Such strategic moves signal the Group stepping out from the financial information provision services in Hong Kong and focusing its resources on investment and business in the animation and game industry in the PRC.

LICENSING INCOME FROM THE LICENSE OF THE LICENSED RIGHTS

The Group receives the licensing income from the license of the Licensed Rights. For the year ended 31 March 2008, the revenue derived from the license of the Licensed Rights was approximately HK\$23,644,000 as compared to approximately HK\$20,207,000 for the year ended 31 March 2007.

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2008, together with the comparative figures for the corresponding year ended 31 March 2007 as follows:

	Notes	2008 HK\$	2007 HK\$ (Restated)
Continuing operations			
Turnover	2	23,643,583	20,207,284
Cost of sales		(33,613,707)	(15,384,615)
Gross (loss)/profit		(9,970,124)	4,822,669
Revenue from exploitation of an online game in the PRC		41,309,256	–
Other revenue	3	6,602,509	3,110,185
Administrative expenses		(8,293,761)	(8,236,494)
Other operating expenses		(41,872,613)	(11,412,090)
Operating loss		(12,224,733)	(11,715,730)
Finance costs	4 (a)	(22,287,943)	(9,863,034)
Share of loss of an associated company		(1,287,184)	(788,072)
Loss before taxation	4	(35,799,860)	(22,366,836)
Income tax	5	–	–
Loss for the year from continuing operations		(35,799,860)	(22,366,836)
Discontinued operations			
Loss for the year from discontinued operations	6 (a)	–	(654,932)
Loss attributable to shareholders	7	(35,799,860)	(23,021,768)
Dividends	8	–	–
Loss per share	9		
From continuing and discontinued operations			
– Basic		HK4.70 cents	HK3.67 cents
– Diluted		N/A	N/A
From continuing operations			
– Basic		HK4.70 cents	HK3.56 cents
– Diluted		N/A	N/A

Consolidated Balance Sheet

AS AT 31 MARCH 2008

	Notes	2008 HK\$	2007 HK\$ (Restated)
NON-CURRENT ASSETS			
Fixed assets	10	869,537	115,975
Intangible assets		372,801,678	134,615,385
Investment in an associated company		–	3,422,218
Available-for-sale financial assets		525,696,000	769,506,726
		899,367,215	907,660,304
CURRENT ASSETS			
Trade receivables	11	75,535,500	5,557,239
Deposits and prepayments		369,388	1,628,123
Loan receivable from an associated company		–	2,019,966
Cash and cash equivalents		35,808,612	22,985,258
		111,713,500	32,190,586
CURRENT LIABILITIES			
Accrued expenses		2,305,298	2,532,338
Receipts in advance and other payables		–	13,887
		2,305,298	2,546,225
NET CURRENT ASSETS		109,408,202	29,644,361
TOTAL ASSETS LESS CURRENT LIABILITIES		1,008,775,417	937,304,665
NON-CURRENT LIABILITIES			
Promissory notes	12	360,018,872	366,310,615
NET ASSETS		648,756,545	570,994,050
CAPITAL AND RESERVES			
Share capital	13	8,022,868	6,755,868
Reserves		640,733,677	564,238,182
TOTAL EQUITY		648,756,545	570,994,050

Statements of Changes in Equity of the Group

FOR THE YEAR ENDED 31 MARCH 2008

		Share capital	Share premium	Merger reserve	Capital surplus	Asset revaluation reserve	Exchange reserve	Convertible bond reserve	Share-based compensation reserve	Accumulated losses	Total
	Notes	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance as at 1 April 2006											
- As previously stated		5,135,520	48,201,945	8,320,333	1,498,659	46,314,614	141,282	348,441	317,241	(23,185,479)	87,092,556
- Prior year adjustment	14 (a)	-	-	-	-	-	-	-	-	(1,057,692)	(1,057,692)
- As restated		5,135,520	48,201,945	8,320,333	1,498,659	46,314,614	141,282	348,441	317,241	(24,243,171)	86,034,864
Loss for the year											
- As previously stated		-	-	-	-	-	-	-	-	17,394,520	17,394,520
- Prior year adjustment	14 (b)	-	-	-	-	-	-	-	-	(40,416,288)	(40,416,288)
- As restated		-	-	-	-	-	-	-	-	(23,021,768)	(23,021,768)
Conversion of convertible bonds		119,048	4,963,509	-	-	-	-	(348,441)	-	-	4,734,116
Issue of shares		1,272,300	279,572,700	-	-	-	-	-	-	-	280,845,000
Share issue expenses		-	(3,077,340)	-	-	-	-	-	-	-	(3,077,340)
Currency translation differences											
- associated company		-	-	-	-	-	150,102	-	-	-	150,102
Share option scheme											
- value of options granted		-	-	-	-	-	-	-	6,311,130	-	6,311,130
- proceeds from shares issued		229,000	5,652,087	-	-	-	-	-	(1,614,286)	-	4,266,801
Revaluation surplus on available-for-sale financial assets		-	-	-	-	214,751,145	-	-	-	-	214,751,145
Balance as at 1 April 2007		6,755,868	335,312,901	8,320,333	1,498,659	261,065,759	291,384	-	5,014,085	(47,264,939)	570,994,050
Loss for the year		-	-	-	-	-	-	-	-	(35,799,860)	(35,799,860)
Issue of shares		1,250,000	342,550,000	-	-	-	-	-	-	-	343,800,000
Disposal of an associated company		-	-	-	(1,498,659)	-	(322,625)	-	-	-	(1,821,284)
Currency translation differences											
- associated company		-	-	-	-	-	31,241	-	-	-	31,241
Revaluation deficits on intangible assets and available-for-sale financial assets		-	-	-	-	(232,751,145)	-	-	-	-	(232,751,145)
Share option scheme											
- value of options granted		-	-	-	-	-	-	-	3,180,644	-	3,180,644
- proceeds from shares issued		17,000	1,559,782	-	-	-	-	-	(453,883)	-	1,122,899
- forfeiture of share options granted		-	-	-	-	-	-	-	(3,283,262)	3,283,262	-
Balance as at 31 March 2008		8,022,868	679,422,683	8,320,333	-	28,314,614	-	-	4,457,584	(79,781,537)	648,756,545

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of China Cyber Port (International) Company Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group.

The consolidated financial statements for the year ended 31 March 2008 comprise the company and its subsidiaries (together referred to as the “group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that available-for-sale financial assets are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. TURNOVER AND SEGMENT INFORMATION

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. In accordance with the group’s operating activities, the primary segment reporting is by business segments.

(a) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the group’s business segments for the years ended 31 March 2008 and 31 March 2007:

Segment revenue and results

	Continuing operations						Discontinued operations						Consolidated (Restated)	
	Licensing income		Revenue from online platform		Total		Financial information		Production of financial books		Total			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
Turnover	23,643,583	20,207,284	-	-	23,643,583	20,207,284	-	1,027,780	-	29,172	-	1,056,952	23,643,583	21,264,236
Segment results	9,349,876	4,822,669	(19,320,000)	-	(9,970,124)	4,822,669	-	971,190	-	29,172	-	1,000,362	(9,970,124)	5,823,031
Revenue from exploitation of online games in the PRC					41,309,256	-							41,309,256	-
Other revenue					6,602,509	3,110,185							6,602,509	3,110,185
Unallocated costs					(50,166,374)	(19,648,584)						(540,159)	(50,166,374)	(20,188,743)
Operating (loss)/profit					(12,224,733)	(11,715,730)						460,203	(12,224,733)	(11,255,527)
Finance costs					(22,287,943)	(9,863,034)						-	(22,287,943)	(9,863,034)
Share of loss of an associated company					(1,287,184)	(788,072)						-	(1,287,184)	(788,072)
(Loss)/profit before taxation					(35,799,860)	(22,366,836)						460,203	(35,799,860)	(21,906,633)
Taxation					-	-						(1,115,135)	-	(1,115,135)
Loss for the year					(35,799,860)	(22,366,836)						(654,932)	(35,799,860)	(23,021,768)

Segment assets and liabilities

	Continuing operations						Discontinued operations						Consolidated (Restated)	
	Licensing income		Revenue from online platform		Total		Financial information		Production of financial books		Total			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
Segment assets	133,457,178	140,172,625	270,480,000	-	403,937,178	140,172,625	-	-	-	-	-	-	403,937,178	140,172,625
Unallocated assets													607,143,537	799,678,265
Total assets													1,011,080,715	939,850,890
Segment liabilities	-	-	-	-	-	-	-	13,887	-	-	-	13,887	-	13,887
Unallocated liabilities													362,324,170	368,842,953
Total liabilities													362,324,170	368,856,840
Other information:														
Unallocated capital expenditure													1,148,142	11,300
Depreciation and amortisation														
- Fixed assets													368,650	341,029
- Intangible assets	14,293,707	15,384,615	19,320,000	-	33,613,707	15,384,615	-	-	-	-	-	-	33,613,707	15,384,615

Segment assets consist primarily of intangible assets and trade receivables.

Segment liabilities comprise promissory notes, accrued expenses and receipts in advance and other payables.

(b) **Geographical segments**

The group principally operates in the People's Republic of China ("PRC") with revenue and results derived mainly from its operations in the PRC.

An analysis of segment assets and liabilities by geographical area is presented as follows:

	Hong Kong		PRC		Total	
	2008	2007	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
				(Restated)		(Restated)
Segment assets	37,047,537	24,528,139	974,033,178	915,322,751	1,011,080,715	939,850,890
Segment liabilities	2,305,298	2,546,225	360,018,872	366,310,615	362,324,170	368,856,840
Other information:						
Unallocated capital expenditure					1,148,142	11,300
Depreciation and amortisation						
- Fixed assets	368,650	341,029	-	-	368,650	341,029
- Intangible assets	-	-	33,613,707	15,384,615	33,613,707	15,384,615

3. **OTHER REVENUE**

	2008	2007
	HK\$	HK\$
		(Restated)
Exchange gains	5,045,387	719,918
Gain on disposal of an associated company	655,009	-
Gain on elimination of promissory notes	-	693,818
Interest income	901,213	1,655,264
Sundry income	900	41,185
	6,602,509	3,110,185

4. **LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

	2008	2007
	HK\$	HK\$
(a) Finance costs		
Fair value changes on promissory notes	-	871,671
Interest charge on promissory notes wholly repayable within five years	22,287,943	8,982,773
Interest charged on promissory notes	22,287,943	9,854,444
Interest charge on convertible bonds wholly repayable within five years	-	8,590
	22,287,943	9,863,034
(b) Staff costs		
Salaries and allowances	6,810,968	5,592,959
Share options granted	-	1,815,531
Pension cost – defined contribution plans	74,455	110,340
	6,885,423	7,518,830
(c) Other items		
Amortisation of intangible assets (included in cost of sales)	33,613,707	15,384,615
Auditors' remuneration	250,000	110,000
Depreciation	368,650	341,029
Provision for impairment of available-for-sale financial assets	29,059,581	-
Loss of disposal of fixed assets	25,330	4,594
Rental charges under operating leases for land and buildings	1,070,376	806,598

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2008 HK\$	2007 HK\$
Current tax	-	-
Deferred taxation	-	1,115,135
	<u>-</u>	<u>1,115,135</u>
Attributable to:-		
Continuing operations	-	-
Discontinued operations (note 6(a))	-	1,115,135
	<u>-</u>	<u>1,115,135</u>

No provision for taxation has been made (2007: HK\$Nil) as the group has an estimated loss for Hong Kong profits tax purposes in the year.

(b) Reconciliation between tax expense and accounting loss, at the applicable tax rate of 17.5% (2007: 17.5%):

	2008 HK\$	2007 HK\$ (Restated)
Loss before taxation		
Continuing operations	(35,799,860)	(22,366,836)
Discontinued operations	-	460,203
	<u>(35,799,860)</u>	<u>(21,906,633)</u>
Notional tax credit on loss before taxation	(6,264,976)	(3,833,663)
Expenses not deductible for tax purposes	16,412,856	4,780,943
Income not subject to tax	(13,189,908)	(4,073,349)
Derecognition of previously recognised tax losses	-	1,124,339
Tax effect of unused tax losses not recognised	3,006,308	3,083,893
Utilisation of previously unrecognised tax losses	-	(9,406)
Others	35,720	42,378
Actual tax expense	<u>-</u>	<u>1,115,135</u>

6. DISCONTINUED OPERATIONS

In view of the group's strategy to focus its effort in the PRC online gaming business, and to concentrate its resources on the development of such businesses, the group decided to discontinue the operations of financial information, financial seminars and courses, financial books and corporate public relations services.

(a) The turnover, other revenue, expenses, and the results of the discontinued operations are as follows:

	2008 HK\$	2007 HK\$
Turnover	-	1,056,952
Cost of sales	-	(56,590)
Gross profit	-	1,000,362
Administrative expenses	-	(540,159)
Profit before taxation	-	460,203
Taxation (note 5)	-	(1,115,135)
Loss for the year from discontinued operations	-	(654,932)

(b) The carrying amounts of the total assets and liabilities of the discontinued operations at the balance sheet date are as follows:

	2008 HK\$	2007 HK\$
Total assets	-	-
Total liabilities	-	(13,887)
Net liabilities	-	(13,887)

(c) The net cash flows attributable to the discontinued operations for the year are as follows:

	2008 HK\$	2007 HK\$
Net cash (used in)/generated from discontinued operations	(13,887)	452,153

(d) Loss per share from discontinued operations

	2008	2007
Basic and diluted from discontinued operations	-	HK0.11 cent

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to shareholders of the company for the year ended 31 March 2008 includes a loss of HK\$17,698,219 (2007: HK\$69,299,678) which has been dealt with in the financial statements of the company.

8. DIVIDENDS

No dividends have been paid or declared by the company during the year (2007: HK\$Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share for the year ended 31 March 2008 is based on the consolidated loss attributable to shareholders of HK\$35,799,860 (2007: HK\$23,021,768) and the weighted average number of 761,155,067 (2007: 627,785,550) ordinary shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share has been presented as any exercise of the company's share options would have had an anti-dilutive effect on the loss per share.

10. FIXED ASSETS

	Computer equipment HK\$	Leasehold improvements HK\$	Equipment, furniture and fixtures HK\$	Total HK\$
Cost				
At 1 April 2006	1,931,542	361,270	168,207	2,461,019
Additions	11,300	–	–	11,300
Disposals	(1,731,176)	–	(91,815)	(1,822,991)
At 1 April 2007	211,666	361,270	76,392	649,328
Additions	86,458	926,513	135,171	1,148,142
Disposals	–	(361,270)	(58,760)	(420,030)
At 31 March 2008	298,124	926,513	152,803	1,377,440
Accumulated depreciation				
At 1 April 2006	1,866,992	41,279	100,360	2,008,631
Charge for the year	35,359	255,014	50,656	341,029
On disposals	(1,730,394)	–	(85,913)	(1,816,307)
At 1 April 2007	171,957	296,293	65,103	533,353
Charge for the year	46,032	282,264	40,354	368,650
On disposals	–	(338,796)	(55,304)	(394,100)
At 31 March 2008	217,989	239,761	50,153	507,903
Net book value				
At 31 March 2008	80,135	686,752	102,650	869,537
At 31 March 2007	39,709	64,977	11,289	115,975

11. TRADE RECEIVABLES

	2008 HK\$	2007 HK\$ (Restated)
From a shareholder	44,400,000	–
From a related company	31,135,500	5,557,239
	75,535,500	5,557,239

All trade receivables, denominated in Renminbi, are expected to be recovered within one year.

The directors consider that the carrying amounts of trade receivables approximate their fair values.

12. PROMISSORY NOTES

	2008 HK\$	2007 HK\$
At 1 April	368,738,355	69,733,626
Issued during the year	–	359,755,581
Interest charged (note 4(a))	22,287,943	9,854,444
Interest paid	(4,037,426)	–
Repaid during the year	(25,000,000)	(70,605,296)
	361,988,872	368,738,355
Less: Accrued interest classified under current liabilities	(1,970,000)	(2,427,740)
At 31 March	360,018,872	366,310,615

At 31 March 2008, the promissory notes were held by a shareholder, were unsecured and interest bearing at the rate of 2% per annum. The promissory notes will mature on 10 February 2010.

The notes as at 31 March 2008 were revalued by an independent valuer, Grant Sherman Appraisal Limited. The valuation was carried out based on discounting the expected future cash flows of the promissory rates.

13. SHARE CAPITAL

Authorised and issued share capital

	2008		2007	
	No. of shares	HK\$	No. of shares	HK\$
Authorised:				
Ordinary shares of HK\$0.01 each	1,000,000,000	10,000,000	1,000,000,000	10,000,000
Ordinary shares, issued and fully paid:				
At 31 March	802,286,761	8,022,868	675,586,761	6,755,868

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

14. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

- (a) In February 2006, the group entered into an agreement to acquire intangible assets in respect of certain licensed rights subject to the approval by the independent shareholders. The transaction was approved in the extraordinary general meeting on 31 March 2006 and the agreement then became effective on 1 April 2006. Thus, the licensing income and the related amortisation charge of HK\$4,807,692 and HK\$3,750,000 recognised in the first quarter of the calendar year 2006 were reversed respectively and the accumulated loss as at 1 April 2006 was increased by HK\$1,057,692 accordingly.
- (b) In October 2006, the group entered into an agreement with China Communication Investment Limited ("CCI") to acquire an available-for-sale financial asset in respect of the right to receive 75% of the net revenue from operation of an online computer game "Sudden Attack" (突襲OL) in the PRC for the period from 1 January 2007 to 10 August 2009. The agreement stipulated that CCI provided an irrevocable guarantee to the group in respect of RMB160,000,000, RMB260,000,000 and RMB150,000,000 as cash flows in the years 2007 and 2008, and the period to August 2009 respectively. On 30 June 2007, due to the delay in completion of the game by Korean developer, a supplemental agreement was signed to reschedule the license period from 1 July 2007 to 10 February 2010. The guaranteed revenue from exploitation of the online game of HK\$40,249,304 together with the incidental exchange gain of HK\$166,984 recognised in the first quarter of the calendar year 2007 was reversed and the accumulated loss as at 1 April 2007 was increased by HK\$40,416,288 accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND PROFITABILITY

The Group recorded a turnover of approximately HK\$23,644,000 (2007: HK\$21,264,000) for the year ended 31 March 2008, representing an increase of approximately 11.2% as compared with 2006/07. The turnover for the year ended 31 March 2008 (2007: 95% of turnover) was attributable to licensing income for the license of the Licensed Rights.

The Group's gross loss for the year ended 31 March 2008 amounted to approximately HK\$9,970,000 as compared to a gross profit of approximately HK\$5,823,000 for the year ended 31 March 2007. The gross loss of the Group for the year ended 31 March 2008 was mainly attributable to amortisation charge for the intangible assets acquired in August 2007.

Selling, administrative and other operating expenses for the year ended 31 March 2008 were approximately HK\$50,166,000 as compared to approximately HK\$20,189,000 for the corresponding period in 2007. The increase of the expenses was mainly attributable to the provision for impairment of available-for-sale financial assets.

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group made a net loss attributable to shareholders of approximately HK\$35,800,000 for the year ended 31 March 2008 as compared to approximately HK\$23,022,000 for the year ended 31 March 2007. The increase in net loss was mainly attributable to the provision for impairment of available-for-sale financial assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the Group had outstanding promissory notes at a nominal value of approximately HK\$394 million (as at 31 March 2007: HK\$425 million) with a discounted value of approximately HK\$360.0 million (as at 31 March 2007: HK\$366.3 million). The promissory note is interest bearing at 2% per annum and matures on 10 February 2010. Other than the promissory notes, the Group did not have any other committed borrowing facilities as at 31 March 2008 (as at 31 March 2007: HK\$Nil).

As at 31 March 2008, the Group had net current assets of approximately HK\$109,408,000 (as at 31 March 2007: approximately HK\$29,644,000). The Group's current assets consisted of cash and cash equivalents of approximately HK\$35,809,000 (as at 31 March 2007: approximately HK\$22,985,000), trade receivables of approximately HK\$75,536,000 (as at 31 March 2007: approximately HK\$5,557,000) and deposits and prepayments of approximately HK\$369,000 (as at 31 March 2007: approximately HK\$1,628,000). The Group's current liabilities included accrued expenses of approximately HK\$2,305,000 (as at 31 March 2007: approximately HK\$2,532,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 35.8% as at 31 March 2008 as compared to 39.2% as at 31 March 2007.

At present, the Group generally finances its operations and investment activities with internally generated cash flows. Excess cash held by the Group is generally placed in licensed banks in Hong Kong.

CAPITAL STRUCTURE

During the year, 126,700,000 new ordinary shares were issued and allotted by the Company, among which 105,000,000 new ordinary shares were issued as the consideration for the acquisition for the right to receive the distributable profit from the e-Sports platform in the PRC in August 2007, 20,000,000 new ordinary shares were issued and allotted by subscription in June 2007 and 1,700,000 new ordinary shares were issued upon the exercise of share options.

CHARGE ON ASSETS

The Group did not have any charge on its assets as at 31 March 2008 and 31 March 2007.

STAFF COSTS

As at 31 March 2008, the Group had 3 employees (2007: 3). The staff costs for the year ended 31 March 2008 was approximately HK\$879,000 (2007: HK\$1,457,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 31 March 2008, the Group did not have any plan for material investments or capital assets. Nevertheless, the Group is constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

FOREIGN CURRENCY RISK

The income and expenditure of the Group are mainly carried in Hong Kong dollars and Renminbi and the assets and liabilities of the Group were mainly denominated in Hong Kong dollars. The Group does not expect significant exposure to foreign exchange fluctuations.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2008 and 31 March 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies had purchased, sold or redeemed any of the Company's shares on the GEM during the year ended 31 March 2008.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES OF THE GEM LISTING RULES

The Code on Corporate Governance Practices (the "CCGP") contained in Appendix 15 of the GEM Listing Rules was introduced on 1 January 2005, which set out the principles of good corporate governance and the Company is expected to comply with the code provisions of the CCGP. The Company believes that good and effective corporate governance could make an important contribution to corporate success and enhance values to the Group and our shareholders. Therefore, the Board is committed to maintain and ensure the standards of corporate governance within the Group and to ensure that the business activities and decision making processes are regulated in a proper and responsible manner. The Group has adopted practices which met and complied with the code provisions of the CCGP throughout the year ended 31 March 2008.

In the opinion of the Directors, the Company has met the code provisions set out in the CCGP.

APPROPRIATIONS

The Directors do not recommend the payment of any dividends during the year.

AUDIT COMMITTEE

For the year ended 31 March 2008, the Audit Committee held four meetings in which the members of the Audit Committee reviewed and concluded with satisfaction in relation to the internal control system of the Group and the following reports:

- Annual report for the year ended 31 March 2007;
- Quarterly reports for the first quarter and third quarter of 2007/08; and
- Interim report for the first six months of 2007/08.

The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2008 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held at 11:00 a.m. on Tuesday, 29 July 2008 at Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. Notice of the annual general meeting of the Company will be sent to the shareholders of the Company.

By order of the Board
CHINA CYBER PORT (INTERNATIONAL) COMPANY LIMITED
He Chenguang
Chairman

Hong Kong, 26 June 2008

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

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Group at www.ccpi.com.hk.