



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)

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2008**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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

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*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 only

## HIGHLIGHTS

- Turnover of the Group for the nine months ended 31 December 2008 was approximately HK\$364,824,000.
- Net loss attributable to equity holders was approximately HK\$412,617,000,000 for the nine months ended 31 December 2008.
- Loss per share for the nine months ended 31 December 2008 was approximately HK51.43 cents.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2008.

The Directors hereby present the unaudited consolidated results of the Company together with its subsidiaries (collectively the “Group”) for the nine months ended 31 December 2008.

## FINANCIAL PERFORMANCE

The Group recorded consolidated total turnover of approximately HK\$364,824,000 for the nine months ended 31 December 2008, representing an increase of approximately 2,039% as compared to approximately HK\$17,059,000 for the nine months ended 31 December 2007. The turnover for the nine months ended 31 December 2008 was attributable to (i) the operation of the e-Sports Platform; (ii) operation of the online game “Sudden Attack” (突袭OL) (“SA”) in the PRC; and (iii) distribution and selling of computer games in the PRC.

The Group made a net loss attributable to equity holders of approximately HK\$412,617,000 for the nine months ended 31 December 2008 as compared to a profit of approximately HK\$6,480,000 for the nine months ended 31 December 2007. The net loss for the period was mainly attributable to the impairment for goodwill and intangible assets during the period. Considering the recent development of the business in the newly acquired subsidiary, China Cyber Port Company Limited (“CCP”) and the macroeconomic environment, the Board has determined to impair the goodwill and intangible assets by approximately HK\$170,000,000 and HK\$275,434,000 respectively.

## 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 four 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.

### **Operation of the e-Sports Platform**

For the nine months ended 31 December 2008, the revenue derived from the operation of the e-Sports Platform was approximately HK\$129,958,000. No revenue was derived from the operation of the e-Sports Platform for the same period last year.

### **Operation of the online game SA**

For the nine months ended 31 December 2008, the revenue derived from the operation of the online game SA was approximately HK\$216,262,000. No revenue was derived from the operation of the online game SA for the same period last year.

### **Distribution and selling of computer games in the PRC**

For the nine months ended 31 December 2008, the revenue derived from the distribution and selling of computer games in the PRC was approximately HK\$18,604,000. No revenue was derived from the distribution and selling of computer games in the PRC for the same period last year.

## **MATERIAL ACQUISITION**

On 1 November 2007, Favor Grow Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement (“S&P Agreement”) with China Communication Investment Limited (“CCI”) for the acquisition of a 75% equity interest in China Cyber Port Company Limited (“CCP”), at a consideration based on the difference between the valuation of 75% equity interest in CCP and the adjusted benefits accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement. Pursuant to the Sudden Attack Agreement and the e-Sports Platform Agreement entered into by the Group on 20 October 2006 and 28 May 2007 respectively, the Group acquired from CCI (i) the right to receive the 40% of the net revenue derived from operating “Sudden Attack” in the PRC and (ii) the right to receive 75% of the distributable profit derived from operating the e-Sports Platform in the PRC, respectively. Under the S&P Agreement, the Group and CCI agreed to cancel these two agreements and to cancel the HK\$80 million promissory notes held by CCI in settlement of the shortfall.

The completion of the acquisition took place on 1 April 2008 and CCP became an indirect 75%-owned subsidiary of the Company.

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2008

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2008 (Unaudited) HK\$	2007 (Unaudited) HK\$ (Restated)	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$ (Restated)
Turnover	5	10,136,113	5,775,000	364,823,786	17,059,167
Cost of sales		(36,295,333)	(9,837,134)	(209,854,376)	(19,851,404)
Gross (loss)/profit		(26,159,220)	(4,062,134)	154,969,410	(2,792,237)
Revenue from exploitation of online games in the PRC		-	-	-	41,309,256
Other income		4,573,789	1,119,555	6,883,238	2,400,748
Selling and distribution expenses		(22,653,710)	-	(217,426,949)	-
Administrative expenses		(5,657,473)	(2,039,125)	(19,749,414)	(5,633,069)
Other operating expenses		(14,152,060)	(3,450,231)	(466,589,043)	(10,907,757)
Operating (loss)/profit		(64,048,674)	(8,431,935)	(541,912,758)	24,376,941
Finance costs	6	(4,078,298)	(4,223,802)	(12,543,947)	(16,609,456)
Share of loss of an associate		-	-	-	(1,287,184)
(Loss)/profit before taxation		(68,126,972)	(12,655,737)	(554,456,705)	6,480,301
Taxation	7	(5,367,325)	-	69,879,385	-
(Loss)/profit for the period		(73,494,297)	(12,655,737)	(484,577,320)	6,480,301
Attributable to:					
Equity holders of the Company		(56,759,382)	(12,655,737)	(412,616,973)	6,480,301
Minority interests		(16,734,915)	-	(71,960,347)	-
		(73,494,297)	(12,655,737)	(484,577,320)	6,480,301
(Loss)/earnings per share					
- basic	8	(HK\$7.07 cents)	(HK1.58 cents)	(HK\$51.43 cents)	HK\$0.87 cents
(Loss)/earnings per share					
- diluted	8	N/A	N/A	N/A	HK\$0.86 cents

# NOTES TO THE CONDENSED FINANCIAL INFORMATION

*For the nine months ended 31 December 2008*

## 1. GENERAL

The Company was incorporated in the Cayman Islands on 23 May 2002 with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 November 2002.

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

The registered office of the Company is located at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands and its principal place of business in Hong Kong is located at Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

## 2. RETROSPECTIVE RESTATEMENTS

During the financial year ended 31 March 2006, the Group has entered into an agreement to acquire the intangible assets (“Intangible Assets”) in respect of computer games licensed rights. The transaction (the “Transaction”) was completed on 1 April 2007 and the Group recorded it in accordance with the accounting policy as set out in the notes to the audited financial statements of the Group for the year ended 31 March 2006 related to intangible assets (the “Accounting Policy”). The Accounting Policy requires that intangible assets to be stated at cost less accumulated amortization and impairment losses, whilst in an exchange of a non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of the intangible asset to be measured at its fair value at the time of exchange. The difference in fair values of the intangible asset and the asset given up is to be included in the asset revaluation reserve in equity.

The Group’s consideration of the Transaction consisted of cash, new shares allotted and promissory note payable. The Group initially recognised the Intangible Assets at HK\$150,000,000 which was the fair value given by independent valuer, and recognised the considerations at their respective fair values totaling HK\$103.6 million. The difference of the above two fair values was credited to asset revaluation reserve.

The board of directors has recently reconsidered the above accounting treatment and found that it would be more appropriate for the Group to recognise the Intangible Assets at its cost of acquisition (i.e. the fair value of consideration of HK\$103.6 million) and no asset revaluation reserve to be created.

The Group has restated the relevant accounting balances retrospectively, as a result, the carrying amount of the relevant intangible assets would be reduced by approximately HK\$41.3 million and HK\$19.3 million as at 1 April 2007 and 31 March 2008 respectively. Any formerly recognised asset revaluation reserve is to be removed. The cumulative reduction in amortisation of Intangible Assets up to 31 March 2008 is approximately HK\$8.9 million. For the unaudited income statement of the Group for the three months and nine months ended 31 December 2007, the reduction in amortisation of Intangible Assets is approximately HK\$0.7 million and HK\$3.2 million respectively.

The effect to the Group's unaudited income statement for the three months and nine months period ended 31 December 2007 and the earnings per share for the same periods are illustrated as follows:

	<b>For the three months ended 31 December 2007 (as previously reported)</b> <i>HK\$</i>	<b>Adjustments</b> <i>HK\$</i>	<b>For the three months ended 31 December 2007 (as restated)</b> <i>HK\$</i>	<b>For the nine months ended 31 December 2007 (as previously reported)</b> <i>HK\$</i>	<b>Adjustments</b> <i>HK\$</i>	<b>For the nine months ended 31 December 2007 (as restated)</b> <i>HK\$</i>
Turnover	5,775,000		5,775,000	17,059,167		17,059,167
Cost of sales	(10,545,699)	708,565	(9,837,134)	(23,068,007)	3,216,603	(19,851,404)
Gross loss	(4,770,699)		(4,062,134)	(6,008,840)		(2,792,237)
Revenue from exploitation of online games in the PRC	-		-	41,309,256		41,309,256
Other income	1,119,555		1,119,555	2,400,748		2,400,748
Selling and distribution expenses	-		-	-		-
Administrative expenses	(2,039,125)		(2,039,125)	(5,633,069)		(5,633,069)
Other operating expenses	(3,450,231)		(3,450,231)	(10,907,757)		(10,907,757)
Operating (loss)/profit	(9,140,500)		(8,431,935)	21,160,338		24,376,941
Finance costs	(4,223,802)		(4,223,802)	(16,609,456)		(16,609,456)
Share of loss of an associate	-		-	(1,287,184)		(1,287,184)
Profit before taxation	(13,364,302)		(12,655,737)	3,263,698		6,480,301
Taxation	-		-	-		-
Profit for the period	(13,364,302)		(12,655,737)	3,263,698		6,480,301
Earnings per share – basic	(HK1.67 cents)		(HK1.58 cents)	HK0.44 cents		HK0.87 cents
Earnings per share – diluted	N/A		N/A	HK0.44 cents		HK0.86 cents

### **3. BASIS OF PREPARATION**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2008. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

This condensed consolidated financial information has been prepared on a going concern basis, the validity of which depends on the ability of the Group to operate within budget as set out in its cash flow forecast for the upcoming twelve months. Should there be any unexpected major adverse incidents, such as non-recovery of trade debts, substantial decline of planned operating cash flow, and failure to reach refinancing arrangement with a note holder, adjustments would have to be made to the condensed consolidated financial information to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

### **4. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in preparing the condensed consolidated financial information are consistent with those followed in the annual report of the Group for the year ended 31 March 2008 in addition to the followings:

#### **(a) Business combination and goodwill**

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group’s share of the net fair value of the subsidiary’s identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

**(b) Intangible assets**

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation of intangible assets is charged to profit or loss on a straight line basis over their estimated useful lives as follow:

Online game software platform	10 years
Online game license rights – Sudden Attack	23 months
e-Sports platform portal	6 years
Computer game distribution rights	6 years
Trademarks	5 years
Distribution network	6 years

**(c) Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

**(d) Revenue recognition – prepaid game cards, sales of peripheral products and advertising**

The Group sells prepaid game cards to distributors and online game players. With the prepaid game cards, online game players can credit their online game accounts with game points which can be used for consumption, purchasing virtual products and premium features of certain online games hosted by the Group. The game users can also credit their online user accounts directly. Such income received is deferred and recorded as deferred income under current liabilities and would be recognised as revenue upon the actual usage of the game points. Revenue recognised in respect of operating the online games is net of discounts, business tax, internet payment and settlement service fee, and other related taxes and charges.

Revenue from trading of peripheral products are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Advertising income is recognised when the related service is rendered.

**5. TURNOVER**

	For the three months ended 31 December		For the nine months ended 31 December	
	2008	2007	2008	2007
	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$
Operating of the e-Sports Platform	<b>4,807,917</b>	–	<b>129,958,223</b>	–
Operating of the online game SA	<b>5,245,374</b>	–	<b>216,262,028</b>	–
Distribution and selling of computer games in the PRC	<b>82,822</b>	–	<b>18,603,535</b>	–
Licensing income	–	5,775,000	–	17,059,167
	<b>10,136,113</b>	<b>5,775,000</b>	<b>364,823,786</b>	<b>17,059,167</b>

**6. FINANCE COSTS**

	For the three months ended 31 December		For the nine months ended 31 December	
	2008	2007	2008	2007
	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$
Interest charge on promissory notes wholly repayable within three years	<b>4,078,298</b>	4,223,102	<b>12,543,947</b>	16,609,456

## 7. TAXATION

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong for the three months (2007: HK\$Nil) and nine months ended 31 December 2008 (2007: HK\$Nil). Taxation on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, base on existing legislation, interpretations and practices in respect thereof.

	For the three months ended 31 December		For the nine months ended 31 December	
	2008	2007	2008	2007
	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$
Current – other than Hong Kong				
Charge for the period	–	–	<b>12,188,361</b>	–
Deferred	<b>5,367,325</b>	–	<b>(82,067,746)</b>	–
	<b>5,367,325</b>	–	<b>(69,879,385)</b>	–

## 8. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share for the three months and nine months ended 31 December 2008 is based on the unaudited consolidated loss attributable to shareholders of HK\$56,759,382 (2007: (restated) HK\$12,655,737) and HK\$412,616,973 (2007: (restated) a profit of HK\$6,480,301) respectively and the weighted average number of 802,286,761 (2007:802,286,761) and 802,286,761 (2007: 747,544,216) ordinary shares in issue during the period.

### (b) Diluted (loss)/earnings per share

The effects of all potential ordinary shares are anti-dilutive for the three months and nine months ended 31 December 2008.

The calculation of diluted earnings per share attributable to equity holders of the Company is based on the profit for the nine months ended 31 December 2007 attributable to equity holders of the Company of HK\$6,480,301 (restated) and the adjusted weighted average number of ordinary shares of 750,146,355, being the weighted average number of ordinary shares of 747,544,216 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 2,602,139 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period.

## 9. DIVIDENDS

No dividends have been paid or declared by the Company for the three months (2007: HK\$Nil) and nine months (2007: HK\$Nil) ended 31 December 2008.

## 10. MOVEMENT OF RESERVES

	Attributable to the Company's equity holders								
	Share premium	Merger reserve	Capital surplus	Asset revaluation reserve	Foreign currency translation reserve	Share-based compensation reserve	Accumulated losses	Minority interests	Total reserves
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(unaudited)	(unaudited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance as at 1 April 2007									
As previously stated	335,312,901	8,320,333	1,498,659	261,065,759	291,384	5,014,085	(47,264,939)	-	564,238,182
Retrospective restatement	-	-	-	(46,314,614)	-	-	5,016,076	-	(41,298,538)
	<u>335,312,901</u>	<u>8,320,333</u>	<u>1,498,659</u>	<u>214,751,145</u>	<u>291,384</u>	<u>5,014,085</u>	<u>(42,248,863)</u>	<u>-</u>	<u>522,939,644</u>
As restated	335,312,901	8,320,333	1,498,659	214,751,145	291,384	5,014,085	(42,248,863)	-	522,939,644
Profit for the period	-	-	-	-	-	-	6,480,301	-	6,480,301
Issue of shares	342,550,000	-	-	-	-	-	-	-	342,550,000
Disposal of an associated company	-	-	(1,498,659)	-	(322,625)	-	-	-	(1,821,284)
Currency translation differences									
- an associate	-	-	-	-	31,241	-	-	-	31,241
Revaluation deficits on intangible assets and available-for-sale financial assets	-	-	-	(70,000,000)	-	-	-	-	(70,000,000)
Share option scheme									
- share based payment	-	-	-	-	-	2,370,287	-	-	2,370,287
- exercise of share options	1,559,782	-	-	-	-	(453,883)	-	-	1,105,899
- forfeiture of share options granted	-	-	-	-	-	(3,096,193)	3,096,193	-	-
	<u>679,422,683</u>	<u>8,320,333</u>	<u>-</u>	<u>144,751,145</u>	<u>-</u>	<u>3,834,296</u>	<u>(32,672,369)</u>	<u>-</u>	<u>803,656,088</u>
Balance as at 31 December 2007	679,422,683	8,320,333	-	144,751,145	-	3,834,296	(32,672,369)	-	803,656,088
	<u>679,422,683</u>	<u>8,320,333</u>	<u>-</u>	<u>28,314,614</u>	<u>-</u>	<u>4,457,584</u>	<u>(79,781,537)</u>	<u>-</u>	<u>640,733,677</u>
Balance as at 1 April 2008	679,422,683	8,320,333	-	28,314,614	-	4,457,584	(79,781,537)	-	640,733,677
As previously stated	679,422,683	8,320,333	-	28,314,614	-	4,457,584	(79,781,537)	-	640,733,677
Retrospective restatement	-	-	-	(28,314,614)	-	-	8,941,245	-	(19,373,369)
	<u>679,422,683</u>	<u>8,320,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,457,584</u>	<u>(70,840,292)</u>	<u>-</u>	<u>621,360,308</u>
As restated	679,422,683	8,320,333	-	-	-	4,457,584	(70,840,292)	-	621,360,308
Acquisition of a subsidiary	-	-	-	-	-	-	-	150,446,350	150,446,350
Loss for the period	-	-	-	-	-	-	(412,616,973)	(71,960,347)	(484,577,320)
Currency translation differences	-	-	-	-	8,747,136	-	-	2,915,712	11,662,848
Share option scheme									
- share based payment	-	-	-	-	-	798,668	-	-	798,668
- forfeiture of share options granted	-	-	-	-	-	(1,582,008)	1,582,008	-	-
	<u>679,422,683</u>	<u>8,320,333</u>	<u>-</u>	<u>-</u>	<u>8,747,136</u>	<u>3,674,244</u>	<u>(481,875,257)</u>	<u>81,401,715</u>	<u>299,690,854</u>
Balance as at 31 December 2008	679,422,683	8,320,333	-	-	8,747,136	3,674,244	(481,875,257)	81,401,715	299,690,854

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held					Number of underlying shares		Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Share Option Scheme	Aggregate interests	
Xiao Haiping	1,000,000	-	-	-	1,000,000	1,000,000	2,000,000	0.25%

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules as at 31 December 2008.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Number of shares held					Total interests in shares	Share Option Scheme	Aggregate interests	Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests					
China Communication Co., Ltd. (Note 1)	-	220,542,000	-	-	220,542,000	-	220,542,000	27.49%	
China Communication Investment Ltd.	220,542,000	-	-	-	220,542,000	-	220,542,000	27.49%	
Mi Hui Ying (Note 2)	-	74,979,195	-	-	74,979,195	-	74,979,195	9.35%	
Superhero Limited	74,979,195	-	-	-	74,979,195	-	74,979,195	9.35%	
Ge Wen Bin (Note 3)	-	54,001,144	-	-	54,001,144	-	54,001,144	6.73%	
Supreme System Investments Limited	54,001,144	-	-	-	54,001,144	-	54,001,144	6.73%	
Chan Wong Kam Fung, Cecilia	51,500,798	-	-	-	51,500,798	-	51,500,798	6.42%	

### Notes:

- (1) China Communication Co., Ltd. is deemed to be a substantial shareholder as China Communication Investment Ltd. is a wholly owned subsidiary of China Communication Co., Ltd.
- (2) Ms. Mi Hui Ying is deemed to be a substantial shareholder by virtue of her 100% beneficial interest in Superhero Limited.
- (3) Mr. Ge Wen Bin is deemed to be a substantial shareholder by virtue of his 100% beneficial interest in Supreme System Investments Limited.

Save as disclosed above, as at 31 December 2008, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which requires to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## SHARE OPTION SCHEMES

Share options were granted to certain directors, employees and consultants of the Company under the share option scheme (the “Share Option Scheme”) conditionally adopted on 28 October 2002. The Share Option Scheme became unconditional upon the listing of the Company’s shares on GEM on 15 November 2002. The Share Option Scheme was amended by an ordinary resolution duly passed at an annual general meeting by the Company’s shareholders on 28 July 2006. Details of the Share Option Scheme have been set out in the Company’s annual report of year 2008.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 31 December 2008 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					As at 31 December 2008
				As at 1 April 2008	Options granted during the period	Options exercised during the period <sup>(2)</sup>	Options lapsed during the period <sup>(1)</sup>	Options cancelled during the period	
<i>Directors</i>									
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.090	1,000,000	-	-	-	-	1,000,000
<i>Other Eligible Participants</i>									
In aggregate	3 April 2006	3 October 2006 to 2 April 2009	1.090	2,000,000	-	-	-	-	2,000,000
In aggregate	28 June 2006	28 December 2006 to 27 June 2009	1.740	800,000	-	-	-	-	800,000
In aggregate	13 July 2006	13 January 2007 to 12 July 2008	1.920	500,000	-	-	(500,000)	-	-
In aggregate	17 August 2006	16 August 2007 to 16 August 2008	1.920	1,000,000	-	-	(1,000,000)	-	-
In aggregate	30 July 2007	30 January 2008 to 29 July 2010	2.800	800,000	-	-	-	-	800,000
In aggregate	17 August 2007	17 February 2008 to 16 August 2008	2.800	1,500,000	-	-	(1,500,000)	-	-
In aggregate	4 January 2008	5 July 2008 to 4 January 2009	2.816	3,000,000	-	-	-	-	3,000,000
In aggregate	14 August 2008	14 August 2009 to 13 August 2010	0.970	-	1,000,000	-	-	-	1,000,000
In aggregate	15 August 2008	15 August 2009 to 14 August 2010	1.300	-	1,500,000	-	-	-	1,500,000
				10,600,000	2,500,000	-	(3,000,000)	-	10,100,000

Notes:

- (1) In accordance with the Share Option Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its subsidiary companies, the grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.
- (2) No share options were exercised during the period.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES**

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## **COMPETING INTERESTS**

None of the Directors of the Company had any interest in a business which competes or may compete with the businesses of the Group.

## **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 nine months ended 31 December 2008.

## **AUDIT COMMITTEE**

The Company has established an audit committee on 28 October 2002 with written terms of reference based on the guidelines set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules. During this quarter, it comprises three Independent Non-Executive Directors, namely Mr. Yip Tai Him, Dr. Liu Jie and Ms. Cao Huifang. Dr. Liu Jie resigned as Independent Non-Executive Director, Member of Audit Committee and Member of Remuneration Committee with effect from 16 October 2008. Ms. Liu Hong was appointed as Independent Non-Executive Director, Member of Audit Committee and Member of Remuneration Committee with effect from 16 October 2008. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited quarterly report for the nine months ended 31 December 2008.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the nine months ended 31 December 2008.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the nine months ended 31 December 2008.

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

Hong Kong, 10 February 2009

As at the date of this announcement, the Board comprises:

Mr. He Chenguang (*Executive Director and Chairman*)  
Mr. Xiao Haiping (*Executive Director*)  
Mr. Zhang Peng (*Executive Director and Chief Executive Officer*)  
Ms. Weng Pinger (*Executive Director*)  
Mr. Yip Tai Him (*Independent Non-Executive Director*)  
Ms. Cao Huifang (*Independent Non-Executive Director*)  
Ms. Liu Hong (*Independent Non-Executive Director*)

*This announcement will remain at [www.hkgem.com](http://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](http://www.ccpi.com.hk).*