



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2009

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.

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.

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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 purposes only

HIGHLIGHTS

- Turnover of the Group for the three months ended 30 June 2009 was approximately HK\$9,729,000.
- Net loss attributable to owners of the Company was approximately HK\$16,128,000 for the three months ended 30 June 2009.
- Loss per share for the three months ended 30 June 2009 was approximately HK2.01 cents.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2009.

The Directors hereby present the unaudited consolidated results of the Company together with its subsidiaries (collectively the “Group”) for the three months ended 30 June 2009.

FINANCIAL PERFORMANCE

The Group recorded consolidated turnover of approximately HK\$9,729,000 for the three months ended 30 June 2009, representing an decrease of approximately 95.9% as compared to approximately HK\$238,841,000 for the three months ended 30 June 2008. The turnover for the three months ended 30 June 2009 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 owners of the Company of approximately HK\$16,128,000 for the three months ended 30 June 2009 as compared to approximately HK\$3,675,000 for the three months ended 30 June 2008. The net loss for the period was mainly attributable to the downturn for the animation and game industry in the PRC during the period.

BUSINESS REVIEW

Apart from the continuous efforts to monitor the market development, restructure and streamline the business operations as and when necessary so as to improve the current financial status of the Group and enhance the business performance, the Board has been actively seeking other opportunities to broaden the revenue base of the Group.

Operation of the e-Sports Platform

For the three months ended 30 June 2009, the revenue derived from the operation of the e-Sports Platform was approximately HK\$4,097,000 as compared to approximately HK\$80,245,000 for the three months ended 30 June 2008.

Operation of the online game SA

For the three months ended 30 June 2009, the revenue derived from the operation of the online game SA was approximately HK\$5,628,000 as compared to approximately HK\$147,283,000 for the three months ended 30 June 2008.

Distribution and selling of computer games in the PRC

For the three months ended 30 June 2009, the revenue derived from the distribution and selling of computer games in the PRC was approximately HK\$4,000 as compared to approximately HK\$11,313,000 for the three months ended 30 June 2008.

FINANCIAL STATEMENT

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June 2009

	<i>Note</i>	Three months ended	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	3	9,729	238,841
Cost of sales		<u>(7,231)</u>	<u>(85,715)</u>
Gross profit		2,498	153,126
Other income		15	2,278
Selling and distribution expenses		(3,297)	(136,280)
Administrative expenses		(4,380)	(7,703)
Other operating expenses		<u>(9,654)</u>	<u>(3,090)</u>
(Loss)/profit from operation		(14,818)	8,331
Finance costs	4	<u>(5,002)</u>	<u>(5,571)</u>
(Loss)/profit before tax		(19,820)	2,760
Income tax credit/(expense)	5	<u>1,017</u>	<u>(3,163)</u>
Loss for the period		<u>(18,803)</u>	<u>(403)</u>
Attributable to:			
Owners of the Company		(16,128)	(3,675)
Minority interests		<u>(2,675)</u>	<u>3,272</u>
		<u>(18,803)</u>	<u>(403)</u>
Loss per share		HK cents	HK cents
– Basic	6	<u>(2.01)</u>	<u>(0.46)</u>
– Diluted	6	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2009

	Three months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Loss for the period	<u>(18,803)</u>	<u>(403)</u>
Other comprehensive income:		
Exchange differences on translating foreign operations	<u>8</u>	<u>17,341</u>
Other comprehensive income for the period, net of tax	<u>8</u>	<u>17,341</u>
Total comprehensive (expense)/income for the period	<u>(18,795)</u>	<u>16,938</u>
Attributable to:		
Owners of the Company	<u>(16,122)</u>	<u>9,331</u>
Minority interests	<u>(2,673)</u>	<u>7,607</u>
	<u>(18,795)</u>	<u>16,938</u>

NOTES TO THE CONDENSED FINANCIAL INFORMATION

For the three months ended 30 June 2009

1. GENERAL

The Company was incorporated in the Cayman Islands on 23 May 2002 with limited liability. 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, Uglund 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. BASIS OF PREPARATION

These condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009. The accounting policies and methods of computation used in the preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 31 March 2009.

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 its accounting period beginning on 1 April 2009. 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 except the presentation of financial information as stated below.

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial information.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. 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, failure to obtain additional funding as planned or any incidents that would adversely affect the Group’s financial position such that the Group is unable to continue as a going concern, 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.

3. TURNOVER

	Three months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
e-Sports Platform	4,097	80,245
Online game operation	5,628	147,283
Computer games distribution and licensing	4	11,313
	<u>9,729</u>	<u>238,841</u>

4. FINANCE COSTS

	Three months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Interest charge on promissory notes not wholly repayable within five years	<u>5,002</u>	<u>5,571</u>

5. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current – PRC Enterprise Income Tax	–	(12,189)
Deferred tax	<u>1,017</u>	<u>9,026</u>
	<u>1,017</u>	<u>(3,163)</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the three months ended 30 June 2009 (2008: HK\$Nil).

Tax charge 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.

6. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share for the three months ended 30 June 2009 is based on the unaudited consolidated loss attributable to owners of the Company of approximately HK\$16,128,000 (2008: HK\$3,675,000) and the weighted average number of 802,286,761 (2008: 802,286,761) ordinary shares in issue during the period.

Diluted loss per share

As there were no dilutive potential ordinary shares for the Company's outstanding options for the three months ended 30 June 2009 and the exercise of the Company's outstanding share options for the three months ended 30 June 2008 would be anti-dilutive, no diluted loss per share was presented in both periods.

7. DIVIDENDS

No dividends have been paid or declared by the Company for the three months ended 30 June 2009 (2008: HK\$Nil).

8. MOVEMENT OF RESERVES

	Attributable to owners of the Company						
	Share premium	Merger reserve	Exchange reserve	Share-based payment reserve	Accumulated losses	Minority interests	Total reserves
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Balance as at 1 April 2008	679,423	8,320	–	4,458	(70,841)	–	621,360
Acquisition of a subsidiary	–	–	–	–	–	155,920	155,920
Total comprehensive income/ (expense) for the period	–	–	13,006	–	(3,675)	7,607	16,938
Share option scheme – share based payment	–	–	–	387	–	–	387
Balance as at 30 June 2008	<u>679,423</u>	<u>8,320</u>	<u>13,006</u>	<u>4,845</u>	<u>(74,516)</u>	<u>163,527</u>	<u>794,605</u>
Balance as at 1 April 2009	679,423	8,320	9,135	3,246	(888,900)	12,482	(176,294)
Total comprehensive income/ (expense) for the period	–	–	6	–	(16,128)	(2,673)	(18,795)
Share option scheme – share based payment	–	–	–	408	–	–	408
– forfeiture of share options granted	–	–	–	(1,914)	1,914	–	–
Balance as at 30 June 2009	<u>679,423</u>	<u>8,320</u>	<u>9,141</u>	<u>1,740</u>	<u>(903,114)</u>	<u>9,809</u>	<u>(194,681)</u>

OTHER INFORMATION

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

As at 30 June 2009, 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.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, 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	Number of underlying shares		Approximate percentage of the issued share of the Company
	Personal interests	Corporate interests	Family interests	Other interests		Share Option Scheme	Aggregate 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%

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 30 June 2009, 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 2009.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 30 June 2009 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					As at 30 June 2009
				As at 1 April 2009	Options granted during the period	Options exercised during the period ⁽²⁾	Options lapsed during the period ⁽¹⁾	Options cancelled during the period	
<i>Directors</i>									
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.09	1,000,000	-	-	(1,000,000)	-	-
<i>Other Eligible Participants</i>									
In aggregate	3 April 2006	3 October 2006 to 2 April 2009	1.09	2,000,000	-	-	(2,000,000)	-	-
In aggregate	28 June 2006	28 December 2006 to 27 June 2009	1.74	800,000	-	-	(800,000)	-	-
In aggregate	30 July 2007	30 January 2008 to 29 July 2010	2.80	800,000	-	-	-	-	800,000
In aggregate	14 August 2008	14 August 2009 to 13 August 2010	0.97	1,000,000	-	-	-	-	1,000,000
In aggregate	15 August 2008	15 August 2009 to 14 August 2010	1.30	1,500,000	-	-	-	-	1,500,000
In aggregate	14 January 2009	14 July 2009 to 13 July 2010	0.82	1,200,000	-	-	-	-	1,200,000
				8,300,000	-	-	(3,800,000)	-	4,500,000

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 three months ended 30 June 2009.

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, Ms. Cao Huifang and Ms. Liu Hong. 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 first quarterly report for the three months ended 30 June 2009.

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 three months ended 30 June 2009.

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 three months ended 30 June 2009.

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

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*)

Hong Kong, 10 August 2009

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.