



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 2007

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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 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 2007.

Financial performance

The Group recorded consolidated total turnover of approximately HK\$21,264,000 for the year ended 31 March 2007, representing an increase of approximately 619% as compared to approximately HK\$2,958,000 for the year ended 31 March 2006. Approximately 95.0% and 4.8% of the turnover for the year ended 31 March 2007 were attributable to the licensing income for license of the licensed rights and provision of real-time financial information services respectively.

The Group made a net profit attributable to shareholders of approximately HK\$17,395,000 for the year ended 31 March 2007 as compared to a loss of approximately HK\$7,318,000 for the year ended 31 March 2006. The improvement in annual results was mainly attributable to the revised business focus.

Business review

The competition among financial information providers in Hong Kong has always been fierce due to a 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 year, the Group has made strategic move to entering into the booming animation and game industry in the PRC and completed two substantial acquisitions successfully. Such strategic move signals the Group's stepping out from the financial information provision services in Hong Kong and the Group is now focusing its resources on investment and business in the animation and game industry in the PRC.

In March 2006, the Group completed acquisition of certain licensed rights to publish, replicate, reproduce, manufacture, distribute and sell thirty-four computer game softwares and computer game guide books in the retail stores, cybercafes, and on-line servers located in the PRC (excluding Hong Kong, Macau Special Administrative Region and Taiwan) and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of the computer games in the PRC (excluding Hong Kong, Macau Special Administrative Region and Taiwan) (the "Licensed Rights"). Licensing income from the Licensed Rights generate a steady income for the Group.

Further to the acquisition of the Licensed Rights, the Group entered into an acquisition agreement in October 2006 in relation to right to receive net revenue from operation of one of the most popular Korean FPS (First Person Shooting) online game *Sudden Attack* (突襲OL) in the PRC. The Board considers that this acquisition will enable the Group to expose to the fast growing industry of online game in the PRC.

To better reflect the current business expansion plan of the Company and the well-developed partnership with China Communication Co. Ltd. and its group, as well as refresh the corporate identity and image of the Company, the Company has adopted the current name China Cyber Port (International) Company Limited since March 2007.

Revenue from acquisition of certain benefits linked to the operation of certain online game in the PRC

The Group is entitled to receive Net Revenue in accordance with the SA Agreement (as defined in the Company's circular dated 30 November 2006) for the period between 1 January 2007 and 10 August 2009. For the year ended 31 March 2007, the revenue from acquisition of certain benefits linked to the operation of certain online game in the PRC was approximately HK\$40,249,000. No revenue was derived from this source in last year.

Licensing income from the license of the Licensed Rights

The Group receives the Annual Payment (as defined in the Company's circular dated 15 March 2006) under the CCP Agreement (as defined in the Company's circular dated 15 March 2006) for a period of ten years and the Annual Payment will be adjusted annually by a compound rate of 10%. For the year ended 31 March 2007, the revenue derived from the license of the Licensed Rights was approximately HK\$20,207,000 whilst no such revenue was derived in last year.

Provision of real-time financial information services

For the year ended 31 March 2007, the revenue derived from the provision of real-time financial information services was approximately HK\$1,028,000 as compared to approximately HK\$1,483,000 for the year ended 31 March 2006. The decrease in revenue was attributable to the termination of the real-time financial information business with effect from 1 November 2006.

Business outlook

China is the world's fastest growing economy and China's Internet is among its fastest growing industries. China's internet penetration rate is only about 10% of the total population, or 137 million net citizens. The penetration rate is higher than the level of equivalent developing countries, but lower than developed countries with Japan, Korea, USA's 70% penetration rate according to iResearch, an independent market researcher. According to CCID Consulting, revenue from China's online game industry reached RMB5.54 billion in 2006, up 36% from a year earlier, and is expected to quadruple by 2010 as Internet access becomes more widespread. With China's Internet users expected to grow rapidly and the economy poised to see strong growth in the long run, the number of netizens in China is expected to reach 163 million by 2007 and the Internet market is expected to reach RMB94 billion by 2010. As one of the major sectors in the Internet industry, online game market has also been growing with the internet industry, according to CCID Consulting, the PRC online game market size is expected to reach about RMB22.7 billion by 2010.

The Board considers that the PRC animation and game industry is a fast growing sector with huge business potential. The Board will continue to do their best to deploy their strengths and capabilities to expand the revenue base of the Group and capture the new opportunities offered by prosperity of PRC market.

RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2007, together with the comparative figures for the corresponding year ended 31 March 2006 as follows:

	<i>Notes</i>	2007 HK\$	2006 HK\$ (Restated)
Continuing operations			
Turnover	2	20,207,284	–
Cost of sales		(15,384,615)	–
Gross profit		4,822,669	–
Revenue from exploitation of online games in the PRC		40,249,304	–
Other revenue	3	3,277,169	76,116
Administrative expenses		(8,236,494)	(4,872,485)
Other operating expenses		(11,412,090)	(3,066,841)
Operating profit/(loss)	4	28,700,558	(7,863,210)
Finance costs	5	(9,863,034)	(353,524)
Share of loss of an associated company		(788,072)	(1,650,448)
Profit/(loss) before taxation		18,049,452	(9,867,182)
Taxation	6	–	–
Profit/(loss) for the year from continuing operations		18,049,452	(9,867,182)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	7	(654,932)	2,548,950
Profit/(loss) attributable to shareholders	8	17,394,520	(7,318,232)
Dividends	9	–	–
Earnings/(loss) per share			
<i>10</i>			
From continuing and discontinued operations			
– Basic		<u>HK2.77 cents</u>	<u>(HK1.73 cents)</u>
– Diluted		<u>HK2.75 cents</u>	<u>N/A</u>
From continuing operations			
– Basic		<u>HK2.88 cents</u>	<u>(HK2.33 cents)</u>
– Diluted		<u>HK2.86 cents</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	<i>Notes</i>	2007 HK\$	2006 <i>HK\$</i> (Restated)
NON-CURRENT ASSETS			
Fixed assets	<i>11</i>	115,975	452,388
Deferred tax assets		–	1,115,135
Intangible assets		134,615,385	150,000,000
Investment in an associated company		3,422,218	4,026,008
Available-for-sale financial assets		769,506,726	–
		907,660,304	155,593,531
CURRENT ASSETS			
Accounts receivable	<i>12</i>	45,973,527	21,360
Deposits and prepayments		1,628,123	412,164
Loan receivable from an associated company		2,019,966	1,884,615
Cash and bank balances		22,985,258	2,850,589
		72,606,874	5,168,728
CURRENT LIABILITIES			
Accrued expenses		2,532,338	147,189
Convertible bonds	<i>13</i>	–	4,805,083
Receipts in advance and other payables		13,887	41,497
		2,546,225	4,993,769
NET CURRENT ASSETS		70,060,649	174,959
TOTAL ASSETS LESS CURRENT LIABILITIES		977,720,953	155,768,490
NON-CURRENT LIABILITIES			
Promissory notes	<i>14</i>	366,310,615	69,733,626
NET ASSETS		611,410,338	86,034,864
FINANCED BY			
Share capital	<i>15</i>	6,755,868	5,135,520
Reserves		604,654,470	80,899,344
TOTAL EQUITY		611,410,338	86,034,864

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007

					Asset	Exchange	Convertible	Share-	Accumu-	
		Share	Share	Merger	Capital	revaluation	bond	compen-	lated	Total
Notes	HK\$	capital	premium	reserve	surplus	reserve	reserve	sation	losses	HK\$
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	reserve	HK\$	HK\$
Balance as at 1 April 2005	4,000,000	15,195,487	8,320,333	1,498,659	-	-	-	-	(16,924,939)	12,089,540
Loss for the year	-	-	-	-	-	-	-	-	(6,260,540)	(6,260,540)
Prior year adjustment	16	-	-	-	-	-	-	-	(1,057,692)	(1,057,692)
Issue of shares	1,118,420	33,353,340	-	-	-	-	-	-	-	34,471,760
Currency translation differences										
– subsidiary companies	-	-	-	-	-	34,179	-	-	-	34,179
– associated company	-	-	-	-	-	107,103	-	-	-	107,103
Share option scheme										
– value of options granted	-	-	-	-	-	-	-	317,241	-	317,241
– proceeds from shares issued	20,000	74,000	-	-	-	-	-	-	-	94,000
Convertible bonds issuing expenses	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Share issue expenses	-	(329,582)	-	-	-	-	-	-	-	(329,582)
Repurchase of shares	(2,900)	(91,300)	-	-	-	-	-	-	-	(94,200)
Equity component for the convertible bonds issued during the year	-	-	-	-	-	-	448,441	-	-	448,441
Revaluation – intangible assets	-	-	-	-	46,314,614	-	-	-	-	46,314,614
Balance as at 1 April 2006 (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
Profit for the year	-	-	-	-	-	-	-	-	17,394,520	17,394,520
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 – available-for-sale financial assets	-	-	-	-	214,751,145	-	-	-	-	214,751,145
Balance as at 31 March 2007	6,755,868	335,312,901	8,320,333	1,498,659	261,065,759	291,384	-	5,014,085	(6,848,651)	611,410,338

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of China Cyber Port (International) Company Limited have been prepared in accordance with 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. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and promissory notes which are carried at fair value.

The HKICPA has issued a number of new and revised HKFRSs which are first effective or available for early adoption for the current period of the Group.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

There has been no early adoption of the following new standards or interpretations that have been issued but are not yet effective. The Group is in the process of assessing the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that the adoption of such standards or interpretations is unlikely to have a significant impact on the Group’s results of operations and financial position.

HKAS 1 (Amendment)	(Note a)	Presentation of Financial Statements – Capital disclosures
HKFRS 7	(Note a)	Financial Instruments – Disclosures
HKFRS 8	(Note b)	Operating segments
HK(IFRIC) – Int 8	(Note c)	Scope of HKFRS 2
HK(IFRIC) – Int 9	(Note d)	Restatement of embedded derivatives
HK(IFRIC) – Int 10	(Note e)	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	(Note f)	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	(Note g)	Service Concession Arrangements

Note a: effective for annual periods beginning on or after 1 January 2007

Note b: effective for annual periods beginning on or after 1 January 2009

Note c: effective for annual periods beginning on or after 1 May 2006

Note d: effective for annual periods beginning on or after 1 June 2006

Note e: effective for annual periods beginning on or after 1 November 2006

Note f: effective for annual periods beginning on or after 1 March 2007

Note g: effective for annual periods beginning on or after 1 January 2008

The Group has commenced considering the potential impact of the above new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its result of operations and financial position are prepared and presented. These HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. SEGMENT INFORMATION

The Group is principally engaged in licensing the licensed rights, providing real-time financial news and up-to-date financial market commentaries and recommendations through multimedia and financial seminars and courses. 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 2007 and 31 March 2006:

Segment revenue and results

	Continuing operations				Discontinued operations									
	Licensing income		Financial information		Financial seminars and courses				Others		Total		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
		(Restated)										(Restated)		
Turnover	<u>20,207,284</u>	-	<u>1,027,780</u>	1,482,712	-	1,381,392	<u>29,172</u>	94,000	<u>1,056,952</u>	2,958,104	<u>21,264,236</u>	2,958,104		
Segment results	<u>4,822,669</u>	-	<u>971,190</u>	1,334,792	-	1,059,742	<u>29,172</u>	(8,440)	<u>1,000,362</u>	2,386,094	<u>5,823,031</u>	2,386,094		
Gain on derecognition of financial liabilities	693,818	-							-	-	693,818	-		
Revenue from exploration of certain online game in the PRC	40,249,304	-							-	-	40,249,304	-		
Other revenue	2,583,351	76,116							-	320,092	2,583,351	396,208		
Unallocated costs	(19,648,584)	(7,939,326)							(540,159)	(1,272,371)	(20,188,743)	(9,211,697)		
Operating profit/(loss)	28,700,558	(7,863,210)							460,203	1,433,815	29,160,761	(6,429,395)		
Finance costs	(9,863,034)	(353,524)							-	-	(9,863,034)	(353,524)		
Share of loss of associated company	(788,072)	(1,650,448)							-	-	(788,072)	(1,650,448)		
Profit/(loss) before taxation	18,049,452	(9,867,182)							460,203	1,433,815	18,509,655	(8,433,367)		
Taxation	-	-							(1,115,135)	1,115,135	(1,115,135)	1,115,135		
Profit/(loss) for the year	<u>18,049,452</u>	<u>(9,867,182)</u>							<u>(654,932)</u>	2,548,950	<u>17,394,520</u>	<u>(7,318,232)</u>		

There are no significant sales or other transactions between the business segments.

The licensing income is receivable from the licensee, net of all taxes.

For the year ended 31 March 2007, others comprise production of financial books.

For the year ended 31 March 2006, others mainly comprise the provision of corporate public relations services to independent third parties and production of financial books.

Unallocated costs represent corporate expenses including administrative expenses and other expenses. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets and liabilities as at 31 March 2007 and 31 March 2006

	Continuing operations		Discontinued operations				Total	
	2007 HK\$	2006 HK\$ (Restated)	Financial information 2007 HK\$	2006 HK\$	Financial seminars and courses 2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$ (Restated)
Segment assets	<u>140,172,625</u>	<u>150,000,000</u>	<u>-</u>	<u>21,360</u>	<u>-</u>	<u>-</u>	<u>140,172,625</u>	<u>150,021,360</u>
Unallocated assets							<u>840,094,553</u>	<u>10,740,899</u>
Total assets							<u>980,267,178</u>	<u>160,762,259</u>
Segment liabilities	<u>-</u>	<u>69,733,626</u>	<u>13,887</u>	<u>41,497</u>	<u>-</u>	<u>1,800</u>	<u>13,887</u>	<u>69,776,923</u>
Unallocated liabilities							<u>368,842,953</u>	<u>4,950,472</u>
Total liabilities							<u>368,856,840</u>	<u>74,727,395</u>
Other information:								
Unallocated capital expenditure							<u>11,300</u>	<u>465,588</u>
Depreciation							<u>341,029</u>	<u>116,821</u>

Segment assets consist primarily of intangible assets and accounts receivable.

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

(b) **Geographical segments**

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 31 March 2006:

Segment revenue and results

	Hong Kong		PRC		Total	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
				<i>(Restated)</i>		<i>(Restated)</i>
Turnover	<u>-</u>	<u>-</u>	<u>20,207,284</u>	<u>-</u>	<u>20,207,284</u>	<u>-</u>
Segment results	<u>-</u>	<u>-</u>	<u>4,822,669</u>	<u>-</u>	<u>4,822,669</u>	<u>-</u>
Gain on elimination of financial liabilities					693,818	-
Revenue from exploration of certain online game in the PRC					40,249,304	-
Other revenue					2,583,351	76,116
Unallocated costs					(19,648,584)	(7,939,326)
Operating profit/(loss)					28,700,558	(7,863,210)
Finance costs					(9,863,034)	(353,524)
Share of loss of associated company					(788,072)	(1,650,448)
Profit/(loss) before taxation					18,049,452	(9,867,182)
Taxation					-	-
Profit/(loss) for the year from continuing operations					18,049,452	(9,867,182)
(Loss)/profit for the year from discontinued operations					(654,932)	2,548,950
Profit/(loss) attributable to shareholders					17,394,520	(7,318,232)

Revenue from the Group's discontinued operations was derived principally in Hong Kong (2007: HK\$1,056,952; 2006: HK\$2,958,104).

Segment assets and liabilities as at 31 March 2007 and 31 March 2006

	Hong Kong		PRC		Total	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
				<i>(Restated)</i>		<i>(Restated)</i>
Segment assets	<u>24,528,139</u>	<u>4,650,420</u>	<u>955,739,039</u>	<u>156,111,839</u>	<u>980,267,178</u>	<u>160,762,259</u>
Segment liabilities	<u>2,546,225</u>	<u>4,993,769</u>	<u>366,310,615</u>	<u>69,733,626</u>	<u>368,856,840</u>	<u>74,727,395</u>
Other information:						
Unallocated capital expenditure					11,300	465,588
Depreciation					341,029	116,821

3. OTHER REVENUE

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Exchange gains	886,902	–
Gain on elimination of promissory notes	693,818	–
Interest income	1,655,264	76,116
Sundry income	41,185	–
	<u>3,277,169</u>	<u>76,116</u>

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following items:

	2007 <i>HK\$</i>	2006 <i>HK\$</i> <i>(Restated)</i>
Auditors' remuneration	110,000	90,000
Depreciation (<i>Note 11</i>)	341,029	116,821
Amortization of intangible assets	15,384,615	–
Rental charges under operating leases for land and buildings	806,598	934,297
Employee benefits expenses (including directors' remuneration)	7,518,830	4,747,375
	<u>7,518,830</u>	<u>4,747,375</u>

5. FINANCE COSTS

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Interest charge on promissory notes wholly repayable within five years	9,854,444	–
Interest charge on convertible bonds wholly repayable within five years	8,590	353,524
	<u>9,863,034</u>	<u>353,524</u>

6. TAXATION

No provision for taxation has been made (2006: HK\$Nil) as the Group has an estimated loss for Hong Kong profits tax purposes in the year.

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
The income tax expense/(credit) comprises:		
Current year provision	–	–
Deferred taxation	1,115,135	(1,115,135)
	<u>1,115,135</u>	<u>(1,115,135)</u>
Total tax expense/(credit) for the year	<u>1,115,135</u>	<u>(1,115,135)</u>
	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Attributable to:–		
Continuing operations	–	–
Discontinued operations (<i>Note 7</i>)	1,115,135	(1,115,135)
	<u>1,115,135</u>	<u>(1,115,135)</u>

A reconciliation between the Group's tax expense/(credit) and accounting profit/(loss), at the current tax rate, is set out below:

	2007 HK\$	2006 HK\$ (Restated)
Profit/(loss) before taxation		
Continuing operations	18,049,452	(9,867,182)
Discontinued operations	460,203	1,433,815
	18,509,655	(8,433,367)
Tax at the domestic tax rate of 17.5% (2006: 17.5%)	3,239,187	(1,475,839)
Expenses not deductible for tax purposes	4,780,943	–
Income not subject to tax	(11,146,199)	(13,320)
Derecognition of previously recognized tax losses	1,124,339	–
Recognition of previously unrecognized tax losses	–	(1,305,442)
Tax effect of unused tax losses not recognized	3,083,893	1,680,554
Utilisation of previously unrecognized tax losses	(9,406)	–
Others	42,378	(1,088)
Actual tax expense/(credit)	1,115,135	(1,115,135)

7. DISCONTINUED OPERATIONS

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

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

	2007 HK\$	2006 HK\$
Turnover	1,056,952	2,958,104
Cost of sales	(56,590)	(572,010)
Gross profit	1,000,362	2,386,094
Other revenue	–	320,092
Selling expenses	–	(263,100)
Administrative expenses	(540,159)	(1,009,271)
Other operating expenses	–	–
Operating profit	460,203	1,433,815
Finance costs	–	–
Profit before taxation	460,203	1,433,815
Taxation (<i>Note 6</i>)	(1,115,135)	1,115,135
(Loss)/profit attributable to shareholders	(654,932)	2,548,950

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

	2007 HK\$	2006 HK\$
Total assets	–	21,360
Total liabilities	<u>(13,887)</u>	<u>(43,297)</u>
Net liabilities	<u>(13,887)</u>	<u>(21,937)</u>

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

	2007 HK\$	2006 HK\$
Net cash generated from operating activities	452,153	1,092,776
Net cash generated from investing activities	<u>–</u>	<u>237,400</u>
	<u>452,153</u>	<u>1,330,176</u>

8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$69,299,678 (2006: HK\$5,506,368).

9. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2006: HK\$Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share for the year ended 31 March 2007 is based on the consolidated profit attributable to shareholders of HK\$17,394,520 (2006: a loss of HK\$7,318,232) and the weighted average number of 627,785,550 (2006: 423,933,836) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the adjusted weighted average number of 631,589,364 ordinary shares which is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares in respect of share options. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. No diluted loss per share for the year ended 31 March 2006 has been presented as any exercise of the Company's share options would have had an anti-dilutive effect on the loss per share.

11. FIXED ASSETS

	Computer equipment <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Equipment, furniture and fixtures <i>HK\$</i>	Total <i>HK\$</i>
Cost				
At 1 April 2005	1,941,915	250,058	166,500	2,358,473
Additions	45,557	361,271	58,760	465,588
Disposals	(55,930)	(250,059)	(57,053)	(363,042)
	<u>1,931,542</u>	<u>361,270</u>	<u>168,207</u>	<u>2,461,019</u>
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)
	<u>1,931,666</u>	<u>361,270</u>	<u>76,392</u>	<u>649,328</u>
At 31 March 2007	211,666	361,270	76,392	649,328
Accumulated depreciation				
At 1 April 2005	1,868,381	250,058	136,413	2,254,852
Charge for the year	54,541	41,280	21,000	116,821
Disposals	(55,930)	(250,059)	(57,053)	(363,042)
	<u>1,866,992</u>	<u>41,279</u>	<u>100,360</u>	<u>2,008,631</u>
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
Eliminated on disposals	(1,730,394)	–	(85,913)	(1,816,307)
	<u>171,957</u>	<u>296,293</u>	<u>65,103</u>	<u>533,353</u>
At 31 March 2007	171,957	296,293	65,103	533,353
Net book value				
At 31 March 2007	39,709	64,977	11,289	115,975
At 31 March 2006	<u>64,550</u>	<u>319,991</u>	<u>67,847</u>	<u>452,388</u>

12. ACCOUNTS RECEIVABLE

	2007 <i>HK\$</i>	2006 <i>HK\$</i> <i>(Restated)</i>
From third parties	–	21,360
From a shareholder	40,416,287	–
From a related company	5,557,240	–
	<u>45,973,527</u>	<u>21,360</u>

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	2007 <i>HK\$</i>	2006 <i>HK\$</i> (Restated)
Hong Kong dollar	–	21,360
Chinese Yuan Renminbi	45,973,527	–
	<u>45,973,527</u>	<u>21,360</u>

The directors consider that the carrying amount of accounts receivable approximates to its fair value.

13. CONVERTIBLE BONDS

In May 2005, the Company and the Group issued convertible bonds with a value of HK\$5,000,000 bearing interest at a rate of 4.0% per annum, and which matured in May 2007.

The fair values of the liability component and the equity conversion component were determined at the date of issuance of the convertible bonds based on the discount rate of 9% per annum.

The movement in the liability component of the convertible bonds during the year is set out below:

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
At 1 April	4,805,083	–
Issued during the year	–	4,551,559
Interest charged	8,590	353,524
Interest paid	(79,557)	(100,000)
Converted during the year	(4,734,116)	–
	<u>–</u>	<u>4,805,083</u>

14. PROMISSORY NOTES

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
At 1 April	69,733,626	–
Issued during the year	359,755,581	69,733,626
Interest charged	9,854,444	–
Repaid during the year	(70,605,296)	–
	<u>368,738,355</u>	<u>69,733,626</u>
<i>Less: Accrued interest classified under current liabilities</i>	<u>(2,427,740)</u>	–
At 31 March	<u>366,310,615</u>	<u>69,733,626</u>

At 31 March 2007, the promissory notes were unsecured and carried an interest rate of 2% per annum. The promissory notes will mature on 10 August 2009. At 31 March 2006, the promissory notes were interest free, unsecured and matured on 30 June 2016.

The fair value of the notes is calculated by discounting the expected future cash flows at the rate of 8.75% per annum. The directors consider that the carrying amount of promissory notes approximates to its fair value.

15. SHARE CAPITAL

(a) Share capital

	2007	2006
	HK\$	HK\$
<i>Authorized:</i>		
1,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	10,000,000
<i>Issued and fully paid:</i>		
675,586,761 ordinary shares of HK\$0.01 each	6,755,868	5,135,520

The movement in the Company's issued share capital during the year is set out as follows:

	Number of shares	
	2007	2006
At 1 April	513,552,000	400,000,000
Conversion of convertible bonds	11,904,761	–
Exercise of share options	22,900,000	2,000,000
Issue of new shares	127,230,000	111,842,000
Repurchase of shares	–	(290,000)
At 31 March	675,586,761	513,552,000

(b) Share option scheme

The fair value of the share options granted during the year was calculated based on the Black-Scholes option pricing model.

16. PRIOR YEAR ADJUSTMENT

In the prior year, the Group entered into an agreement to acquire the intangible assets in respect of the 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 amortization charge of HK\$4,807,692 and HK\$3,750,000 recognized in the first quarter of the calendar year 2006 were reversed respectively and the comparative figures were restated accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and profitability

The Group recorded a turnover of approximately HK\$21,264,000 (2006: HK\$2,958,000) for the year ended 31 March 2007, representing an increase of approximately 619% as compared with 2005/06. Approximately 95.0% and 4.8% (2006: 0% and 50.1%) of the turnover for the year ended 31 March 2007 were attributable to licensing income for the license of the Licensed Rights and provision of real-time financial information services respectively.

The Group's gross profit for the year ended 31 March 2007 amounted to approximately HK\$5,823,000 (2006: HK\$2,386,000), representing an increase of approximately 144% as compared to the previous year whilst the Group's gross profit margin decreased to 27.4% (2006: 80.7%), representing a decrease of approximately 66.0% as compared with 2005/06. The lower gross profit margin of the Group for the year ended 31 March 2007 was mainly attributable to the relatively low profit margin from licensing income.

Selling, administrative and other operating expenses for the year ended 31 March 2007 was approximately HK\$20,189,000 as compared to approximately HK\$9,212,000 of last year. The increase of the expenses was mainly attributable to the increase in administrative and operating expenses and professional fees in relation to acquisitions of the Group.

Net profit attributable to shareholders

The Group made a net profit attributable to shareholders of approximately HK\$17,395,000 for the year ended 31 March 2007 as compared to a net loss of approximately HK\$7,318,000 for the last year. The net profit for this year was mainly attributable to the revenue from the acquisition of the right to receive benefits from exploitation of online games in the PRC.

Liquidity and financial resources

As at 31 March 2007, the Group had outstanding promissory notes at a nominal value of approximately HK\$425 million (2006: HK\$116 million) with a discounted value of approximately HK\$366 million (2006: HK\$70 million). The promissory note is interest bearing at 2% per annum and matures on 10 August 2009. Other than the promissory notes, the Group did not have any other committed borrowing facilities as at 31 March 2007. As at 31 March 2006, the Group had outstanding convertible bonds at a nominal value of HK\$5 million with a discounted value of approximately HK\$4.8 million.

Repayment of promissory notes

Pursuant to the CCI Agreement (as defined in the Company's circular dated 15 March 2006), part of the consideration for the Licensed Rights was satisfied by Pro-Concept Development Limited ("Pro-Concept") issuing a promissory note (the "Promissory Note") in the principal sum of approximately HK\$116.05 million to China Communication Investment Limited ("CCI").

On 22 June 2006, the Board and CCI agreed to terminate the Promissory Note with effect upon payment to CCI in cash a sum of HK\$69,911,478. Such amount was paid by the Company on that same date from the net proceeds of the top-up placing in May 2006 which was sufficient for the said purpose. Such sum of HK\$69,911,478 was determined with reference to the carrying value of the Promissory Note which is estimated to be about HK\$69.73 million as at 31 March 2006 and calculated by discounting the expected future cash flows at the agreed borrowing rate of 5.1% per annum with CCI.

As at 31 March 2007, the Group had net current assets of approximately HK\$70,061,000 (2006: HK\$175,000). The Group's current assets consisted of accounts receivable of approximately HK\$45,974,000 (2006: HK\$21,000), cash and cash equivalents of approximately HK\$22,985,000 (2006: HK\$2,851,000), loan receivable from an associated company of approximately HK\$2,020,000 (2006: HK\$1,885,000) and deposits and prepayments of approximately HK\$1,628,000 (2006: HK\$412,000). The Group's current liabilities consisted of accrued expenses of approximately HK\$2,532,000 (2006: HK\$147,000) and receipts in advance and other payables of approximately HK\$14,000 (2006: HK\$41,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 37.6% as at 31 March 2007 as compared to 46.5% as at 31 March 2006.

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, 162,034,761 new ordinary shares were issued and allotted by the Company, among which 97,230,000 new ordinary shares were issued and allotted by a top-up placing in May 2006, 30,000,000 new ordinary shares were issued as part of the consideration for the acquisition of the right to receive benefits from exploitation of online games in the PRC in December 2006, 22,900,000 new ordinary shares were issued upon the exercise of share options and 11,904,761 new ordinary shares were issued upon the conversion of convertible bonds in April 2006.

Charge on assets

The Group did not have any charge on its assets as at 31 March 2007 and 31 March 2006.

Staff costs

As at 31 March 2007, the Group had 3 employees (2006: 12). The staff costs for the year ended 31 March 2007 was approximately HK\$1,457,000 (2006: HK\$2,197,000). 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 2007, 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 2007 and 31 March 2006.

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 2007.

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. Except for certain deviation as disclosed in the following, the Group has adopted practices which met and complied with the code provisions of the CCGP throughout the year ended 31 March 2007.

Chairman and Chief Executive Officer (the "CEO")

The code provisions of the CCGP provide that management of the Board should rest on the Chairman and the daily management of the Company should rest on the CEO.

The Company did not have a CEO position. The functions of the CEO have always been taken up by the Managing Director and where appropriate, delegated to senior management. The Board is of the view that it is for the best interests of the Group to adopt a single leadership structure for a distinctive and unique leadership image. Sufficient safeguards are in place to ensure that the management is accountable to the Board as a whole.

However, in view of the spirit of the CCGP, the Board fully supports the division of responsibility between the Chairman of the Board and the CEO to ensure a balance of power and authority. The Board will consider appointing a CEO if a suitable candidate is found to fill the CEO position.

APPROPRIATIONS

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

AUDIT COMMITTEE

For the year ended 31 March 2007, the Audit Committee held four meetings in which the members of the Audit Committee reviewed and concluded with satisfaction the internal control system of the Group and the following reports:

- Annual report for the year ended 31 March 2006;
- Quarterly reports for the first quarter and third quarter of 2006/07; and
- Interim report for the first six months of 2006/07.

The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2007 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, 31 July 2007 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, 29 June 2007

As at the date of this announcement, the Executive Directors are Mr. He Chenguang, Mr. Xiao Haiping, Mr. Zhang Peng and Ms. Zhang Jialin, and the Independent Non-Executive Directors are Mr. Yip Tai Him, Dr. Liu Jie and Ms. Weng Pinger.

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.