



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 REPORT 07

* For identification purpose only

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. He Chenguang (*Chairman*) (*appointed on 28 April 2006*)
Mr. Xiao Haiping
Ms. Chan Tan Lui, Danielle (*resigned on 26 June 2006*)
Mr. Zhang Peng (*Managing Director*)
(*appointed on 16 June 2006*)
Mr. Choo Kwok How (*resigned on 7 October 2006*)
Ms. Zhang Jialin

Independent Non-executive Directors

Ms. Guo Qi (*resigned on 31 July 2006*)
Mr. Yip Tai Him
Mr. Chiu Kwok Ching (*resigned on 27 November 2006*)
Dr. Lam Lee G (*appointed on 31 October 2006 and*
resigned on 14 May 2007)
Dr. Liu Jie (*appointed on 27 February 2007*)
Ms. Weng Pinger (*appointed on 16 May 2007*)

COMPANY SECRETARY

Ms. Chan Mei Yee, CPA

QUALIFIED ACCOUNTANT

Ms. Chan Mei Yee, CPA

COMPLIANCE OFFICER

Ms. Chan Tan Lui, Danielle (*resigned on 26 June 2006*)
Ms. Zhang Jialin (*appointed on 26 June 2006*)

AUDIT COMMITTEE

Mr. Yip Tai Him
Ms. Guo Qi (*resigned on 31 July 2006*)
Mr. Chiu Kwok Ching (*resigned on 27 November 2006*)
Dr. Lam Lee G (*appointed on 31 October 2006 and*
resigned on 14 May 2007)
Dr. Liu Jie (*appointed on 27 February 2007*)
Ms. Weng Pinger (*appointed on 16 May 2007*)

REMUNERATION COMMITTEE

Mr. Yip Tai Him
Ms. Guo Qi (*resigned on 31 July 2006*)
Mr. Chiu Kwok Ching (*resigned on 27 November 2006*)
Dr. Lam Lee G (*appointed on 31 October 2006 and*
resigned on 14 May 2007)
Dr. Liu Jie (*appointed on 27 February 2007*)
Ms. Weng Pinger (*appointed on 16 May 2007*)

AUTHORISED REPRESENTATIVES

Ms. Zhang Jialin
Ms. Chan Mei Yee, CPA

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2115-2116, 21/F,
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

AUDITORS

Baker Tilly Hong Kong Limited
12th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE ADDRESS

www.ccpi.com.hk

GEM STOCK CODE

8206

FINANCIAL HIGHLIGHTS

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2007 HK\$	2006 HK\$	2005 HK\$	2004 HK\$	2003 HK\$
Turnover					
Continuing operations	20,207,284	–	–	–	–
Discontinued operations	1,056,952	2,958,104	4,569,961	2,693,048	5,383,247
	21,264,236	2,958,104	4,569,961	2,693,048	5,383,247
Profit/(loss) before taxation	18,509,655	(8,433,367)	(3,270,173)	(3,338,619)	(1,203,046)
Taxation	(1,115,135)	1,115,135	–	–	–
Profit/(loss) attributable to shareholders	17,394,520	(7,318,232)	(3,270,173)	(3,338,619)	(1,203,046)
Basic earnings/(loss) per share (HK cents)	2.77	(1.73)	(0.82)	(0.83)	(0.34)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2007 HK\$	2006 HK\$	2005 HK\$	2004 HK\$	2003 HK\$
Total assets	980,267,178	160,762,259	12,459,102	15,125,656	17,641,656
Total liabilities	(368,856,840)	(74,727,395)	(369,562)	(1,264,602)	(442,310)
Net assets	611,410,338	86,034,864	12,089,540	13,861,054	17,199,673
Net assets per share (HK cents)	90.50	16.75	3.02	3.47	4.30

CHAIRMAN'S STATEMENT

On behalf of the board of the Directors (the "Board"), I am pleased to present the annual report 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.

CHAIRMAN'S STATEMENT

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 RMB 94 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.

He Chenguang

Chairman

Hong Kong, 29 June 2007

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. He Chenguang, aged 46, joined the Group and was elected as the chairman of the Group in June 2006. Mr. He holds a professional qualification in business administration and has extensive experience in management of major enterprises, in particular, management, operation and strategic development of telecommunication industry in the PRC. Mr. He is responsible for formulating the Group's strategy of overall business development.

Mr. He was the president of 中國海外投資公司 (China Overseas Investment Limited). Currently, he is also the chairman of the board of China Communication Co. Ltd. ["CCC"], a nationwide telecommunication operator in the PRC and the chairman of China Cyber Port Co., Ltd., which is a subsidiary of CCC.

Mr. Xiao Haiping, aged 55, joined the Group in January 2006. He is responsible for the Group's overall business development in China. Mr. Xiao holds a professional tertiary qualification from Hunan Normal University, China, majoring in Chinese language. Prior to joining the Group in January 2006, he was the president of major customer division, merchant banking division and corporate banking division of the headquarters of Shenzhen Development Bank Co., Limited, the executive vice president of the Nanjing Branch of Shenzhen Development Bank Co., Limited and the branch manager of the Changchen sub-branch of Shenzhen Development Bank Co., Limited. Before working at Shenzhen Development Bank Co., Limited, Mr. Xiao had been manager of the assessment department of Shenzhen Credit Rating Co., Limited. Prior to that, he had been the officer-in-charge of the Shenzhen representative office of Hunan Branch of China and the department head of the credit department of the Hunan Branch of Bank of China.

Mr. Zhang Peng, aged 43, joined the Group in June 2006. He is responsible for formulating the group's strategy of overall business development. Mr. Zhang holds a Master of Business Administration Degree from the Graduate School of Management of Rutgers, the State University of New Jersey, U.S.A.. Prior to joining the Group in June 2006, he had been the Managing Director of RBC Capital Markets, the Executive Vice President of RBC Capital Markets Pacific Group and the Deputy Chief Executive Officer of RBC Hong Kong Branch. Before working for the RBC Group, Mr. Zhang had been the Managing Director and the Head of Bond Trading and Treasury Department of Mitsubishi UFJ Securities (HK) Limited. Prior to that, he had been working for two major state-owned Chinese banks for over 18 years, including working in one of their overseas branch in New York for over 8 years.

Ms. Zhang Jialin, aged 32, joined the Group in January 2005. She is responsible for overall business development in China. Ms. Zhang holds a Master of Business Administration from University of Liverpool, England and a Master of Arts in International Business from University of Central Lancashire, England. Prior to joining the Group in January 2005, she worked for two Hong Kong listed companies and has various experience in corporate finance area and business development in China.

Two Executive Directors, Ms. Chan Tan Lui, Danielle and Mr. Choo Kwok How resigned on 26 June 2006 and 7 October 2006 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him, aged 36, was appointed as an Independent Non-executive Director on 15 October 2002. Mr. Yip is a member of the Hong Kong Institute of Certified Public Accountants. He is currently an independent non-executive director of Wing Lee Holdings Limited in Hong Kong and non-executive director of SJTU Sunway Software Industry Limited, while both companies are listed on the Stock Exchange.

Dr. Liu Jie, aged 43, was appointed as an Independent Non-executive Director on 27 February 2007. Dr. Liu is the Professor of School of Management, Fudan University, Part-time Professor of School of Economics and Management, Tongji University and Honorary Professor in the Faculty of Business and Economics, Hong Kong University.

Ms. Weng Pinger, aged 63, was appointed as an Independent Non-executive Director on 16 May 2007. Ms. Weng is retired and had not held any directorship in any listed public company.

Three Independent Non-executive Directors, Ms. Guo Qi, Mr. Chiu Kwok Ching and Dr. Lam Lee G resigned on 31 July 2006, 27 November 2006 and 14 May 2007 respectively.

SENIOR MANAGEMENT

Ms. Chan Mei Yee, aged 28, joined the Group in September 2005, is the financial controller, qualified accountant and company secretary of the Group. She is responsible for financial planning and reporting and general administration of the Group. Ms. Chan holds a Degree of Bachelor of Accountancy from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group in September 2005, she worked in an international accounting firm for more than four years.

Senior management, Mr. Chen Zhong Min resigned on 30 June 2006.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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 this report, the Group has adopted practices which met and complied with the code provisions of the CCGP throughout the year ended 31 March 2007.

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

THE BOARD

The Board is accountable to the shareholders and lead the Group in an ethical, responsible and effective manner. The Board sets the overall strategic directions of the Group, establishes effective management and monitors its performance. The Board is required to meet at least four times a year in addition to the meetings to approve the financial results. Matters requiring the Board’s unanimous decision include material acquisitions or disposals of assets, significant investments, capital projects, annual budgets, and key issues relating to human resources and administration matters. Daily operations and administration are delegated to the senior management team.

As at the date of this report, the Board comprises seven directors in which four are Executive Directors; three are Independent Non-executive Directors. The Directors as at the date of this report are as follows:

- He Chenguang *(Chairman and Executive Director)*
- Xiao Haiping *(Executive Director)*
- Zhang Peng *(Executive Director and Managing Director)*
- Zhang Jialin *(Executive Director)*
- Yip Tai Him *(Independent Non-executive Director)*
- Liu Jie *(Independent Non-executive Director)*
- Weng Pinger *(Independent Non-executive Director)*

According to the articles of association of the Company (the “Articles”), at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. All Directors appointed to fill a causal vacancy shall be subject to election by the Shareholders at the first general meeting after their appointment.

The Independent Non-executive Directors are appointed for a specific term. Yip Tai Him, Liu Jie and Weng Pinger have been appointed for a term of one year subject to retirement by rotation in accordance with the Articles.

CORPORATE GOVERNANCE REPORT

THE BOARD (CONTINUED)

The Company has received the annual independence confirmation from each of Yip Tai Him, Liu Jie and Weng Pinger (all being Independent Non-executive Directors) pursuant to Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all of them satisfied the independence criteria.

To assist the execution of its responsibilities, two Board committees, namely Audit Committee and Remuneration Committee, have been established by the Board. These committees will function within the clearly defined terms of reference. All Independent Non-executive Directors play a significant role in these committees to ensure the independence and objectivity.

AUDIT COMMITTEE

The written terms of reference, which describe the authorities and duties of the Audit Committee, were implemented in accordance with the GEM Listing Rules. The Audit Committee comprises three members, all of whom are Independent Non-executive Directors and is chaired by Yip Tai Him.

The Audit Committee meets at least four times each year. The main duties of the Audit Committee are summarised as follows:

- Discuss the work with the external auditors of the Company;
- Meet with external auditors of the Company, when they consider necessary;
- Review the quarterly, interim and annual financial statements and the report of the independent auditors on the Company's annual consolidated financial statements before these are presented to the Board;
- Ensure the quarterly, interim and annual consolidated financial statements are properly prepared;
- Review the independence of the external auditors annually;
- Ensures that cooperation is provided by management to the external auditors; and
- Review the adequacy and effectiveness of the Group's internal control system;

The Audit Committee is empowered to conduct investigations on any matters within the scope of responsibilities of the Audit Committee. The Audit Committee is authorised to obtain independent professional advices if it deems necessary to discharge its responsibilities.

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.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

At the Board meeting held on 1 April 2005, the Board established a Remuneration Committee comprising three Independent Non-executive Directors. The Remuneration Committee meets at least once a year.

The functions of the Remuneration Committee are to review and recommend the remuneration packages of the Directors and the senior management of the Group, oversee and review the administration of the Share Option Scheme and to review the appropriateness of compensation for Directors and the senior management of the Group. No Directors is involved in determining his own remuneration.

The Remuneration Committee takes into consideration the market condition, comparable companies, past performance and the experience and knowledge possessed when determining remuneration packages of the Directors.

This committee comprises of three members, all of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by Yip Tai Him.

The number of the Board meetings and the other committees' meetings held for the year ended 31 March 2007 and the attendance of each Director are as follows:

	Numbers of the meetings attended/held			
	Board	Nomination Committee <i>Note 1</i>	Audit Committee	Remuneration Committee
<i>Executive Directors</i>				
Mr. He Chenguang (Appointed on 28 April 2006)	36/36	3/3	N/A	N/A
Xiao Haiping	37/41	3/4	N/A	N/A
Chan Tan Lui, Danielle (Resigned on 26 June 2006)	16/16	2/2	N/A	N/A
Zhang Peng (Appointed on 16 June 2006)	29/29	2/2	N/A	N/A
Choo Kwok How (Resigned on 7 October 2006)	23/23	2/2	N/A	N/A
Zhang Jialin	41/41	4/4	N/A	N/A
<i>Independent Non-executive Directors</i>				
Yip Tai Him	41/41	4/4	4/4	5/5
Guo Qi (Resigned on 31 July 2006)	20/20	2/2	1/1	3/3
Chiu Kwok Ching (Resigned on 27 November 2006)	29/29	3/3	3/3	4/4
Lam Lee G (Appointed on 31 October 2006 and resigned on 14 May 2007)	12/13	1/1	2/2	1/1
Liu Jie (Appointed on 27 February 2007)	1/1	0/0	0/0	0/0
Weng Pinger (Appointed on 16 May 2007)	0/0	0/0	0/0	0/0

Note 1 Among the Board meetings held during the year, 4 meetings are in relation to the nomination of Directors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a code of conduct regarding directors' securities transactions on terms no less exactly than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2007. The Company also had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

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.

NOMINATION OF DIRECTORS

Up to the date of this report, the Board has not yet established a Nomination Committee. The appointment of any new director is therefore unanimously considered and approved by the Board. The Board considers that the new directors are expected to equip with expertise in making positive contributions to the Group and to provide timely and sufficient attention to the affairs of the Group.

All Directors are subject to election by shareholders of the Company at the annual general meeting. The new directors are notified on the role of the Board and Board Committee, their duties and obligation as a director of a listed company.

At the Board meeting held on 28 April 2006, 16 June 2006, 31 October 2006, 27 February 2007 and 14 May 2007, the Board approved the appointment of He Chenguang as the Chairman and Executive Director, Zhang Peng as Executive Director and Managing Director and Lam Lee G, Liu Jie and Weng Pinger as Independent Non-executive Director respectively. The Board considers that they possess relevant expertise and knowledge in the field of capital markets with valuable experience in strategic business planning and management and believes that they have abilities in making valuable contributions to the Group. Xiao Haiping, Zhang Jialin and Yip Tai Him will retire at the forthcoming annual general meeting and the re-election of Xiao Haiping and Zhang Jialin as Executive Director and Yip Tai Him as Independent Non-executive Directors are to be proposed at the forthcoming annual general meeting.

AUDITORS' REMUNERATION

The Company has appointed Baker Tilly Hong Kong Limited as the auditors of the Group (the "Auditors") since the Company was listed. The Audit Committee is responsible for considering the appointment of the external auditors, including whether such non-audit engagements could affect their independence. The Board is authorised in the annual general meeting to determine the remuneration of the Auditors. During the year, the Group has agreed to pay approximately HK\$110,000 to the external auditors for their audit services. No non-audit services have been provided by the external auditors during the year.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of the financial statements, which give a true and fair view. The Auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

OTHER SPECIFIC DISCLOSURES

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 March 2007. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and Management with an appropriate consideration to materiality. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Company and its subsidiary companies for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

Details of the principal activities of the subsidiary companies are set out in note 18 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and contributions to results by principal activities for the year is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The consolidated results of the Group for the year ended 31 March 2007 and the state of affairs of the Group and the Company are set out in the financial statements on pages 28 to 62.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2007 (2006: HK\$Nil).

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity on pages 31 to 32.

FIXED ASSETS

Details of movements in fixed assets of the Group and the Company during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 25 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2007, the Company's reserves available for distribution amounted to HK\$255,795,809 (2006: HK\$37,984,531).

PRE-EMPTIVE RIGHTS

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

FINANCIAL INFORMATION SUMMARY

A summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years is set out on page 3.

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.

SHARE OPTIONS SCHEME

Prior to the listing of the Company's shares on the GEM, the Board was authorized to grant options to certain directors, an ex-consultant, an ex-management shareholder and certain employees of the Group to subscribe for an aggregate of 20,000,000 ordinary shares in the Company, representing 3.0% of the shares of the Company in issue as at 31 March 2007, under the terms of the pre-IPO share option scheme on 28 October 2002 (the "Pre-IPO Share Options Scheme") and the price payable for each share on exercise of such options granted is HK\$0.21, representing 70% of the offer price per share of the Company to the public.

The purpose of the Pre-IPO Share Option Scheme was to recognise the contribution of certain directors, an ex-consultant, an ex-management shareholder and certain employees of the Group to the business and growth of the Group.

Save for the options which have been granted under the Pre-IPO Share Option Scheme (see below) on or before 28 October 2002, no further options may be offered, accepted or granted thereunder after 28 October 2002.

The options granted under the Pre-IPO Share Option Scheme were granted to the relevant grantees subject to the receipt by the Company of the sum of HK\$1.00 by way of consideration for the grant thereof to such grantee.

On 14 November 2005, all pre-IPO share options have lapsed.

On 28 October 2002, the Company conditionally adopted a further share option scheme (the "Share Option Scheme") by a resolution of the sole shareholder of the Company. The Share Option Scheme became unconditional upon the listing of the Company's shares on the GEM on 15 November 2002. The Share Option Scheme was further amended by a resolution of the shareholders at the annual general meeting of the Company held on 28 July 2006 and summary of the Share Option Scheme is as follows:

(a) Purpose and Participants of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to substantial shareholders, full-time or part-time employees, executive or officers, directors, non-executive directors (including independent non-executive directors) of the Group and any suppliers, independent contractors, consultants, agents and/or advisers, any entity in which any member of the Group holds any equity interest who, in the absolute determination of the Directors, will contribute or have contributed to the Group (the "Eligible Participant").

SHARE OPTIONS SCHEME (CONTINUED)

(b) Maximum number of shares

The maximum number of shares which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Share Option Scheme. Thereafter, if refreshed, the maximum number shall not exceed 10% of the shares in issue as at the date of approval of the refreshed limit by the shareholders.

The limit of the Share Option Scheme was refreshed by a resolution of the shareholders at the annual general meeting of the Company held on 28 July 2006 pursuant to which the directors were allowed to grant further options under the Share Option Scheme carrying the right to subscribe for a maximum of 62,668,676 shares, being 10% of the shares in issue as at the date of the aforesaid resolution.

Subject to the issue of a circular by the Company and the approval of the shareholders of the Company (the "Shareholders") in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) refresh this limit at any time to 10% of the shares of the Company in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed).
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.
- (iii) notwithstanding the foregoing, the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiary companies if this will result in the 30% limit being exceeded.

As at the latest practicable date prior to the issue of this annual report, options to subscribe for a total of 11,200,000 option shares were still outstanding under the Share Option Scheme which represents approximately 1.7% of the issued ordinary shares of the Company.

(c) Maximum number of options to any one individual

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates, as defined in the GEM Listing Rules, abstaining from voting and/or other requirements prescribed under the GEM Listing Rules from time to time.

SHARE OPTIONS SCHEME (CONTINUED)

(d) Price of shares

The subscription price for a share of the Company in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

(e) Granting options to connected persons

Any grant of options to a director, chief executive or management shareholder or substantial shareholder of the Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive directors (excluding the independent non-executive director who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any independent non-executive director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of shares of the Company issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the shares of the Company at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the GEM Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the GEM Listing Rules from time to time. A connected person (as defined in the GEM Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

(f) Time of exercise of option

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

DIRECTORS' REPORT

SHARE OPTIONS SCHEME (CONTINUED)

(f) Time of exercise of option (Continued)

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 31 March 2007 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					As at 31 March 2007
				As at 1 April 2006	Options granted during the year	Options exercised during the year ⁽²⁾	Options lapsed during the year ⁽¹⁾	Options cancelled during the year	
			HK\$						
<i>Directors</i>									
Chan Tan Lui, Danielle (resigned on 26 June 2006)	17 March 2004	17 September 2004 to 16 March 2014	0.047	4,000,000	-	(4,000,000)	-	-	-
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.090	-	2,000,000	-	-	-	2,000,000
Zhang Jialin	3 April 2006	3 October 2006 to 2 April 2009	1.090	-	2,000,000	-	-	-	2,000,000
Choo Kwok How (resigned on 7 October 2006)	17 March 2004	17 March 2005 to 16 March 2014	0.047	2,000,000	-	(2,000,000)	-	-	-
Guo Qi (resigned on 31 July 2006)	17 March 2004	17 September 2004 to 16 March 2014	0.047	400,000	-	(400,000)	-	-	-
Yip Tai Him	17 March 2004	17 September 2004 to 16 March 2014	0.047	400,000	-	-	-	-	400,000
<i>Other employees</i>									
In aggregate	17 March 2004	17 March 2005 to 16 March 2014	0.047	8,000,000	-	(8,000,000)	-	-	-
In aggregate	3 April 2006	3 October 2006 to 2 April 2009	0.990	-	2,000,000	-	(2,000,000)	-	-
<i>Other Eligible Participants</i>									
In aggregate	17 March 2004	17 March 2005 to 16 March 2014	0.047	300,000	-	-	-	-	300,000
In aggregate	14 February 2006	14 August 2006 to 13 February 2009	0.340	10,000,000	-	(8,000,000)	-	(2,000,000)	-
In aggregate	28 June 2006	28 December 2006 to 27 June 2009	1.740	-	1,300,000	(500,000)	-	-	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	4 December 2006	4 June 2007 to 3 December 2009	3.992	-	1,000,000	-	-	-	1,000,000
In aggregate	15 December 2006	15 June 2007 to 14 December 2007	2.816	-	3,000,000	-	-	-	3,000,000
In aggregate	28 February 2007	28 August 2007 to 27 February 2008	4.000	-	200,000	-	-	-	200,000
				25,100,000	13,000,000	(22,900,000)	(2,000,000)	(2,000,000)	11,200,000

DIRECTORS' REPORT

SHARE OPTIONS SCHEME (CONTINUED)

(f) Time of exercise of option (Continued)

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.

During the year, 2,000,000 share options have lapsed upon the resignation of an employee.

- (2) The weighted average share price at the date of exercise is HK\$2.65 per share.

DIRECTORS

The Directors who held office during the year and up to the date of this report were as follows:

Executive Directors

He Chenguang	(Appointed on 28 April 2006)
Xiao Haiping	
Chan Tan Lui, Danielle	(Resigned on 26 June 2006)
Zhang Peng	(Appointed on 16 June 2006)
Choo Kwok How	(Resigned on 7 October 2006)
Zhang Jialin	

Independent Non-executive Directors

Yip Tai Him	
Guo Qi	(Resigned on 31 July 2006)
Chiu Kwok Ching	(Resigned on 27 November 2006)
Lam Lee G	(Appointed on 31 October 2006 and resigned on 14 May 2007)
Liu Jie	(Appointed on 27 February 2007)
Weng Pinger	(Appointed on 16 May 2007)

In accordance with Article 112 of the Articles, one-third of the Directors shall retire from office by rotation. Accordingly, Mr. Xiao Haiping, Ms. Zhang Jialin and Mr. Yip Tai Him shall retire at the annual general meeting ("AGM") and, being eligible, offer themselves for re-election at the AGM.

The terms of office of Independent Non-executive Directors should be subject to retirement by rotation in accordance with the Articles.

The Company has received written confirmations from each of the Independent Non-executive Directors for their independence. The Company has assessed their independence and concluded that all Independent Non-executive Directors are independent within the definition of the Listing Rules.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company. The employment of each Executive Director under his service contract shall be continuous subject to termination by either party to the contract serving written notice to the other to terminate such employment to take effect three months from the date of service of such notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Mr. He Chenguang is the chairman of the board of CCC. CCC is a substantial shareholder of the Company through its wholly owned subsidiary, CCI holding 115,542,000 shares of the Company. On 1 February 2006, Pro-concept, which is a wholly owned subsidiary of the Company, entered into the license agreement for the license of Licensed Rights with China Cyber Port Co. Ltd. ("CCP"). On 20 October 2006, Success Advantage Investments Limited ("Success Advantage"), which is a wholly owned subsidiary of the Company, entered into the SA Agreement for the acquisition of the right to receive the Net Revenue (as defined in the Company's circular dated 30 November 2006) from CCI for the period between 1 January 2007 and 10 August 2009. CCI is a wholly owned subsidiary of CCC.

Apart from the Directors' interests in contracts disclosed above, no Directors had a significant beneficial interest, whether directly or indirectly, in any contracts of significance to the business of the Group to which the Company or any of its subsidiary companies were a party at the end of the year or any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 8 to 9.

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

As at 31 March 2007, 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 corporation (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				Total interests in shares	Number of underlying shares		Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests		Share Option Scheme	Aggregate interests	
Chan Tan Lui, Danielle (resigned on 26 June 2006)	4,240,000	-	-	-	4,240,000	-	4,240,000	0.63%
Xiao Haiping	-	-	-	-	-	2,000,000	2,000,000	0.30%
Zhang Jialin	-	-	-	-	-	2,000,000	2,000,000	0.30%
Yip Tai Him	-	-	-	-	-	400,000	400,000	0.06%

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 March 2007.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 March 2007, 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 Division 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	Capacity	Number of shares held		Share Option Scheme	Aggregate interests	Approximate percentage of the issued share capital of the Company
		Interests in shares	Number of underlying shares			
CCC (Note 1)	Interest of a controlled corporation	115,542,000	-	-	115,542,000	17.10%
CCI	Beneficial owner	115,542,000	-	-	115,542,000	17.10%
Mi Hui Ying (Note 2)	Interest of a controlled corporation	74,979,195	-	-	74,979,195	11.10%
Superhero Limited	Beneficial owner	74,979,195	-	-	74,979,195	11.10%
He Jianren (Note 3)	Beneficial owner & Interest of a controlled corporation	55,346,144	-	-	55,346,144	8.19%
Supreme System Investments Limited	Beneficial owner	54,001,144	-	-	55,001,144	8.00%
Chan Wong Kam Fung, Cecilia	Beneficial owner	51,500,798	-	-	51,500,798	7.62%

Note:

- (1) CCC is deemed to be a substantial shareholder as CCI is a wholly-owned subsidiary of CCC.
- (2) Ms. Mi Hui Ying is deemed to be a substantial shareholder by virtue of her 100% beneficial interest in Superhero Limited.
- (3) Supreme System Investments Limited is a company wholly and beneficially owned by Mr. He Jianren. By virtue of the SFO, Mr. He Jianren is deemed to have an interest in 55,346,144 shares held by Supreme System Investments Limited in addition to 1,345,000 shares held by himself.

Save as disclosed above, as at 31 March 2007, 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 Division 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.

MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	51.93%
– five largest suppliers	100.00%

Sales (Included the licensing income)

– the largest customer	95.03%
– five largest customers	99.47%

Sales (Excluded the licensing income)

– the largest customer	60.55%
– five largest customers	92.15%

Save as disclosed above, none of the Directors, their associates or any shareholder (which to the best knowledge of the directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

On 1 February 2006, Pro-Concept as licensor entered into a license agreement (the "License Agreement") with CCP as licensee and CCI as guarantor of CCP in relation to the licence of certain computer games software and computer game guide books modified into Chinese language for distribution and sale in the PRC for an initial term of three years renewable for another term of three years and two further terms of two years each in return for an annual license payment net of all taxes payable to Pro-Concept during the continuance of the License Agreement in cash. The initial payment was in the sum of RMB20 million per year payable to Pro-Concept on 31 December 2006 and will be adjusted annually by a compound increment of 10% to its previous annual payment.

CCI has unconditionally and irrevocably undertaken to Pro-Concept to procure the due and punctual performance by CCP of all its obligations, including the annual license payment obligations, and to indemnify Pro-Concept against all liabilities under the License Agreement.

As CCI is a substantial shareholder (as defined under the GEM Listing Rules) holding 115,542,000 shares of the Company, representing about 17.10% of the issued shares of the Company, and both CCI and CCP are subsidiaries of their parent company, CCC, both CCI and CCP are connected persons (as defined under the GEM Listing Rules) of the Company and the on-going License Agreement constitutes a continuing connected transaction among the parties.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

The aforesaid License Agreement has been reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the License Agreement were entered into (a) in the ordinary and usual course of business of the Group; (b) on terms no less favourable to the Group than terms available to or from independent third parties, and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditors of the Company have confirmed that the License Agreement (a) has been approved by the Board, and (b) has been entered into in accordance with the terms of the relevant agreements governing the transactions.

Connected Transactions

On 20 October 2006, Success Advantage entered into the SA Agreement with CCI and CCC pursuant to which Success Advantage has conditionally agreed to acquire, at a consideration of HK\$620,000,000, the right to receive the Net Revenue from CCI for the period between 1 January 2007 and 10 August 2009 (the "Term"). CCC, being the sole shareholder of CCI, is the guarantor under the SA Agreement pursuant to which CCC has unconditionally and irrevocably undertaken to Success Advantage the due and punctual performance by CCI of all the obligations expressed to be imposed on or assumed by it under the SA Agreement and undertaken to indemnify and keep effectively indemnified Success Advantage (if necessary, by the payment of cash on first demand) against all liabilities, losses, damages, costs and expenses stipulated under the SA Agreement or otherwise which Success Advantage may suffer or incur in connection with any default or delay on the part of CCI in the performance of any such obligations.

CCI is a substantial shareholder holding 115,542,000 shares of the Company, representing about 17.10% of the issued shares of the Company.

ADVANCES AND FINANCIAL ASSISTANCE TO THE ASSOCIATED COMPANY

As at 31 March 2007, the aggregate advances and financial assistance provided by the Group to 神州速達導航通信資訊(北京)有限公司 (China Star Navigation Communication Information (Beijing) Co., Ltd.) (the "Associated Company") amounted to RMB1,960,000 (equivalent to approximately HK\$2,019,966), representing approximately 0.2% of the audited total assets of the Group as at 31 March 2007.

The advance to the Associated Company was made on 5 November 2004 and is unsecured, bearing interest at the rate of 5% per annum. During the year, a supplemental agreement was signed on 4 November 2006 pursuant to which the repayment date of the loan and the interests incurred therein have been extended to 4 May 2007. The loan principal was repaid on 10 May 2007.

The above advance was funded by internal resources of the Group and was made for the purpose of providing general working capital to the Associated Company.

DIRECTORS' REPORT

ADVANCES AND FINANCIAL ASSISTANCE TO THE ASSOCIATED COMPANY (CONTINUED)

The condensed unaudited balance sheet of the Associated Company as at 31 March 2007 is set out as follows:

	HK\$'000
Non-current assets	5,740
Current assets	5,318
Current liabilities	(4,074)
Net assets	6,984
The group's share of net assets	<u>3,422</u>

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Directors and within the knowledge of the Directors, it is confirmed that there is a sufficient public float, representing more than 25% of the Company's issued shares at the latest practicable date prior to the issue of this report.

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.

SUBSEQUENT EVENTS

Details of significant events which have taken place subsequent to the balance sheet date are set out in note 30 to the financial statements.

OTHER MATTERS

- (a) The company secretary and qualified accountant of the Company is Ms. Chan Mei Yee, CPA.
- (b) The compliance officer of the Company is Ms. Zhang Jialin appointed pursuant to Rule 5.19 of the GEM Listing Rules.

AUDITORS

The financial statements have been audited by Baker Tilly Hong Kong Limited who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

He Chenguang

Chairman

Hong Kong, 29 June 2007

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF CHINA CYBER PORT (INTERNATIONAL) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Cyber Port (International) Company Limited (the "company") set out on pages 28 to 62, which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of principal accounting policies and other explanatory notes.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibilities of auditors

Our responsibility is to express an opinion on these financial statements based on our audit and report our opinion solely to you, as a body, and for no other purpose. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the company and of the group as at 31 March 2007 and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BAKER TILLY HONG KONG LIMITED

Certified Public Accountants

Andrew David Ross

Practising Certificate number P01183

Hong Kong, 29 June 2007

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$ (Restated)
Continuing operations			
Turnover	5	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	6	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)	7	28,700,558	(7,863,210)
Finance costs	8	(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	9	-	-
Profit/(loss) for the year from continuing operations		18,049,452	(9,867,182)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	10	(654,932)	2,548,950
Profit/(loss) attributable to shareholders	11	17,394,520	(7,318,232)
Dividends	12	-	-
Earnings/(loss) per share			
13			
From continuing and discontinued operations			
– Basic		HK2.77 cents	(HK1.73 cents)
– Diluted		HK2.75 cents	N/A
From continuing operations			
– Basic		HK2.88 cents	(HK2.33 cents)
– Diluted		HK2.86 cents	N/A

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$ (Restated)
NON-CURRENT ASSETS			
Fixed assets	15	115,975	452,388
Deferred tax assets	16	–	1,115,135
Intangible assets	17	134,615,385	150,000,000
Investment in an associated company	19(a)	3,422,218	4,026,008
Available-for-sale financial assets	20	769,506,726	–
		907,660,304	155,593,531
CURRENT ASSETS			
Accounts receivable	21	45,973,527	21,360
Deposits and prepayments		1,628,123	412,164
Loan receivable from an associated company	19(b)	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	23	–	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	24	366,310,615	69,733,626
NET ASSETS		611,410,338	86,034,864
FINANCED BY			
Share capital	25	6,755,868	5,135,520
Reserves		604,654,470	80,899,344
TOTAL EQUITY		611,410,338	86,034,864

He Chenguang
Director

Zhang Peng
Director

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$
NON-CURRENT ASSETS			
Fixed assets	15	9,731	–
Investments in subsidiary companies	18	20,389	3,293,008
		30,120	3,293,008
CURRENT ASSETS			
Deposits and prepayments		984,932	–
Amounts due from subsidiary companies	22	246,900,180	45,019,016
Cash and bank balances		21,423,642	479,556
		269,308,754	45,498,572
CURRENT LIABILITIES			
Accrued expenses		94,549	22,969
Amounts due to subsidiary companies	22	1,678,563	177,795
Convertible bonds	23	–	4,805,083
		1,773,112	5,005,847
NET CURRENT ASSETS		267,535,642	40,492,725
TOTAL NET ASSETS		267,565,762	43,785,733
FINANCED BY			
Share capital	25	6,755,868	5,135,520
Reserves		260,809,894	38,650,213
TOTAL EQUITY		267,565,762	43,785,733

He Chenguang
Director

Zhang Peng
Director

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY OF THE GROUP AND THE COMPANY

FOR THE YEAR ENDED 31 MARCH 2007

Group

		Share capital	Share premium	Merger reserve	Capital surplus	Asset revaluation reserve	Exchange revaluation reserve	Convertible bond reserve	Share- based compen- sation reserve	Accumu- lated losses	Total
	Notes	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	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	26	-	-	-	-	-	-	-	-	(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

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY OF THE GROUP AND THE COMPANY

FOR THE YEAR ENDED 31 MARCH 2007

Company

	Share capital	Share premium	Convertible bond reserve	Share-based compensation reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance as at 1 April 2005	4,000,000	15,195,487	-	-	(4,711,046)	14,484,441
Loss for the year	-	-	-	-	(5,506,368)	(5,506,368)
Issue of shares	1,118,420	33,353,340	-	-	-	34,471,760
Share option scheme						
– value of share 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)
Repurchases of shares	(2,900)	(91,300)	-	-	-	(94,200)
Equity component for the convertible bonds issued during the year	-	-	448,441	-	-	448,441
Balance as at 1 April 2006	5,135,520	48,201,945	348,441	317,241	(10,217,414)	43,785,733
Loss for the year	-	-	-	-	(69,299,678)	(69,299,678)
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)
Share option scheme						
– value of share options granted	-	-	-	6,311,130	-	6,311,130
– proceeds from shares issued	229,000	5,652,087	-	(1,614,286)	-	4,266,801
Balance as at 31 March 2007	6,755,868	335,312,901	-	5,014,085	(79,517,092)	267,565,762

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$ [Restated]
Cash flows from operating activities	<i>31</i>	1,484,757	(6,433,824)
Interest paid		(79,557)	(100,000)
Net cash generated from/(used in) operating activities		1,405,200	(6,533,824)
Cash flows from investing activities			
Purchase of fixed assets		(11,300)	(465,588)
Proceeds from disposal of fixed assets		2,090	–
Purchase of intangible assets		–	(10,000,000)
Acquisition of available-for-sale financial assets		(60,000,000)	–
Loan receivable from an associated company		194,138	–
Interest received		1,421,559	76,116
Net cash used in investing activities		(58,393,513)	(10,389,472)
Cash flows from financing activities			
Proceeds from issue of new shares		145,845,000	10,520,000
Payment for repurchase of shares		–	(94,200)
Issue of shares on exercise of share options		4,266,800	94,000
Issuing expenses paid		(3,077,340)	(429,582)
Proceeds from issue of convertible bonds		–	5,000,000
Repayments of promissory notes		(69,911,478)	–
Net cash generated from financing activities		77,122,982	15,090,218
Net increase/(decrease) in cash and cash equivalents		20,134,669	(1,833,078)
Cash and cash equivalents at beginning of the year		2,850,589	4,683,667
Cash and cash equivalents at end of the year		22,985,258	2,850,589
Analysis of cash and cash equivalents			
Cash and bank balances		22,985,258	2,850,589

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 the licensing of licensed rights, operation of financial website, and the provision of financial information and investor education.

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 is located at Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to 31 March.

(a) Subsidiary companies

Subsidiary companies are those entities in which the Company, directly or indirectly, controls the composition of the board of directors; controls more than half of the voting power or holds more than half of the issued share capital; or has the power to govern the financial and operating policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiary companies (Continued)

Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortized goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognized in the consolidated income statement.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet, the investments in subsidiary companies are stated at cost less any provision for impairment losses. Results of subsidiary companies are accounted for on the basis of dividends received and receivable.

(b) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for under the equity method of accounting and are initially recognized at cost. The Group's investment in associated companies includes goodwill, net of any accumulated impairment losses identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in associated companies are stated at cost less any provision for impairment losses. Results of associated companies are accounted for on the basis of dividends received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Revenue recognition

Revenue from the sale of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Revenue from the provision of services is recognized when the services are rendered.

Revenue from exploitation of online games in the PRC is recognized in accordance with the terms of agreement for the underlying transactions.

Licensing income is recognized on pro-rata and accruals basis as stipulated in the relevant agreements.

Interest income is recognized on a time-proportion basis using the effective interest method.

2.5 Operating leases

Leases where the lessor substantially retains all the risks and rewards of ownership of assets are accounted for as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on the straight-line basis over the lease periods.

2.6 Foreign currency translation

Foreign currency transactions during the year are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars, the presentation currency of the Company, at the rates of exchange prevailing at the balance sheet date, and the income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognized as a separate component of equity in the exchange revaluation reserve. Such exchange differences are recognized in income statement in the period in which the foreign operation is disposed of.

2.7 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Employee benefits (Continued)

(b) Pension scheme

The Group contributes to defined contribution retirement schemes. The assets of the schemes are held separately from those of the Group in an independently administered fund. Contributions to these retirement schemes are charged to the income statement as they become payable in accordance with the rules of these schemes.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

2.8 Income tax

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowable.

Deferred taxation is provided in full, where material, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates ruling at the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.9 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any provisions for impairment losses. Cost represents the purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent expenditure is capitalized when it is probable that future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognized as expenses in the period in which it is incurred.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives, on a straight-line basis, at the following annual rates:

Computer equipment	33 1/3% – 50%
Leasehold improvements	Shorter of unexpired lease period or useful life
Equipment, furniture and fixtures	25% – 33 1/3%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Fixed assets (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising from the retirement or disposal of fixed assets, representing the difference between the estimated net disposal proceeds and the carrying amount of the asset, is recognized in the income statement.

2.10 Intangible assets

Intangible assets having a defined useful life are carried at cost, being the fair value at the date of acquisition less any subsequent accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the costs of the intangible assets over their estimated useful lives of 10 years.

2.11 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization. Such assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized in respect of the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to the income statement except where the asset is carried at valuation, in which case the reversal of impairment loss is treated as a revaluation increase.

2.12 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified elsewhere. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through the profit and loss account. Financial assets are eliminated when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Available-for-sale financial assets (Continued)

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.14.

2.13 Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Financial liabilities are subsequently stated at amortized cost with any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the income statement over the period of the financial liabilities using the effective interest method.

(a) Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

(b) Promissory notes

The notes are initially recognized at the fair value of the consideration received less directly attributable costs. After initial recognition, the notes are carried at amortized cost using the effective interest method by discounting the expected cash flows at prevailing interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounts receivable

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms, or where the effect of discounting would not be material. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.16 Other payables

Other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would not be material, in which case they are stated at cost.

2.17 Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Credit risk

The Group's credit risk exposure is primarily attributable to trade receivables from a shareholder and a related company. Management has policies in place and the exposure to these credit risks are monitored on an ongoing basis.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(c) Fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from promissory notes which are issued at fixed rates, will expose the Group to fair value interest-rate risk. At the balance sheet date, 99% of borrowings were at fixed rates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market, including available-for-sale financial assets and promissory notes, is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal value less estimated credit adjustments of accounts receivable and accounts payable are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are mainly share-based payments.

The fair value of option granted is estimated by independent professional valuers and the management based on various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represents the best estimates of the fair value of the share options at date of grant.

NOTES TO THE FINANCIAL STATEMENTS

5. 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 HK\$	2006 HK\$ (Restated)	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$ (Restated)		
Turnover	20,207,284	-	1,027,780	1,482,712	-	1,381,392	29,172	94,000	1,056,952	2,958,104	21,264,236	2,958,104		
Segment results	4,822,669	-	971,190	1,334,792	-	1,059,742	29,172	(8,440)	1,000,362	2,386,094	5,823,031	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	18,049,452	(9,867,182)							(654,932)	2,548,950	17,394,520	(7,318,232)		

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.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

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

Segment assets consist primarily of intangible assets and accounts receivable.

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

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

(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 HK\$	2006 HK\$	2007 HK\$	2006 HK\$ (Restated)	2007 HK\$	2006 HK\$ (Restated)
Turnover	-	-	20,207,284	-	20,207,284	-
Segment results	-	-	4,822,669	-	4,822,669	-
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).

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments (Continued)

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

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

6. OTHER REVENUE

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

7. OPERATING PROFIT/(LOSS)

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

	2007 HK\$	2006 HK\$ (Restated)
Auditors' remuneration	110,000	90,000
Depreciation (Note 15)	341,029	116,821
Amortization of intangible assets (Note 17)	15,384,615	–
Rental charges under operating leases for land and buildings	806,598	934,297
Employee benefits expenses (including directors' remuneration) (Note 14)	7,518,830	4,747,375

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCE COSTS

	2007	2006
	HK\$	HK\$
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
	9,863,034	353,524

9. 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	2006
	HK\$	HK\$
The income tax expense/(credit) comprises:		
Current year provision	–	–
Deferred taxation (<i>Note 16</i>)	1,115,135	(1,115,135)
Total tax expense/(credit) for the year	1,115,135	(1,115,135)
	2007	2006
	HK\$	HK\$
Attributable to:-		
Continuing operations	–	–
Discontinued operations (<i>Note 10</i>)	1,115,135	(1,115,135)
	1,115,135	(1,115,135)

NOTES TO THE FINANCIAL STATEMENTS

9. TAXATION (CONTINUED)

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

	2007	2006
	HK\$	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)

NOTES TO THE FINANCIAL STATEMENTS

10. 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	2006
	HK\$	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 9</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	2006
	HK\$	HK\$
Total assets	-	21,360
Total liabilities	(13,887)	(43,297)
Net liabilities	(13,887)	(21,937)

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

	2007	2006
	HK\$	HK\$
Net cash generated from operating activities	453,153	1,092,776
Net cash generated from investing activities	-	237,400
	452,153	1,330,176

NOTES TO THE FINANCIAL STATEMENTS

11. 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).

12. DIVIDENDS

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

13. 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.

14. EMPLOYEE BENEFITS EXPENSES

	2007 HK\$	2006 HK\$
Salaries and allowances	5,592,959	4,043,733
Share options granted	1,815,531	317,241
Pension cost – defined contribution plans	110,340	113,401
	7,518,830	4,474,375

(a) Pensions — defined contribution plans

No forfeited contributions were utilized during the year nor available at year end to reduce future contributions (2006: HK\$Nil).

NOTES TO THE FINANCIAL STATEMENTS

14. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2007 is set out below:

Name of director	Fees HK\$	Salary HK\$	Other benefits HK\$	Employer's	Total HK\$
				contributions to pension scheme HK\$	
He Chenguang (a)	-	882,667	-	12,133	894,800
Xiao Haiping	-	960,000	907,766	12,000	1,879,766
Chan Tan Lui, Danielle (b)	-	300,000	-	3,000	303,000
Zhang Peng (c)	-	912,000	-	9,000	921,000
Choo Kwok How (d)	-	189,477	-	6,000	195,477
Zhang Jialin	-	900,000	907,765	12,000	1,819,765
Yip Tai Him	-	-	-	-	-
Guo Qi (e)	-	-	-	-	-
Chiu Kwok Ching (f)	-	-	-	-	-
Lam Lee G (g)	40,000	-	-	-	40,000
Liu Jie (h)	8,000	-	-	-	8,000
	48,000	4,144,144	1,815,531	54,133	6,061,808

The remuneration of the directors for the year ended 31 March 2006 is set out below:

Name of director	Fees HK\$	Salary HK\$	Employer's	Total HK\$
			contributions to pension scheme HK\$	
He Chenguang (a)	-	-	-	-
Xiao Haiping	-	198,710	3,000	201,710
Chan Tan Lui, Danielle (b)	-	1,200,000	12,000	1,212,000
Zhang Peng (c)	-	-	-	-
Choo Kwok How (d)	-	342,000	12,000	354,000
Zhang Jialin	-	500,000	10,000	510,000
Yip Tai Him	-	-	-	-
Guo Qi (e)	-	-	-	-
Chiu Kwok Ching (f)	-	-	-	-
	-	2,240,710	37,000	2,277,710

14. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' emoluments (Continued)

- Notes:
- (a) Appointed on 28 April 2006.
 - (b) Resigned on 26 June 2006.
 - (c) Appointed on 16 June 2006.
 - (d) Resigned on 7 October 2006.
 - (e) Resigned on 31 July 2006.
 - (f) Resigned on 27 November 2006.
 - (g) Appointed on 31 October 2006 and resigned on 14 May 2007.
 - (h) Appointed on 28 February 2007.

During the year, no directors waived any emoluments and no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or joining the Group as compensation for loss of office.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2006: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2006: one) individual during the year are as follows:

	2007	2006
	HK\$	HK\$
Basic salaries, allowances and benefit in kinds	357,000	201,290
Bonuses	-	-
Retirement benefit costs	12,000	3,000
	369,000	204,290

The emoluments of the employee fell within the following bands:

	Number of Individuals	
	2007	2006
Emolument bands		
HK\$ Nil to HK\$1,000,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

15. FIXED ASSETS

	Computer equipment HK\$	Leasehold improvements HK\$	Group Equipment, furniture and fixtures HK\$	Total HK\$	Company Computer equipment HK\$
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)	-
At 1 April 2006	1,931,542	361,270	168,207	2,461,019	-
Additions	11,300	-	-	11,300	11,300
Disposals	(1,731,176)	-	(91,815)	(1,822,991)	-
At 31 March 2007	211,666	361,270	76,392	649,328	11,300
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)	-
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	1,569
Eliminated on disposals	(1,730,394)	-	(85,913)	(1,816,307)	-
At 31 March 2007	171,957	296,293	65,103	533,353	1,569
Net book value					
At 31 March 2007	39,709	64,977	11,289	115,975	9,731
At 31 March 2006	64,550	319,991	67,847	452,388	-

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAXATION

The components of deferred tax (assets)/liabilities recognized in the balance sheet and the movements during the year are as follows:

	Group		
	Depreciation allowances in excess of related depreciation HK\$	Tax losses HK\$	Total HK\$
Deferred tax arising from			
At 1 April 2005	-	-	-
[Credited]/charged to income statement (<i>Note 9</i>)	9,204	(1,124,339)	(1,115,135)
At 1 April 2006	9,204	(1,124,339)	(1,115,135)
[Credited]/charged to income statement (<i>Note 9</i>)	(9,204)	1,124,339	1,115,135
At 31 March 2007	-	-	-
		2007 HK\$	2006 HK\$
Deferred tax assets recognised in the balance sheet		-	(1,115,135)
Deferred tax liabilities		-	-
		-	(1,115,135)

Deferred tax assets are recognized in respect of tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profit is probable. In the prior year, the Group received an assessment from the Inland Revenue Department in respect of a subsidiary company whose tax losses of approximately HK\$7,304,000 can be carried forward to offset against future chargeable profits, therefore deferred tax assets of approximately HK\$1,124,000 were recognized in the balance sheet as at 31 March 2006. In the current year, the Group reversed the deferred tax assets of HK\$1,124,000 due to the uncertainty of future profit streams upon discontinuance of operations of that subsidiary company. Hence, the Group has unused tax losses of approximately HK\$36,674,000 available to offset against future profits as at 31 March 2007.

17. INTANGIBLE ASSETS

Group

	Licences HK\$
Cost	
At 1 April 2005	–
Additions	150,000,000
At 1 April 2006 and 31 March 2007	150,000,000
Amortization	
At 1 April 2005 and 1 April 2006	–
Charge for the year	15,384,615
At 31 March 2007	15,384,615
Net book value	
At 31 March 2007	134,615,385
At 31 March 2006	150,000,000

Amortization expense of HK\$15,384,615 (2006: HK\$Nil) has been included in the cost of sales.

The licenses were revalued by the independent valuer, Grant Sherman Appraisal Limited, on 31 December 2005. The directors consider that the carrying amount of intangible assets approximates to its fair value.

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2007	2006
	HK\$	HK\$
Unlisted shares, at cost	3,293,008	3,293,008
Provision for impairment losses	(3,272,619)	–
	20,389	3,293,008

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies as at 31 March 2007 are as follows:

Name	Place of incorporation	Paid up capital	Percentage of equity interest	Principal activities
HK6 Investment Limited**	British Virgin Islands	US\$2,614 ordinary shares	100%	Investment holding
Hong Kong Financial Institute Limited	Hong Kong	HK\$1,307 ordinary shares	100%	Production of financial programmes and videos and provision of investor education
hk6.com Limited	Hong Kong	HK\$2 ordinary shares	100%	Operation of financial websites and provision of financial information
HK6 Media Limited	Hong Kong	HK\$2 ordinary shares	100%	Development of business alliances with media channels
HK6 Investment China (BVI) Limited **	British Virgin Islands	US\$1 ordinary share	100%	Investment holding
Sino Key International Limited#	British Virgin Islands	US\$1 ordinary share	100%	Investment holding
Pro-Concept Development Limited#	British Virgin Islands	US\$1 ordinary share	100%	Investment holding
Success Advantage Investments Limited#	British Virgin Islands	US\$1 ordinary share	100%	Investment holding
神州資訊(深圳)有限公司#	People's Republic of China	HK\$1,000,000 registered capital	100%	Business has not yet been commenced

* *shares held directly by the Company*

companies not audited by Baker Tilly Hong Kong Limited

NOTES TO THE FINANCIAL STATEMENTS

19. INVESTMENT IN AN ASSOCIATED COMPANY

(a) Interest in an associated company

	Group	
	2007 HK\$	2006 HK\$
At 1 April	4,026,008	5,569,353
Share of loss in an associated company	(788,072)	(1,650,448)
Exchange differences	184,282	107,103
At 31 March	3,422,218	4,026,008

Details of the Group's associated company are as follows:-

Name	Percentage of equity interest	Principal activities	Place of operation
神州速達導航通信資訊 (北京)有限公司	49%	Provision of various value-added services, including financial information relating to Hong Kong, to telecommunication users through the media channels in the PRC	People's Republic of China

(b) Loan receivable from an associated company

The balance is unsecured and bears interest at the rate of 5% per annum. During the year, a supplemental agreement was signed on 4 November 2006 pursuant to which the repayment date of loan principal and interest thereon has been extended to 4 May 2007. The loan principal was repaid on 10 May 2007.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	2007 HK\$	2006 HK\$
Right to receive benefits from exploitation of online games in the PRC, at fair value	769,506,726	-

The financial assets were revalued by the independent valuer, Grant Sherman Appraisal Limited, on 30 September 2006. The directors consider that the carrying amount of the available-for-sale financial assets approximates to its fair value.

21. ACCOUNTS RECEIVABLE

	Group	
	2007	2006
	HK\$	HK\$
		(Restated)
From third parties	-	21,360
From a shareholder	40,416,287	-
From a related company	5,557,240	-
	45,973,527	21,360

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

	2007	
	HK\$	2006
		HK\$
		(Restated)
Hong Kong dollar	-	21,360
Chinese Yuan Renminbi	45,973,527	-
	45,973,527	21,360

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

22. ACCOUNTS WITH SUBSIDIARY COMPANIES

The amounts due to or from subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

23. 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:

	Group and Company	
	2007	2006
	HK\$	HK\$
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)	–
At 31 March	–	4,805,083

24. PROMISSORY NOTES

	Group	
	2007	2006
	HK\$	HK\$
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)	–
	368,738,355	69,733,626
Less: Accrued interest classified under current liabilities	(2,427,740)	–
At 31 March	366,310,615	69,733,626

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.

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL

(a) Share capital

	Company	
	2007	2006
	HK\$	HK\$
<hr/>		
<i>Authorized:</i>		
1,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	10,000,000
<hr/>		
<i>Issued and fully paid:</i>		
675,586,761 ordinary shares of HK\$0.01 each	6,755,868	5,135,520
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The movement in the Company's issued share capital during the year is set out as follows:

	Number of shares	
	2007	2006
<hr/>		
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)
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At 31 March	675,586,761	513,552,000
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(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.

26. 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.

27. CAPITAL COMMITMENTS

	Group	
	2007	2006
	HK\$	HK\$
<hr/>		
Fixed assets		
Contracted but not provided for	479,010	-
<hr/>		

At the balance sheet date, the Company did not have significant capital commitments.

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2007	2006
	HK\$	HK\$
Within one year	1,017,924	806,598
In the second to fifth years inclusive	2,736,384	288,552
	3,754,308	1,095,150

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated, and rentals are fixed, for an average term of two years.

No arrangements have been entered into for contingent rental payments.

29. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

	2007	2006
	HK\$	HK\$
Accounts receivable from a shareholder <i>(Note 21)</i>	40,416,287	–
Accounts receivable from a related company <i>(Note 21)</i>	5,557,240	–
Acquisition of available-for-sale financial assets in respect of online game in the PRC from a shareholder	620,000,000	–
Interest income from an associated company	233,706	–
Interest expenses on promissory notes payable to a shareholder	2,427,740	–
Licensing income from a related company <i>(Note 5)</i>	20,207,284	–
Loan receivable from an associated company <i>(Note 19 (b))</i>	2,019,966	1,884,615
Promissory notes payable to a shareholder <i>(Note 24)</i>	366,310,615	69,733,626

The directors are of the opinion that the above transactions were conducted at arm's length in the ordinary course of business and on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

30. POST BALANCE SHEET EVENTS

- (a) On 28 May 2007, the Company entered into an agreement with an independent third party, Sparkly Moon Continental S A to place 20,000,000 ordinary shares of HK\$0.01 each at a price of HK\$2.70 per share. On 11 June 2007, the said shares were allotted.
- (b) On 28 May 2007, Success Advantage Investments Limited, a wholly owned subsidiary of the Company, entered into an agreement with a substantial shareholder, China Communication Investment Limited to acquire the right to receive 75% of the distributable profit derived from operation of the e-Sports Platform at a consideration of HK\$304,500,000 by issuance of 105,000,000 ordinary shares.

The completion of the acquisition is pending for the approval by independent shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash flows from operating activities

	2007 HK\$	2006 HK\$ (Restated)
Profit/(loss) for the year		
From continuing operations	18,049,452	(9,867,182)
From discontinued operations	460,203	1,433,815
Adjustments for:		
Amortization of intangible assets	15,384,615	-
Depreciation	341,029	116,821
Equity-settled share-based payments expenses	6,311,130	317,241
Finance costs	9,863,034	353,524
Gain on derecognition of promissory notes	(693,818)	-
Interest income	(1,655,265)	(76,116)
Loss on disposal of fixed assets	4,594	-
Share of loss of an associated company	788,072	1,650,448
Exchange differences	(129,962)	-
Operating profit/(loss) before working capital changes	48,723,084	(6,071,449)
Movements in working capital elements:		
Accounts receivable	(45,952,167)	8,720
Deposits and prepayments	(1,215,959)	(190,219)
Accounts payable	-	(5,370)
Accrued expenses	(42,591)	(92,098)
Receipts in advance and other payables	(27,610)	(83,408)
Cash generated from/(used in) operations	1,484,757	(6,433,824)

(b) Major non-cash transactions

- (1) During the year, the convertible bonds, with a principal amount of HK\$5,000,000, were converted into 11,904,761 shares at the conversion price of HK\$0.42 per share.
- (2) During the year, the Group acquired the available-for-sale financial assets for a consideration of HK\$620,000,000. The consideration was satisfied by cash of HK\$60,000,000, the issuance of 30,000,000 ordinary shares and promissory notes with a principal amount of HK\$425,000,000.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board on 29 June 2007.