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)

* For identification purpose only

08
Annual Report

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

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

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

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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)*
Mr. Xiao Haiping
Mr. Zhang Peng *(Chief Executive Officer)*
Ms. Zhang Jialin (Resigned on 31 March 2008)
Ms. Weng Pinger (Appointed on 22 April 2008)

Independent Non-Executive Directors

Mr. Yip Tai Him
Dr. Lam Lee G (Resigned on 14 May 2007)
Dr. Liu Jie
Ms. Weng Pinger (Appointed on 16 May 2007 and resigned on 22 April 2008)
Ms. Cao Huifang (Appointed on 16 May 2008)

COMPANY SECRETARY

Ms. Chan Mei Yee, *CPA*

QUALIFIED ACCOUNTANT

Ms. Chan Mei Yee, *CPA*

COMPLIANCE OFFICER

Ms. Zhang Jialin (Resigned on 31 March 2008)
Mr. Zhang Peng (Appointed on 31 March 2008)

AUDIT COMMITTEE

Mr. Yip Tai Him
Dr. Lam Lee G (Resigned on 14 May 2007)
Dr. Liu Jie
Ms. Weng Pinger (Appointed on 16 May 2007 and resigned on 22 April 2008)
Ms. Cao Huifang (Appointed on 16 May 2008)

REMUNERATION COMMITTEE

Mr. Yip Tai Him
Dr. Lam Lee G (Resigned on 14 May 2007)
Dr. Liu Jie
Ms. Weng Pinger (Appointed on 16 May 2007 and resigned on 22 April 2008)
Ms. Cao Huifang (Appointed on 16 May 2008)

AUTHORISED REPRESENTATIVES

Ms. Zhang Jialin (Resigned on 31 March 2008)
Mr. Zhang Peng (Appointed on 31 March 2008)
Ms. Chan Mei Yee, *CPA*

AUDITORS

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

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

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				
	2008	2007	2006	2005	2004
	HK$	HK$	HK$	HK$	HK$
		(Restated)			
Turnover					
Continuing operations	**23,643,583**	20,207,284	–	–	–
Discontinued operation	**–**	1,056,952	2,958,104	4,569,961	2,693,048
	23,643,583	21,264,236	2,958,104	4,569,961	2,693,048
Loss before taxation	**(35,799,860)**	(21,906,633)	(8,433,367)	(3,270,173)	(3,338,619)
Taxation	**–**	(1,115,135)	1,115,135	–	–
Loss attributable to shareholders	**(35,799,860)**	(23,021,768)	(7,318,232)	(3,270,173)	(3,338,619)
Basic loss per share (HK cents)	**(4.70)**	(3.67)	(1.73)	(0.82)	(0.83)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$	HK$	HK$	HK$	HK$
		(Restated)			
Total assets	**1,011,080,715**	939,850,890	160,762,259	12,459,102	15,125,656
Total liabilities	**(362,324,170)**	(368,856,840)	(74,727,395)	(369,562)	(1,264,602)
Net assets	**648,756,545**	570,994,050	86,034,864	12,089,540	13,861,054
Net assets per share (HK cents)	**80.86**	84.52	16.75	3.02	3.47

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 2008.

FINANCIAL PERFORMANCE

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

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

BUSINESS REVIEW

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

LICENSING INCOME FROM THE LICENSE OF THE LICENSED RIGHTS

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

He Chenguang
Chairman

Hong Kong, 26 June 2008

Management Discussion and Analysis

REVENUE AND PROFITABILITY

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

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

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

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

CAPITAL STRUCTURE

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

Management Discussion and Analysis

CHARGE ON ASSETS

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

STAFF COSTS

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

MATERIAL INVESTMENT OR CAPITAL ASSETS

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

FOREIGN CURRENCY RISK

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

CONTINGENT LIABILITIES

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

Biographical Details of Directors and Senior Managements

EXECUTIVE DIRECTORS

Mr. He Chenguang, aged 47, joined the Group and was elected as the Chairman of the Group in April 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. ("CCP"), which is a subsidiary of CCC.

Mr. Xiao Haiping, aged 56, 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.

Mr. Zhang Peng, aged 44, joined the Group and was elected as the Managing Director of the Group in June 2006 and redesignated as the Chief Executive Officer of the Group in March 2008. He is responsible for formulating the group's strategy of overall business development. Mr. Zhang holds a Master degree of Business Administration 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 over 20 years' of experience in various large-sized Chinese state-owned commercial banks, international commercial bank and investment bank.

Ms. Weng Pinger, aged 64, joined the Group in May 2007 as the Independent Non-Executive Director and was redesignated as Executive Director since April 2008. Ms. Weng is responsible for the Group's overall management. Ms. Weng holds a Bachelor degree of Accounting and Finance from Economics of Beijing Commercial College (now is known as Beijing Technology and Business University). Ms. Weng has over 30 years' of corporate financial management experience and extensive experience in various aspects such as corporate governance, strategic investment and general management. Prior to joining the Group in May 2007, she had been managing director of China Travel Insurance Advice Hong Kong Limited.

Executive Director, Ms. Zhang Jialin resigned on 31 March 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him, aged 37, was appointed as an Independent Non-Executive Director since October 2002. Mr. Yip is a member of the Hong Kong Institute of Certified Public Accountants. He is currently an executive director of Brilliant Arts Multi-Media Holding Limited and an independent non-executive director of Global Solution Engineering Limited, S & D International Development Group Limited, Vinco Financial Group Limited and Wing Lee Holdings Limited.

Dr. Liu Jie, aged 44, was appointed as an Independent Non-Executive Director since 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, The University of Hong Kong.

Biographical Details of Directors and Senior Managements

Ms. Cao Huifang, aged 58, was appointed as an Independent Non-Executive Director since May 2008. Ms. Cao has over 30 years' of experience in engineering technology and corporate management. She is the vice-president of Shanghai International Airport Co., Ltd. and president of Shanghai Pudong International Airport Aviation Fuels Limited (上海浦東國際機場航空油料有限公司).

Independent Non-Executive Director, Dr. Lam Lee G resigned on 14 May 2007 and Ms. Weng Pinger redesignated as Executive Director on 22 April 2008.

SENIOR MANAGEMENT

Ms. Chan Mei Yee, aged 29, 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 Bachelor Degree of Accountancy from the Hong Kong Polytechnic University and a Master of Laws in International Economic Law from The Chinese University of Hong Kong. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group in 2005, she worked in an international accounting firm.

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. The Group has adopted practices which met and complied with the code provisions of the CCGP throughout the year ended 31 March 2008.

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

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:

– Mr. He Chenguang *(Chairman and Executive Director)*
– Mr. Xiao Haiping *(Executive Director)*
– Mr. Zhang Peng *(Chief Executive Officer and Executive Director)*
– Ms. Weng Pinger *(Executive Director)*
– Mr. Yip Tai Him *(Independent Non-Executive Director)*
– Dr. Liu Jie *(Independent Non-Executive Director)*
– Ms. Cao Huifang *(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. Mr. Yip Tai Him, Dr. Liu Jie and Ms. Cao Huifang have been appointed for a term one year subject to retirement by rotation in accordance with the Articles.

The Company has received the annual independence confirmation from each of Mr. Yip Tai Him, Dr. Liu Jie and Ms. Cao Huifang (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 well 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.

Corporate Governance Report

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 Mr. 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 2008, the Audit Committee held four meetings in which the members of the Audit Committee reviewed and concluded with satisfaction in relation to the internal control system of the Group and the following reports:

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

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 Mr. Yip Tai Him.

REMUNERATION COMMITTEE (CONTINUED)

The number of the Board meetings and the other committees' meetings held for the year ended 31 March 2008 and the attendance of each Director are as follows:

	Numbers of the meetings attended/held			
	Board	**Nomination Committee** Note 1	**Audit Committee**	**Remuneration Committee**
Executive Directors				
Mr. He Chenguang	21/21	1/1	N/A	N/A
Mr. Xiao Haiping	20/21	1/1	N/A	N/A
Mr. Zhang Peng	21/21	1/1	N/A	N/A
Ms. Zhang Jialin	21/21	1/1	N/A	N/A
Independent Non-Executive Directors				
Mr. Yip Tai Him	21/21	1/1	4/4	2/2
Dr. Lam Lee G (Resigned on 14 May 2007)	0/0	0/0	0/0	0/0
Dr. Liu Jie	21/21	1/1	4/4	2/2
Ms. Weng Pinger (Appointed on 16 May 2007)	19/19	0/0	4/4	1/1

Note 1 Among the Board meetings held during the year, 1 meeting was 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 2008. 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.

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 14 May 2007, 22 April 2008 and 16 May 2008, the Board approved the appointment of Ms. Weng Pinger as Independent Non-Executive Director, redesignation of Ms. Weng Pinger as Executive Director and appointment of Ms. Cao Huifang as Independent Non-Executive Director. 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. Mr. He Chenguang and Mr. Zhang Peng will retire at the forthcoming annual general meeting and the re-election of Mr. He Chenguang and Mr. Zhang Peng as 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. For the year ended 31 March 2008, the Auditors received the following remuneration from the Group in connection with the provision of audit and non-audit services to the Group:-

	For the year ended 31 March	
	2008	2007
	HK$	HK$
Statutory audit	**250,000**	110,000
Non-audit services	**200,000**	–
	450,000	110,000

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 2008. 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 2008.

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 19 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 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The consolidated results of the Group for the year ended 31 March 2008 and the state of affairs of the Group and the Company are set out in the financial statements on pages 25 to 66.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2008 (2007: 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 28 to 29.

FIXED ASSETS

Details of movements in fixed assets of the Group and the Company during the year are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution amounted to HK$585,490,634 (2007: HK$255,795,809).

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 2008.

SHARE OPTION SCHEMES

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 2.5% of the shares of the Company in issue as at 31 March 2008, 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 is 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 been 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 interst who, in the absolute determination of the Directors, will contribute or have contributed to the Group (the "Eligible Participant").

SHARE OPTION SCHEMES (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 the annual report, options to subscribe for a total of 10,600,000 option shares were still outstanding under the Share Option Scheme which represents approximately 1.3% 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 OPTION SCHEMES (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.

SHARE OPTION SCHEMES (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 2008 were as follows:

				Number of share options					
Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK$	As at 1 April 2007	Options granted during the year	Options exercised during the year [(2)]	Options lapsed during the year [(1)]	Options cancelled during the year	As at 31 March 2008
Directors									
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.090	2,000,000	–	(1,000,000)	–	–	1,000,000
Zhang Jialin (resigned on 31 March 2008)	3 April 2006	3 October 2006 to 2 April 2009	1.090	2,000,000	–	–	–	–	2,000,000
Yip Tai Him	17 March 2004	17 September 2004 to 16 March 2014	0.047	400,000	–	(400,000)	–	–	–
Other Eligible Participants									
In aggregate	17 March 2004	17 March 2005 to 16 March 2014	0.047	300,000	–	(300,000)	–	–	–
In aggregate	28 June 2006	28 December 2006 to 27 June 2009	1.740	800,000	–	–	–	–	800,000
In aggregate	13 July 2006	13 January 2007 to 12 July 2008	1.920	500,000	–	–	–	–	500,000
In aggregate	17 August 2006	16 August 2007 to 16 August 2008	1.920	1,000,000	–	–	–	–	1,000,000
In aggregate	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)	–	–
In aggregate	30 July 2007	30 January 2008 to 29 July 2010	2.800	–	800,000	–	–	–	800,000
In aggregate	17 August 2007	17 February 2008 to 16 August 2008	2.800	–	1,500,000	–	–	–	1,500,000
In aggregate	4 January 2008	5 July 2008 to 4 January 2009	2.816	–	3,000,000	–	–	–	3,000,000
				11,200,000	5,300,000	(1,700,000)	(4,200,000)	–	10,600,000

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, 4,200,000 share options have lapsed upon termination of relationship with an Eligible Participant.

(2) The weighted average share price at the date of exercise is HK$2.86 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	
Xiao Haiping	
Zhang Peng	
Zhang Jialin	(Resigned on 31 March 2008)
Weng Pinger	(Appointed on 22 April 2008)

Independent Non-Executive Directors

Yip Tai Him	
Lam Lee G	(Resigned on 14 May 2007)
Liu Jie	
Weng Pinger	(Appointed on 16 May 2007 and resigned on 22 April 2008)
Cao Huifang	(Appointed on 16 May 2008)

In accordance with Article 95 of the Articles, Ms. Cao Huifang, being Independent Non-Executive Director appointed by the Board to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting ("AGM") of the Company and shall then be eligible for re-election at that meeting. Accordingly, she shall retire at the forthcoming AGM and, being eligible, they offer themselves for re-election at the AGM.

In accordance with Article 112 of the Articles, one-third of the Directors shall retire from office by rotation. Accordingly, Mr. He Chenguang and Mr. Zhang Peng shall retire at the 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, China Communication Investment Limited ("CCI") holding 220,542,000 shares of the Company. On 1 February 2006, Pro-Concept Development Limited ("Pro-concept"), which is a wholly owned subsidiary of the Company, entered into the license agreement for the license of Licensed Rights with 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 (as defined in the Company's circular dated 30 November 2006) 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. On 1 November 2007, CCI has entered into sale and purchase agreement ("Sale and Purchase Agreement") with Favor Grow Holdings Limited, a wholly owned subsidiary of the Company for CCI's disposal of its 75% in CCP.

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 7 to 8.

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

As at 31 March 2008, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated 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:

	Number of shares held					Number of underlying shares		
Name of Director	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Share Option Scheme	Aggregate interests	Approximate percentage of the issued share capital of the Company
Xiao Haiping	1,000,000	–	–	–	1,000,000	1,000,000	2,000,000	0.25%
Zhang Jialin (resigned on 31 March 2008)	–	–	–	–	–	2,000,000	2,000,000	0.25%

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

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of 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:

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

Notes:

(1) 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) Mr. Ge Wen Bin is deemed to be a substantial shareholder by virtue of his 100% beneficial interest in Supreme System Investments Limited.

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

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	100%
– five largest suppliers	100%
Sales	
– the largest customer	100%
– five largest customers	100%

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

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 220,542,000 shares of the Company, representing about 27.49% 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.

The aforesaid License Agreement has been reviewed by 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.

Directors' Report

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 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 been taken place subsequent to the balance sheet date are set out in note 33 to the financial statements.

OTHER MATTERS

(a) The company secretary and the qualified accountant of the Company is Ms. Chan Mei Yee, *CPA*.

(b) The compliance officer of the Company is Mr. Zhang Peng 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, 26 June 2008

Independent Auditor's Report

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

12/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

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") and its subsidiaries (together the "group") set out on pages 25 to 66, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation and the true and fair presentation of these consolidated 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers 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 affairs of the company and the group as at 31 March 2008 and of the group's loss 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
Lo Wing See
Practising certificate number P04607

Hong Kong, 26 June 2008

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 HK$	2007 HK$ (Restated)
Continuing operations			
Turnover	6	**23,643,583**	20,207,284
Cost of sales		**(33,613,707)**	(15,384,615)
Gross (loss)/profit		**(9,970,124)**	4,822,669
Revenue from exploitation of an online game in the PRC	8	**41,309,256**	–
Other revenue	9	**6,602,509**	3,110,185
Administrative expenses		**(8,293,761)**	(8,236,494)
Other operating expenses		**(41,872,613)**	(11,412,090)
Operating loss		**(12,224,733)**	(11,715,730)
Finance costs	10 (a)	**(22,287,943)**	(9,863,034)
Share of loss of an associated company	20 (a)	**(1,287,184)**	(788,072)
Loss before taxation	10	**(35,799,860)**	(22,366,836)
Income tax	11	**–**	–
Loss for the year from continuing operations		**(35,799,860)**	(22,366,836)
Discontinued operations			
Loss for the year from discontinued operations	12 (a)	**–**	(654,932)
Loss attributable to shareholders	13	**(35,799,860)**	(23,021,768)
Dividends	14	**–**	–
Loss per share	15		
From continuing and discontinued operations			
– Basic		**HK4.70 cents**	HK3.67 cents
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**HK4.70 cents**	HK3.56 cents
– Diluted		**N/A**	N/A

The notes on pages 31 to 66 form part of these financial statements.

Consolidated Balance Sheet

AS AT 31 MARCH 2008

	Notes	2008 HK$	2007 HK$ (Restated)
NON–CURRENT ASSETS			
Fixed assets	17	**869,537**	115,975
Intangible assets	18	**372,801,678**	134,615,385
Investment in an associated company	20 (a)	**–**	3,422,218
Available–for–sale financial assets	21	**525,696,000**	769,506,726
		899,367,215	907,660,304
CURRENT ASSETS			
Trade receivables	22	**75,535,500**	5,557,239
Deposits and prepayments		**369,388**	1,628,123
Loan receivable from an associated company	20 (b)	**–**	2,019,966
Cash and cash equivalents	23	**35,808,612**	22,985,258
		111,713,500	32,190,586
CURRENT LIABILITIES			
Accrued expenses		**2,305,298**	2,532,338
Receipts in advance and other payables		**–**	13,887
		2,305,298	2,546,225
NET CURRENT ASSETS		**109,408,202**	29,644,361
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,008,775,417**	937,304,665
NON–CURRENT LIABILITIES			
Promissory notes	24	**360,018,872**	366,310,615
NET ASSETS		**648,756,545**	570,994,050
CAPITAL AND RESERVES	26		
Share capital		**8,022,868**	6,755,868
Reserves		**640,733,677**	564,238,182
TOTAL EQUITY		**648,756,545**	570,994,050

He Chenguang
Director

Zhang Peng
Director

The notes on pages 31 to 66 form part of these financial statements.

Balance Sheet

AS AT 31 MARCH 2008

	Notes	2008 HK$	2007 HK$
NON–CURRENT ASSETS			
Fixed assets	17	**26,344**	9,731
Investments in subsidiary companies	19 (a)	**20,467**	20,389
		46,811	30,120
CURRENT ASSETS			
Deposits and prepayments		**–**	984,932
Amounts due from subsidiary companies	19 (b)	**574,385,899**	246,900,180
Cash and cash equivalents	23	**28,418,756**	21,423,642
		602,804,655	269,308,754
CURRENT LIABILITIES			
Accrued expenses		**297,220**	94,549
Amounts due to subsidiary companies	19 (b)	**4,583,160**	1,678,563
		4,880,380	1,773,112
NET CURRENT ASSETS		**597,924,275**	267,535,642
NET ASSETS		**597,971,086**	267,565,762
CAPITAL AND RESERVES	26		
Share capital		**8,022,868**	6,755,868
Reserves		**589,948,218**	260,809,894
TOTAL EQUITY		**597,971,086**	267,565,762

He Chenguang
Director

Zhang Peng
Director

The notes on pages 31 to 66 form part of these financial statements.

Statements of Changes in Equity of the Group and the Company

FOR THE YEAR ENDED 31 MARCH 2008

Group

	Notes	Share capital HK$	Share premium HK$	Merger reserve HK$	Capital surplus HK$	Asset revaluation reserve HK$	Exchange reserve HK$	Convertible bond reserve HK$	Share-based compensation reserve HK$	Accumulated losses HK$	Total HK$
Balance as at 1 April 2006											
– As previously stated		5,135,520	48,201,945	8,320,333	1,498,659	46,314,614	141,282	348,441	317,241	(23,185,479)	87,092,556
– Prior year adjustment	29 (a)	–	–	–	–	–	–	–	–	(1,057,692)	(1,057,692)
– As restated		5,135,520	48,201,945	8,320,333	1,498,659	46,314,614	141,282	348,441	317,241	(24,243,171)	86,034,864
Loss for the year											
– As previously stated		–	–	–	–	–	–	–	–	17,394,520	17,394,520
– Prior year adjustment	29 (b)	–	–	–	–	–	–	–	–	(40,416,288)	(40,416,288)
– As restated		–	–	–	–	–	–	–	–	(23,021,768)	(23,021,768)
Conversion of convertible bonds		119,048	4,963,509	–	–	–	–	(348,441)	–	–	4,734,116
Issue of shares		1,272,300	279,572,700	–	–	–	–	–	–	–	280,845,000
Share issue expenses		–	(3,077,340)	–	–	–	–	–	–	–	(3,077,340)
Currency translation differences											
– associated company		–	–	–	–	–	150,102	–	–	–	150,102
Share option scheme											
– value of options granted		–	–	–	–	–	–	–	6,311,130	–	6,311,130
– proceeds from shares issued		229,000	5,652,087	–	–	–	–	–	(1,614,286)	–	4,266,801
Revaluation surplus on available-for-sale financial assets		–	–	–	–	214,751,145	–	–	–	–	214,751,145
Balance as at 1 April 2007		6,755,868	335,312,901	8,320,333	1,498,659	261,065,759	291,384	–	5,014,085	(47,264,939)	570,994,050
Loss for the year		–	–	–	–	–	–	–	–	(35,799,860)	(35,799,860)
Issue of shares		1,250,000	342,550,000	–	–	–	–	–	–	–	343,800,000
Disposal of an associated company		–	–	–	(1,498,659)	–	(322,625)	–	–	–	(1,821,284)
Currency translation differences											
– associated company		–	–	–	–	–	31,241	–	–	–	31,241
Revaluation deficits on intangible assets and available-for-sale financial assets		–	–	–	–	(232,751,145)	–	–	–	–	(232,751,145)
Share option scheme											
– value of options granted		–	–	–	–	–	–	–	3,180,644	–	3,180,644
– proceeds from shares issued		17,000	1,559,782	–	–	–	–	–	(453,883)	–	1,122,899
– forfeiture of share options granted		–	–	–	–	–	–	–	(3,283,262)	3,283,262	–
Balance as at 31 March 2008		8,022,868	679,422,683	8,320,333	–	28,314,614	–	–	4,457,584	(79,781,537)	648,756,545

The notes on pages 31 to 66 form part of these financial statements.

Statements of Changes in Equity of the Group and the Company

FOR THE YEAR ENDED 31 MARCH 2008

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 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 1 April 2007	6,755,868	335,312,901	–	5,014,085	(79,517,092)	267,565,762
Loss for the year	–	–	–	–	(17,698,219)	(17,698,219)
Issue of shares	1,250,000	342,550,000	–	–	–	343,800,000
Share option scheme						
– value of share options granted	–	–	–	3,180,644	–	3,180,644
– proceeds from shares issued	17,000	1,559,782	–	(453,883)	–	1,122,899
– forfeiture of share options granted	–	–	–	(3,283,262)	3,283,262	–
Balance as at 31 March 2008	8,022,868	679,422,683	–	4,457,584	(93,932,049)	597,971,086

The notes on pages 31 to 66 form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 HK$	2007 HK$
Cash (used in)/generated from operations	28 (a)	**(16,035,757)**	1,484,757
Interest paid		**(4,037,426)**	(79,557)
Net cash (used in)/generated from operating activities		**(20,073,183)**	1,405,200
Cash flows from investing activities			
Purchase of fixed assets		**(1,148,142)**	(11,300)
Proceeds from disposal of an associated company		**1,000,000**	–
Proceeds from disposal of fixed assets		**600**	2,090
Acquisition of available-for-sale financial assets		**–**	(60,000,000)
Loan receivable from an associated company		**–**	194,138
Repayment of loan receivable from an associated company		**2,029,216**	–
Interest received		**891,963**	1,421,559
Net cash generated from/(used in) investing activities		**2,773,637**	(58,393,513)
Cash flows from financing activities			
Proceeds from issue of new shares		**54,000,000**	145,845,000
Issue of shares on exercise of share options		**1,122,900**	4,266,800
Issuing expenses paid		**–**	(3,077,340)
Repayment of promissory notes		**(25,000,000)**	(69,911,478)
Net cash generated from financing activities		**30,122,900**	77,122,982
Net increase in cash and cash equivalents		**12,823,354**	20,134,669
Cash and cash equivalents at beginning of the year	23	**22,985,258**	2,850,589
Cash and cash equivalents at end of the year	23	**35,808,612**	22,985,258
Analysis of cash and cash equivalents			
Cash and bank balances	23	**35,808,612**	22,985,258

The notes on pages 31 to 66 form part of these financial statements.

Notes to the Financial Statements

1. GENERAL

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

The principal activity of the company is investment holding. The group is principally engaged in (i) the licensing of computer games in the PRC (ii) the investment in the operation of the online game "Sudden Attack" in the PRC; and (iii) the investment in the online platform for computer and online game tournaments.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group and the company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation of financial statements

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation of financial statements (Continued)

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2.3 Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

2.4 Associates

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's net assets. The consolidated income statement includes the group's share of the post-acquisition and post-tax results of the associates.

When the group's share of losses exceeds its interest in the associate, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the group's interest in the associate is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the company's balance sheet, its investments in associates are stated at cost less impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Fixed assets

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Computer equipment	33 $^1/_3$% – 50%
Leasehold improvements	Shorter of unexpired lease period or useful life
Equipment, furniture and fixtures	25% – 33 $^1/_3$%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2.6 Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

In an exchange of a non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of the intangible asset is measured at its fair value at the time of exchange. Any difference in fair values of the intangible asset and the asset given up is included in the asset revaluation reserve in equity. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the asset revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale of retirement of the asset, the corresponding revaluation surplus is transferred to accumulated profits.

Amortisation of intangible assets is charged to profit or loss on a straight line basis over their estimated useful lives of 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. 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 recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised 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.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised 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 recognised 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 established 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 recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 2.10.

2.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less 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 the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.10 Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries and associates: see note 2.10 (ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events.

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

– For available-for-sale financial assets, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– intangible assets;

– investments in subsidiaries and associates

– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of assets (Continued)

(ii) *Impairment of other assets* (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risk specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years, Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

2.12 Other payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial liabilities

Financial liabilities are recognised 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 amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

(b) Promissory note

The note is initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, the note is carried at amortised cost using the effective interest method, i.e. by discounting the expected cash flows at prevailing interest rate.

2.14 Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.15 Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

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

Revenue from exploitation of certain online game in the PRC is recognised in accordance with the terms of agreement for the underlying transactions.

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

Interest income is recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Translation of foreign currencies

(a) *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions 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 recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the asset revaluation reserve in equity.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

– income and expenses for each income statement are translated at average exchange rates of the financial reporting period unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and

– all resulting exchange differences are recognised in exchange reserve as a separate component of equity.

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised 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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.17 **Employee benefits** (Continued)

(c) *Share-based compensation*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share-based compensation reserve within equity. The fair value is measured at grant date using the binominal lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated profits).

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 recognised 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 recognises 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 (nominal value) and share premium when the options are exercised.

2.18 **Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Operating leases

Where the group has the use of other assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.20 Related parties

For the purposes of these financial statements, a party is considered to be related to the group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group;

(ii) the group and the party are subject to common control;

(iii) the party is a subsidiary, an associate of the group or a joint venture in which the group is a venturer;

(iv) the party is a member of key management personnel of the group or the group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the group or of any entity that is a related party of the group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.21 Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting system, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Segment reporting (Continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. CHANGES IN ACCOUNTING POLICIES

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

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of the developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been certain additional disclosures provided.

As a result of the adoption of HKFRS 7, the financial statements included expanded disclosures about the significance of the group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to the disclosures by HKAS 32. Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements, in particular in note 4.

The amendment to HKAS 1 introduces additional disclosures requirements to provide information about the level of capital and the group's and the company's objectives, policies and processes for managing capital. These new disclosures are set out in note 26(d).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classicisation, recognition and measurements of the amounts recognised in the financial statements.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 32).

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the group's business. These risks are limited by the group's financial management policies and practices described below:

(a) *Credit risk*

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the balance sheet.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(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 rate, will expose the group to fair value interest-rate risk. At the year end, 100% of borrowings were at fixed rate.

(d) Foreign currency risk

The carrying amounts of the group's foreign currency denominated assets and liabilities at the balance sheet dates are disclosed in respective notes. The management continuously monitors exposure and will consider hedging foreign currency risk should the need arise.

4.2 Fair value estimation

The fair values of financial instruments that are not traded in an active market, including available-for-sale financial assets and promissory notes, are 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 trade receivables and other payables 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.

5. 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.

6. TURNOVER

The principal activities of the group are (i) licensing of computer games in the PRC, (ii) investment in the operation of the online game “Sudden Attack” in the PRC, and (iii) investment in the online platform for computer and online game tournaments.

Turnover represents the amounts received and receivable by the group from the licensing of the computer games for the year.

7. SEGMENT INFORMATION

The group is principally engaged in (i) the licensing of computer games in the PRC, (ii) the investment in the operation of the online game “Sudden Attack” in the PRC, and (iii) the investment in the online platform for computer and online game tournaments. In accordance with the group’s operating activities, the primary segment reporting is by business segments.

(a) Business segments

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

Segment revenue and results

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

7. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

Segment assets and liabilities

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

Segment assets consist primarily of intangible assets and trade receivables.

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

7. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

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

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

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

8. REVENUE FROM EXPLOITATION OF AN ONLINE GAME IN THE PRC

This represents the guaranteed income from exploitation of the online game "Sudden Attack" in the PRC for the period from 1 April to 30 June 2007 (see note 29(b)).

9. OTHER REVENUE

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

10. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

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

11. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2008 HK$	2007 HK$
Current tax	–	–
Deferred taxation (note 25(a))	–	1,115,135
	–	1,115,135
Attributable to:–		
Continuing operations	–	–
Discontinued operations (note 12(a))	–	1,115,135
	–	1,115,135

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

11. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

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

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

12. DISCONTINUED OPERATIONS

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

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

	2008 HK$	2007 HK$
Turnover	**–**	1,056,952
Cost of sales	**–**	(56,590)
Gross profit	**–**	1,000,362
Administrative expenses	**–**	(540,159)
Profit before taxation	**–**	460,203
Taxation (note 11)	**–**	(1,115,135)
Loss for the year from discontinued operations	**–**	(654,932)

12. DISCONTINUED OPERATIONS (CONTINUED)

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

	2008	2007
	HK$	HK$
Total assets	**–**	–
Total liabilities	**–**	(13,887)
Net liabilities	**–**	(13,887)

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

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

(d) Loss per share from discontinued operations

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

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

14. DIVIDENDS

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

15. LOSS PER SHARE

(a) **Basic loss per share**

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

(b) **Diluted loss per share**

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

16. EMPLOYEE BENEFITS EXPENSES

(a) **Pensions – defined contribution plans**

No forfeited contributions were utilised during the year nor available at year end to reduce future contributions (2007: HK$Nil).

16. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2008 is set out below:

Name of Director	Fees	Salary	Other Benefits	Employer's contributions to pension scheme	Total
	HK$	HK$	HK$	HK$	HK$
He Chenguang	–	1,840,000	–	12,000	1,852,000
Xiao Haiping	–	1,040,000	–	12,000	1,052,000
Zhang Peng	–	1,740,000	–	12,000	1,752,000
Zhang Jialin (a)	–	1,040,000	–	12,000	1,052,000
Yip Tai Him	82,000	–	–	–	82,000
Lam Lee G (b)	12,000	–	–	–	12,000
Liu Jie	110,000	–	–	–	110,000
Weng Pinger (c)	94,000	–	–	–	94,000
	298,000	5,660,000	–	48,000	6,006,000

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

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

Notes:
(a) Resigned on 31 March 2008.
(b) Appointed on 31 October 2006 and resigned on 14 May 2007.
(c) Appointed on 16 May 2007.
(d) Appointed on 28 April 2006.
(e) Resigned on 26 June 2006.
(f) Appointed on 16 June 2006.
(g) Resigned on 7 October 2006.
(h) Resigned on 31 July 2006.
(i) Resigned on 27 November 2006
(j) Appointed on 27 February 2007.

16. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

(b) Directors' emoluments (Continued)

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 (2007: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2007: one) individual during the year are as follows:

	2008 **HK$**	2007 HK$
Basic salaries, allowances and benefit in kinds	**430,000**	357,000
Bonuses	**35,000**	–
Retirement benefit costs	**12,000**	12,000
	477,000	369,000

The emoluments of the employee fell within the following bands:

	Number of individuals	
	2008	2007
Emolument bands		
HK$ Nil to HK$1,000,000	**1**	1

17. FIXED ASSETS

	Group				Company
	Computer equipment HK$	Leasehold improvements HK$	Equipment, furniture and fixtures HK$	Total HK$	Computer equipment HK$
Cost					
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 1 April 2007	211,666	361,270	76,392	649,328	11,300
Additions	86,458	926,513	135,171	1,148,142	28,218
Disposals	–	(361,270)	(58,760)	(420,030)	–
At 31 March 2008	**298,124**	**926,513**	**152,803**	**1,377,440**	**39,518**
Accumulated depreciation					
At 1 April 2006	1,866,992	41,279	100,360	2,008,631	–
Charge for the year	35,359	255,014	50,656	341,029	1,569
On disposals	(1,730,394)	–	(85,913)	(1,816,307)	–
At 1 April 2007	171,957	296,293	65,103	533,353	1,569
Charge for the year	46,032	282,264	40,354	368,650	11,605
On disposals	–	(338,796)	(55,304)	(394,100)	–
At 31 March 2008	**217,989**	**239,761**	**50,153**	**507,903**	**13,174**
Net book value					
At 31 March 2008	**80,135**	**686,752**	**102,650**	**869,537**	**26,344**
At 31 March 2007	39,709	64,977	11,289	115,975	9,731

18. INTANGIBLE ASSETS

	Group Computer games license rights (i) HK$	Online game tournament platform (ii) HK$	Total HK$
Cost			
At 31 March 2007 and 1 April 2007	150,000,000	–	150,000,000
Additions	–	289,800,000	289,800,000
At 31 March 2008	**150,000,000**	**289,800,000**	**439,800,000**
Accumulated amortisation and impairment			
Charge for the year and at 31 March 2007	15,384,615	–	15,384,615
Charge for the year (iii)	14,293,707	19,320,000	33,613,707
Provision for impairment	18,000,000	–	18,000,000
At 31 March 2008	**47,678,322**	**19,320,000**	**66,998,322**
Net book value			
At 31 March 2008	**102,321,678**	**270,480,000**	**372,801,678**
At 31 March 2007	134,615,385	–	134,615,385

Notes:

(i) It represents computer games license rights to publish, replicate, reproduce, manufacture, distribute and sell thirty-four computer game softwares and computer game guide books modified into Chinese language for distribution and sale (the "Localised Products") in the PRC and the use of the trademarks pertaining to the Localised Products and all the rights and benefits in relation to the organisation of electronic sports tournaments in respect of the Localised Products.

An impairment loss of HK$18,000,000 was made in the second quarter of the financial year and recognised in equity.

Valuation of the computer games license as at 31 March 2008 was performed by an independent valuer, Grant Sherman Appraisal Limited. The valuation was determined based on discounted cash flows and no further impairment is considered necessary.

(ii) It represents the right to receive 75% of the distributable profit derived from operating the "e-Sports Platform" in the PRC by China Cyber Port Company Limited.

Valuation of the online game tournament platform as at 31 March 2008 was performed by an independent valuer, Grant Sherman Appraisal Limited. The valuation was determined based on discounted cash flows and no impairment is considered necessary.

(iii) Amortisation expense of HK$33,613,707 (2007: HK$15,384,615) is included in the cost of sales.

19. SUBSIDIARY COMPANIES

(a) Investments in subsidiary companies

	Company 2008 HK$	2007 HK$
Unlisted shares, at cost	**3,293,086**	3,293,008
Less: Provision for impairment	**(3,272,619)**	(3,272,619)
	20,467	20,389

(b) Accounts with subsidiary companies

The amounts due are in the nature of current accounts, are unsecured, interest free and have no fixed terms of repayment.

Details of the subsidiary companies as at 31 March 2008 are as follows:

Name	Place of incorporation	Particulars of 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%	Inactive
hk6.com Limited	Hong Kong	HK$1,000 ordinary shares	100%	Inactive
HK6 Media Limited	Hong Kong	HK$2 ordinary shares	100%	Inactive
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%	Inactive
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
Favor Grow Holdings Limited*#	British Virgin Islands	US$10 ordinary shares	100%	Investment holding
Oriental Glory (H.K.) Limited#	Hong Kong	HK$1 ordinary share	100%	Not yet commenced business
神州奧美網絡(國際)有限公司*#	Hong Kong	HK$1 ordinary share	100%	Not yet commenced business

* *shares held directly by the company*
\# *companies not audited by Baker Tilly Hong Kong Limited*

20. ASSOCIATED COMPANY

(a) Investment in an associated company

	Group 2008 HK$	Group 2007 HK$
At 1 April	**3,422,218**	4,026,008
Exchange differences	**31,241**	184,282
Disposals	**(2,166,275)**	–
Share of loss of an associated company	**(1,287,184)**	(788,072)
At 31 March	**–**	3,422,218

Details of the group's associated company were 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 loan receivable was unsecured and carried interest at the rate of 5% per annum. The loan principal was repaid in May 2007.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2008 HK$	Group 2007 HK$
At 1 April	**769,506,726**	–
Addition	**–**	554,755,581
Revaluation (deficit)/surplus	**(243,810,726)**	214,751,145
At 31 March	**525,696,000**	769,506,726

This represents the right to receive 40% of net revenue in relation to the operation of an online computer game "Sudden Attack". The instrument carried an irrevocable guarantee of RMB160,000,000, RMB260,000,000 and RMB150,000,000 as cash flows for a two-year-and-eight-month period (the "Period"), undertaken by the issuer, China Communication Investment Limited, which is a shareholder of the company. The Period was rescheduled to begin on 1 July 2007.

The available-for-sale financial assets were revalued as at 31 March 2008 by an independent valuer, Grant Sherman Appraisal Limited. The valuation was determined based on discounted cash flows from exploitation of the online game over the period.

22. TRADE RECEIVABLES

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

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

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

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank with interest rates ranging from 0.01% to 2.5% (2007: 2.5% to 2.75%) per annum. The directors consider that cash and cash equivalents approximate their fair values.

24. PROMISSORY NOTES

	Group	
	2008	2007
	HK$	HK$
At 1 April	**368,738,355**	69,733,626
Issued during the year	**–**	359,755,581
Interest charged (note10(a))	**22,287,943**	9,854,444
Interest paid	**(4,037,426)**	–
Repaid during the year	**(25,000,000)**	(70,605,296)
	361,988,872	368,738,355
Less: Accrued interest classified under current liabilities	**(1,970,000)**	(2,427,740)
At 31 March	**360,018,872**	366,310,615

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

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

25. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised 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 2006	9,204	(1,124,339)	(1,115,135)
(Credited)/charged to income statement	(9,204)	1,124,339	1,115,135
At 1 April 2007 and 31 March 2008	–	–	–

(b) Deferred tax assets not recognised

The group has not recognised deferred tax assets in respect of cumulative tax losses of HK$44,938,000 (2007: HK$36,674,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

26. CAPITAL AND RESERVES

(a) Authorised and issued share capital

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

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

26. CAPITAL AND RESERVES (CONTINUED)

(a) Authorised and issued share capital (Continued)

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

	Number of shares	
	2008	2007
At 1 April	**675,586,761**	513,552,000
Conversion of convertible bonds	**–**	11,904,761
Exercise of share options	**1,700,000**	22,900,000
Issue of new shares		
– at cash (note 26(a)(i))	**20,000,000**	97,230,000
– for acquisition (note 26(a)(ii))	**105,000,000**	30,000,000
At 31 March	**802,286,761**	675,586,761

(i) On 8 June 2007, 20,000,000 new ordinary shares of HK$0.01 each were allotted and issued at HK$2.70 per share.

(ii) On 28 August 2007, the group acquired the licensing right to an electronic platform for computer and video online game tournaments, for a nominal consideration of HK$304,500,000, settled by issuance of 105,000,000 ordinary shares of the company.

(b) Nature and purpose of reserves

(i) Share premium reserve

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the company are distributable to the shareholders of the company provided that immediately following the date on which the dividend is proposed to be distributed, the company will be in a position to pay off its debts as they fall due in the ordinary course of business (see note 26(c)).

(ii) Merger reserve

The merger reserve of the group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the company's shares in 2002.

(iii) Asset revaluation reserve

The asset revaluation reserve comprises the difference in fair values of the acquired intangible assets and the exchanged assets at the time of exchange, and the cumulative net change in the fair value of available-for-sale financial assets held at the balance sheet date. The reserve is dealt with in accordance with the accounting policies set out in notes 2.7 and 2.8.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2.16.

26. CAPITAL AND RESERVES (CONTINUED)

(b) Nature and purpose of reserves (Continued)

(v) Share-based compensation reserve

The share-based compensation reserve comprises the fair value of the actual of estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based compensation in note 2.17(c).

(c) Distributability of reserves

Under the Companies Law of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the share premium account of the company is distributable to the shareholders of the company provided that immediately following the distribution or payment of dividend, the company is able to pay its debts as they fall due in the ordinary course of business. At 31 March 2008, the aggregate amount of reserves available for distribution to equity shareholders of the company was HK$585,490,634 (2007: HK$255,795,809).

(d) Capital management

The group's primary objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

There was no change in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements in either the current or prior year.

27. SHARE OPTION SCHEMES

Prior to the listing of the company's shares on the GEM, the Board was authorised 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 2.5% of the shares of the company in issue, 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 is 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.

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 been lapsed.

27. SHARE OPTION SCHEMES (CONTINUED)

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.

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 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.

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.

27. SHARE OPTION SCHEMES (CONTINUED)

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

				Number of share options					
Name or category of participant	**Date of grant**	**Exercisable period**	**Exercise price per share** HK$	**As at 1 April 2007**	**Options granted during the year**	**Options exercised during the year**	**Options lapsed during the year**	**Options cancelled during the year**	**As at 31 March 2008**
Directors									
Xiao Haiping	3 April 2006	3 October 2006 to 2 April 2009	1.090	2,000,000	–	(1,000,000)	–	–	1,000,000
Zhang Jialin (resigned on 31 March 2008)	3 April 2006	3 October 2006 to 2 April 2009	1.090	2,000,000	–	–	–	–	2,000,000
Yip Tai Him	17 March 2004	17 September 2004 to 16 March 2014	0.047	400,000	–	(400,000)	–	–	–
Other Eligible Participants									
In aggregate	17 March 2004	17 March 2005 to 16 March 2014	0.047	300,000	–	(300,000)	–	–	–
In aggregate	28 June 2006	28 December 2006 to 27 June 2009	1.740	800,000	–	–	–	–	800,000
In aggregate	13 July 2006	13 January 2007 to 12 July 2008	1.920	500,000	–	–	–	–	500,000
In aggregate	17 August 2006	16 August 2007 to 16 August 2008	1.920	1,000,000	–	–	–	–	1,000,000
In aggregate	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)	–	–
In aggregate	30 July 2007	30 January 2008 to 29 July 2010	2.800	–	800,000	–	–	–	800,000
In aggregate	17 August 2007	17 February 2008 to 16 August 2008	2.800	–	1,500,000	–	–	–	1,500,000
In aggregate	4 January 2008	5 July 2008 to 4 January 2009	2.816	–	3,000,000	–	–	–	3,000,000
				11,200,000	5,300,000	(1,700,000)	(4,200,000)	–	10,600,000

27. SHARE OPTION SCHEMES (CONTINUED)

The fair values of the options granted during the year ended 31 March 2008 were calculated using the Black-Scholes Models. The inputs into the model were as follows:

Grant date	Type I 30 July 2007	Type II 17 August 2007	Type III 4 January 2008
Share price on grant date (HK$)	2.70	2.50	2.44
Exercise price (HK$)	2.800	2.800	2.816
Expected volatility	51.77%	52.93%	46.37%
Risk-free rate	4.03%	3.95%	2.46%
Expected dividend yield	–	–	–
Fair value per option granted (HK$)	0.696	0.372	0.271
Expected life of option (years)	1.50	0.75	0.75

Expected volatility was determined by using the historical volatility of the company's share price over the previous 260 days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The estimated fair value of HK$3,180,644 with respect to share options granted to other eligible participants was charged to the consolidated income statement during the year ended 31 March 2008. (2007: HK$1,815,531 and HK$4,495,599 to directors and other eligible participants respectively)

The closing price of the company's shares immediately before 30 July 2007, 17 August 2007 and 4 January 2008 the dates the 2002 Scheme's options were granted, was HK$2.70, HK$2.50 and HK$2.44, respectively.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash flows from operating activities

	Note	**2008** **HK$**	2007 HK$ (Restated)
Loss before taxation			
Continuing operations		**(35,799,860)**	(22,366,836)
Discontinued operations	12 (a)	**–**	460,203
Adjustments for:			
Amortisation of intangible assets	18	**33,613,707**	15,384,615
Depreciation	17	**368,650**	341,029
Equity-settled share-based payments expenses		**3,180,644**	6,311,130
Finance costs	10(a)	**22,287,943**	9,863,034
Gain on elimination of promissory notes	9	**–**	(693,818)
Provision for impairment of available-for-sale financial assets	10(c)	**29,059,581**	–
Interest income	9	**(901,213)**	(1,655,265)
Loss on disposal of fixed assets	10(c)	**25,330**	4,594
Gain on disposal of an associated company	9	**(655,009)**	–
Share of loss of an associated company	20(a)	**1,287,184**	788,072
Exchange differences		**–**	(129,962)
Operating profit before working capital changes		**52,466,957**	8,306,796
Movements in working capital elements:			
Increase in trade receivables		**(69,978,261)**	(5,535,879)
Decrease/(increase) in deposits and prepayments		**1,258,735**	(1,215,959)
Increase/(decrease) in accrued expenses		**230,699**	(42,591)
Decrease in receipts in advance and other payables		**(13,887)**	(27,610)
Cash (used in)/generated from operations		**(16,035,757)**	1,484,757

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Major non-cash transaction

During the year, the group acquired the licensing right to an electronic platform for computer and video online game tournaments, for a nominal consideration of HK$304,500,000, settled by issuance of 105,000,000 ordinary shares of the company.

29. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

(a) In February 2006, the group entered into an agreement to acquire intangible assets in respect of certain licensed rights subject to the approval by the independent shareholders. The transaction was approved in the extraordinary general meeting on 31 March 2006 and the agreement then became effective on 1 April 2006. Thus, the licensing income and the related amortisation charge of HK$4,807,692 and HK$3,750,000 recognised in the first quarter of the calendar year 2006 were reversed respectively and the accumulated loss as at 1 April 2006 was increased by HK$1,057,692 accordingly.

(b) In October 2006, the group entered into an agreement with China Communication Investment Limited ("CCI") to acquire an available-for-sale financial asset in respect of the right to receive 75% of the net revenue from operation of an online computer game "Sudden Attack" (突襲OL) in the PRC for the period from 1 January 2007 to 10 August 2009. The agreement stipulated that CCI provided an irrevocable guarantee to the group in respect of RMB160,000,000, RMB260,000,000 and RMB150,000,000 as cash flows in the years 2007 and 2008, and the period to August 2009 respectively. On 30 June 2007, due to the delay in completion of the game by Korean developer, a supplemental agreement was signed to reschedule the license period from 1 July 2007 to 10 February 2010. The guaranteed revenue from exploitation of the online game of HK$40,249,304 together with the incidental exchange gain of HK$166,984 recognised in the first quarter of the calendar year 2007 was reversed and the accumulated loss as at 1 April 2007 was increased by HK$40,416,288 accordingly.

30. COMMITMENTS

(a) Capital commitments outstanding at 31 March 2008 not provided for in the financial statements were as follows:

	Group	
	2008	2007
	HK$	HK$
Fixed assets		
Contracted but not provided for	**–**	479,010

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

30. COMMITMENTS (CONTINUED)

(b) At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group	
	2008	2007
	HK$	HK$
Within one year	**1,172,736**	1,017,924
In the second to fifth years inclusive	**1,563,648**	2,736,384
	2,736,384	3,754,308

The group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of three years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

31. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All key management personnel are directors of the company, and their remuneration is disclosed in note 16(b) to the financial statements.

(b) Transactions with other related parties

During the year, the company entered into the following material related party transactions:

	2008	2007
	HK$	HK$
Interest expenses on promissory notes payable to a shareholder	**3,579,685**	2,427,740
Licensing income from a related company	**23,643,583**	20,207,284
Acquisition of available-for-sale financial assets in respect of online game in the PRC from a shareholder	**–**	620,000,000

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.

Balances with related parties are disclosed in the balance sheet and in notes 19(b), 20(b), 22 and 24 to the financial statements.

32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2008 and which have not been adopted in these financial statements.

32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2008 (CONTINUED)

Of these developments, the following relate to matters that may be relevant to the group's operations and financial statements:

HKAS 1 (Amendment)	(Note a)	Presentation of financial statements: Comprehensive revision including requiring a statement of comprehensive income
HKAS 23 (Revised)	(Note a)	Borrowing costs
HKAS 27 (Revised)	(Note b)	Consolidated and separate financial statements – consequential amendments arising from amendments to HKFRS 3
HKFRS 2 (Amendment)	(Note a)	Share-based payment: Amendment relating to vesting conditions and cancellations
HKFRS 3 (Revised)	(Note b)	Business combinations: Comprehensive Revision on applying the acquisition method
HKFRS 8	(Note a)	Operating segments
HK(IFRIC) – Int 12	(Note c)	Service concession arrangements
HK(IFRIC) – Int 13	(Note d)	Customer loyalty programmes
HK(IFRIC) – Int 14	(Note c)	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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

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

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

Note d: effective for annual periods beginning on or after 1 July 2008

The directors have confirmed that the group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the group's results of operations and financial position.

33. NON-ADJUSTING POST BALANCE SHEET EVENT

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

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

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 26 June 2008.