THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Cyber Port (International) Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 75% OF THE EQUITY INTEREST IN CHINA CYBER PORT CO., LTD. AND CONTINUING CONNECTED TRANSACTIONS

Financial adviser to the Company

建银国际金融有限公司
CCB International Capital Limited

Independent financial adviser to the independent board committee and the independent shareholders of the Company

Nuada Limited
Corporate Finance Advisory

A letter of advice from the independent board committee of the Company is set out on page 33 of this circular. A letter of advice from Nuada Limited, the independent financial adviser, containing its opinion and advice to the independent board committee and the independent shareholders of the Company is set out on pages 34 to 49 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Wednesday, 16 January 2008 at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong is set out on pages 179 to 180 of this circular.

Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.

This circular will remain at www.hkgem.com on the "Latest company announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at www.ccpi.com.hk.

* *For identification purpose only*

28 December 2007

CHARACTERISTICS OF GEM

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.

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Acquisition"	the acquisition by the Company of a 75% equity interest in CCP from CCI pursuant to the terms and conditions of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 6 November 2007 in respect of the Acquisition
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday) on which licensed banks are generally open for business in Hong Kong
"CCBI"	CCB International Capital Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"CCC"	神州通信有限公司(China Communication Co., Ltd.), a company established under the laws of the PRC, a nationwide telecom operator and an Internet network operator in the PRC
"CCI"	神州通信投資有限公司(China Communication Investment Ltd.), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CCC
"CCP"	神州奧美網絡有限公司(China Cyber Port Co., Ltd.), a company established under the laws of the PRC
"CCID Consulting"	CCID Consulting Company Limited, a company listed on GEM, which specialises in the provision of consulting services for the information industry in the PRC
"CCT Agreements"	collectively, the Service Agreements (as supplemented by the Supplemental Service Agreements) and the Licensing Agreement (as supplemented by the Supplemental Licensing Agreement)

"Company"	China Cyber Port (International) Company Limited (Stock Code: 8206), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on GEM
"Completion"	completion of the Sale and Purchase Agreement pursuant to the terms and conditions of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the GEM Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Directors"	the directors of the Company
"EBITDAL"	earnings before interest, tax, depreciation, amortisation and special losses
"EGM"	the extraordinary general meeting of the Company to be convened and held to approve the Transactions
"Enlarged Group"	the Group (including CCP) immediately after Completion
"e-Sports Platform"	a platform for computer and online game tournaments such as "Counter-Strike" (反恐精英), "WarCraft" (魔獸爭霸) and "StarCraft" (星際爭霸) etc., being one of the major components of the 24365 Entertainment Portal
"e-Sports Platform Agreement"	an agreement entered into between Success Advantage and CCI on 28 May 2007 pursuant to which Success Advantage has agreed to acquire the right to receive 75% of the distributable profit derived from operating the "e-Sports Platform" in the PRC by CCP from CCI at the consideration of HK$304.5 million, as disclosed in the Company's announcement dated 1 June 2007
"Favor Grow"	Favor Grow Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Grant Sherman"	Grant Sherman Appraisal Limited, a professional firm of valuers independent of the Company and its connected persons, appointed by Favor Grow to provide a valuation report on CCP
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee, comprising all the independent non-executive Directors, established to advice the Independent Shareholders in relation to the Transactions
"Independent Financial Adviser"	Nuada Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO, being independent financial advisor to the Independent Board Committee and the Independent Shareholders
"Independent Shareholders"	Shareholders of the Company other than Shareholders who are required to abstain from voting in respect of the Transactions at the EGM
"Latest Practicable Date"	24 December 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Licensed Rights"	the license of the rights to publish, replicate, reproduce, manufacture, distribute and sell 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 organization of electronic sports tournaments in respect of the Localised Products in the PRC
"Licensing Agreement"	the licensing agreement dated 1 February 2006 and entered into between Pro-Concept, CCI and CCP for the license of the Licensed Rights by Pro-Concept to CCP

"Localised Products"	the thirty-four computer game software and computer game guide books modified into Chinese language for distribution and sale in the PRC under the Licensed Rights
"Macau"	the Macau Special Administrative Region of the PRC
"PRC"	the People's Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
"Previous Consideration"	the aggregate consideration paid by the Company to CCI under the Sudden Attack Agreement and the e-Sports Platform Agreement which amounted to HK$924.5 million
"Pro-Concept"	Pro-Concept Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Promissory Notes"	the promissory notes in the principal sum of HK$425 million issued by Success Advantage to CCI as part of the consideration under the Sudden Attack Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"RSM Nelson Wheeler"	RSM Nelson Wheeler, the reporting accountants independent of the Company and its connected persons, appointed by the Company in respect of the Acquisition
"Sale and Purchase Agreement"	the sale and purchase agreement dated 1 November 2007 in relation to the Acquisition
"Service Agreements"	the Server Hosting Agreement, the Customer Service Hotline Rental Agreement, the Office Internet Connection Agreement, and the Internet Payment and Settlement Service Agreement, as described in the paragraph headed "Continuing Connected Transactions" in the letter form the Board of this circular
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the GEM Listing Rules
"Success Advantage"	Success Advantage Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Sudden Attack Agreement"	an agreement entered into between Success Advantage, CCI and CCC on 20 October 2006 pursuant to which Success Advantage has acquired, at a consideration of HK$620 million, the right to receive 40% of the net sales revenue derived from operating "Sudden Attack" in the PRC by CCP as disclosed in the Company's announcement dated 26 October 2006 (as amended by a supplemental agreement dated 30 June 2007 as disclosed in the Company's announcement dated 4 July 2007)
"Supplemental Licensing Agreement"	the supplemental agreement to be entered into between Pro-Concept and CCP prior to Completion to supplement certain terms in the Licensing Agreement for the purpose of complying with the provisions regarding continuing connected transactions under the GEM Listing Rules
"Supplemental Service Agreements"	the supplemental agreements to be entered into between CCP and CCC prior to Completion to supplement certain terms in the Service Agreements for the purpose of complying with the provisions regarding continuing connected transactions under the GEM Listing Rules
"Transactions"	the Sale and Purchase Agreement, the CCT Agreements and the transactions contemplated thereunder, including but not limited to the cancellation of the Sudden Attack Agreement and the e-Sports Platform Agreement, the modification to the Licensing Agreement, and the annual caps for the transactions contemplated under the CCT Agreements as supplemented by the Supplemental Licensing Agreement and the Supplemental Service Agreements

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

In this circular, unless otherwise specifies, conversion of RMB into HK$ is based on the approximate exchange rate of HK$1=RMB0.96 for illustration purpose.

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)

Executive Directors:
Mr. He Chenguang *(Chairman)*
Mr. Xiao Haiping
Mr. Zhang Peng *(Managing Director)*
Ms. Zhang Jialin

Independent non-executive Directors:
Mr. Yip Tai Him
Dr. Liu Jie
Ms. Weng Pinger

Registered office:
P.O. Box 309 GT
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

28 December 2007

To the Shareholders (and, for information purpose only, the option holders of the Company)

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 75% OF THE EQUITY INTEREST IN CHINA CYBER PORT CO., LTD. AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Board announced on 1 November 2007 that, Favor Grow, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with CCI for the acquisition of 75% of the equity interest in CCP. The parties agreed that the consideration for the Acquisition shall be based on the difference between the valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007) which will be settled by the cancellation of the Promissory Notes in the amount of HK$80 million. The Sale and Purchase Agreement and the transactions contemplated therein constitute a connected transaction and a very substantial acquisition for the Company.

* *For identification purpose only*

Prior to the entering into of the Sale and Purchase Agreement, CCP has entered into certain Service Agreements with CCC. In addition, for the purpose of complying with the relevant GEM Listing Rules requirements, CCP and CCC have further agreed to enter into the Supplemental Service Agreements before Completion. The Supplemental Service Agreements will be conditional and effective upon Completion.

On 1 February 2006, Pro-Concept, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). The parties have reviewed the terms of the Licensing Agreement and have agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. The Supplemental Licensing Agreement will be conditional and effective upon Completion.

The entering into of the above CCT Agreements constitutes continuing connected transactions for the Company under the GEM Listing Rules. Based on the annual caps set by the Company, the annual amount payable by CCP under the CCT Agreements, in aggregate, will exceed 25% under the applicable ratios in the GEM Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements as well as the annual caps are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

The purposes of this circular are: (i) to provide you with further details of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps; (ii) to set out the recommendations from the Independent Board Committee and the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Transactions; and (iii) to give the Shareholders notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps.

THE SALE AND PURCHASE AGREEMENT DATED 1 NOVEMBER 2007

A. Parties

Purchaser: Favor Grow, a wholly-owned subsidiary of the Company

Vendor: CCI

B. Assets to be acquired

CCI agreed to sell, and Favor Grow agreed to buy, a 75% equity interest in CCP.

Prior to the entering into of the Sale and Purchase Agreement, the equity interest in CCP was held as to 75% by CCI (which is in turn wholly-owned by CCC) and 25% by CCC respectively. Following Completion, CCP will become an indirect 75%-owned subsidiary of the Company and the financial statements of CCP will be consolidated into the Group's financial statements.

C. Valuation of CCP

Based on the final valuation of CCP prepared on a discounted cash flow basis by an independent valuer, Grant Sherman Appraisal Limited, CCP is valued at approximately RMB1,030.95 million (HK$1,073.91 million) as at 30 September 2007 and a 75% equity interest in CCP is valued at approximately RMB773.20 million (HK$805.42 million) as at 30 September 2007. As the valuation of 75% equity interest in CCP is less than the Previous Consideration, in accordance with the terms of the Sale and Purchase Agreement, the parties thereto have agreed that the shortfall will be settled by the cancellation of the Promissory Notes and the amount to be cancelled shall be HK$80 million.

The Board has been advised that the discount rate used for the valuation of CCP has factored in risks adjustments including small capitalization risk premium, and company specific risk premium. The principal assumptions upon which the financial projection adopted for valuation of CCP are based on several factors, including (i) the nature and prospect of operating the e-Sports Platform, the online game SA and the PC games businesses in the PRC; (ii) the economic outlook in general and the specific economic and competitive elements affecting CCP's each business sector, the industry and its market; (iii) the market-derived investment returns of entities engaged in a similar line of business; (iv) the business risks of each of CCP's business sectors; and (v) the past operating results, financial projection and business plan of CCP. The specific assumptions upon which the financial projection adopted for valuation include (i) the stability of the existing political, legal, tax and economic conditions in the PRC; (ii) industry trends and market conditions for related industries in China and that in the long run the industry is expected to grow at a long term inflation rate of 3%; (iii) the business plan and the financial projection have been prepared on a reasonable basis, reflecting estimates which have been arrived after due and careful consideration; (iv) the availability of finance will not be a constraint on the forecast growth of CCP's each business sector in accordance to the business plan and the projection; (v) that CCP will retain and have competent management, key personnel, and technical staff; (vi) that CCP will obtain all necessary governmental consents and approvals required for operating the e-Sports Platform, the online game SA and the PC games businesses in the PRC; (vii) that CCP is obligated to pay CCC a fee of 25% of gross revenue generated from businesses related to using Shentong Card Payment System; and (viii) CCP's operating expenses, including payroll, management fee and network rental etc., will be shared by the three operating business units, the e-Sports Platform, the online game SA and the PC games in specified ratios from year 2007 to year 2011. As such, the

Board considers that the valuation of CCP based on a discounted cash flow basis was prepared with an appropriate discount rate and assumptions and the forecasts adopted therein are made after due and careful enquiry.

The final valuation report of CCP prepared by Grant Sherman as at 30 September 2007 is set out in the Appendix IV to this circular. The reporting accountants have made inquiry whether the accounting policies of the Company have been adopted in the preparation of the valuation report pursuant to Rules 19.62(1) and (2) of the GEM Listing Rules and the reports on the financial projections in relation to the valuation issued by the Company's reporting accountants and financial adviser are set out in the Appendix V to this circular.

D. Cancellation of the Sudden Attack Agreement and the e-Sports Platform Agreement

The Group entered into the Sudden Attack Agreement and the e-Sports Platform Agreement on 20 October 2006 and 28 May 2007 respectively, details of which are summarised as follows:

Sudden Attack Agreement:	Pursuant to the Sudden Attack Agreement, Success Advantage, a wholly-owned subsidiary of the Company, has acquired from CCI the right to receive the 40% of the net sales revenue derived from operating "Sudden Attack" in the PRC by CCP at a consideration of HK$620 million (comprising HK$60 million in cash, HK$135 million satisfied by way of the issue of 30,000,000 Shares and HK$425 million satisfied by way of the issue of the Promissory Notes).
e-Sports Platform Agreement:	Pursuant to the e-Sports Platform Agreement, Success Advantage, a wholly-owned subsidiary of the Company, has acquired from CCI the right to receive the 75% of the distributable profit derived from operating the e-Sports Platform in the PRC by CCP at a consideration of HK$304.5 million (satisfied by way of the issue of 105,000,000 Shares). The e-Sports Platform is developed, operated and owned by CCP.

The aggregate consideration paid by the Group to CCI under the Sudden Attack Agreement and the e-Sports Platform Agreement amounted to HK$924.5 million.

The entering into of the above agreements allows the Group to account for certain portion of revenue and profit derived from CCP in its income statements. However, such shared revenue and profit were only reflected as other income in the Group's income statements. To be in line with its strategic move to refocus its resources and position itself as an online game platform provider in the gaming industry in the PRC, the Group has decided to enter into the Sale and Purchase Agreement such that upon Completion, the Group will have a direct 75% equity interest in CCP. Since CCI will no longer benefit from the operating results of CCP following Completion, the parties agreed that the Sudden Attack Agreement and the e-Sports Platform Agreement shall be cancelled upon Completion.

The parties to the Sale and Purchase Agreement have agreed that the consideration payable by the Vendor to the Purchaser for the Acquisition shall equal the difference between the final valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007). As the valuation of 75% equity interest in CCP is less than the Previous Consideration, in accordance with the terms of the Sale and Purchase Agreement, the parties thereto have agreed that the shortfall will be settled by the cancellation of the Promissory Notes and the amount to be cancelled shall be HK$80 million.

The Promissory Notes were originally issued by Success Advantage to CCI in the principal sum of HK$425 million as part of the consideration under the Sudden Attack Agreement. The Promissory Notes are non-transferable, unsecured and interest-bearing at the rate of 2% per annum payable yearly and will mature on 10 August 2009. On 30 June 2007, the parties to the Sudden Attack Agreement entered into a supplemental agreement to postpone the right to receive the net revenue for six months from between 1 January 2007 and 10 August 2009 to between 1 July 2007 and 10 February 2010. The maturity date of the Promissory Notes is also postponed to 10 February 2010. On 21 August 2007, Success Advantage made a partial repayment of the Promissory Notes in the amount of HK$25 million which was sourced from the Group's internal resources. As at the Latest Practicable Date, the outstanding principal amount of the Promissory Notes amounted to HK$394 million.

E. Conditions to Completion

Completion is conditional upon, *inter alia*:

(a) the Company having complied with all its obligations to consummate the transactions contemplated by the Sale and Purchase Agreement under the GEM Listing Rules including the passing of the resolution by the Independent Shareholders at the EGM;

(b) Favor Grow having completed its due diligence on CCP and being satisfied with all its enquiries;

(c) Favor Grow having obtained a valuation report to be issued by a firm of valuers appointed by Favor Grow or the Company showing that the fair value of 75% equity interest in CCP should be not less than HK$803.19 million;

(d) Favor Grow having received the legal opinions as to PRC laws, in the form and substance reasonably satisfactory to it, as to, *inter alia*, (a) the due incorporation, valid existence and good standing of CCP; (b) the obtaining and possession of all necessary government approvals and licences for the engagement of CCP in its principal business; (c) the legality, validity and enforceability of the Sale and Purchase Agreement and the transactions contemplated therein; and (d) the continual engagement of CCP in its principal business will not be affected by the equity transfer contemplated by the Sale and Purchase Agreement;

(e) the warranties as contained in the Sale and Purchase Agreement remaining true as of the date of Completion by reference to the facts existing on the date of Completion; and

(f) between the date of the Sale and Purchase Agreement and the date of Completion, no material adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or value of CCP, or in the laws and regulations applicable to CCP.

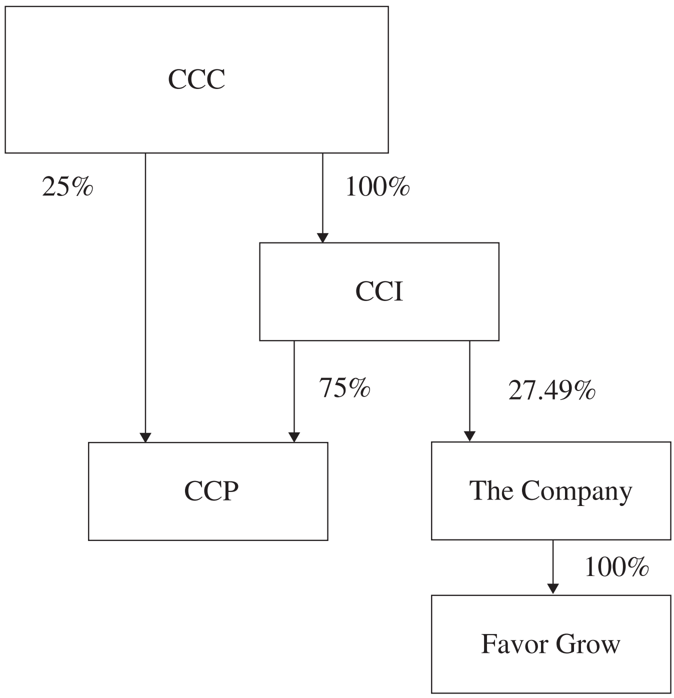
The Company may, at its sole discretion, waive (to the extent that the Company may do so) any of the conditions set out in the Sale and Purchase Agreement. As at the Latest Practicable Date, only condition (c) has been satisfied. The other conditions will either be satisfied or waived prior to Completion.

F. Completion

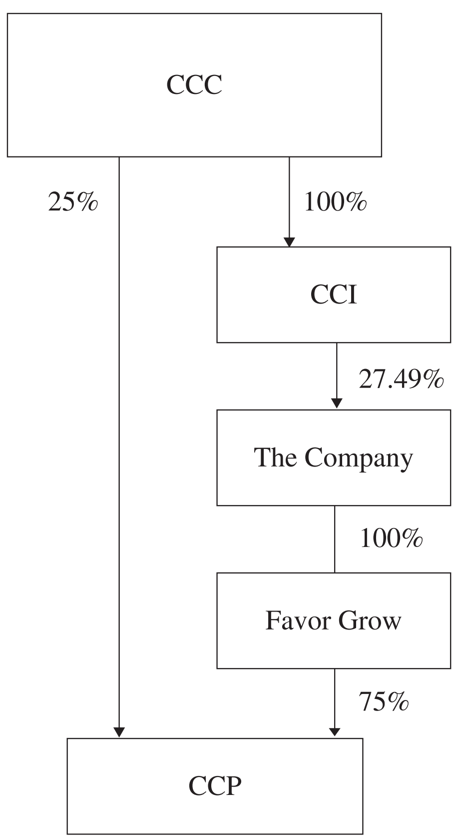
Completion shall take place within 7 working days after the satisfaction or waiver of the conditions set out in the Sale and Purchase Agreement. If the conditions set out in the Sale and Purchase Agreement are not satisfied or waived by 31 March 2008, or such later date as agreed by the parties in writing, the Sale and Purchase Agreement shall terminate and no party thereto shall have any claim whatsoever against the other party save for antecedent breaches.

G. Structure Charts of CCC, CCI, CCP and the Company

Immediately before Completion



Immediately after Completion



INFORMATION ON THE GROUP, CCI, CCC, AND CCP

Information on the Group

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.

Information on CCI

CCI is a wholly-owned subsidiary of CCC and is interested in approximately 27.49% in the issued share capital of the Company as at the Latest Practicable Date. CCI is principally engaged in investments in information technology related businesses, including the operation and distribution of computer games.

Information on CCC

CCC is a nationwide telecom operator and Internet network operator in the PRC covering a wide range of value-added telecom services. Currently, CCC has launched an electronic wallet called "Shentong Card" (神通卡) which is approved by the Industrial and Commercial Bank of China whereby money can be transferred between an individual's bank account and his designated "Shentong Card". As an electronic wallet, "Shentong Card" is designed to pay transportation fees, bank charges, IP phone fees, online trading fees and home utilities fees, etc.

Information on CCP

CCP is a limited liability company established in the PRC on 15 August 2005. Prior to the entering into of the Sale and Purchase Agreement, the equity interest in CCP is owned as to 75% by CCI and 25% by CCC. CCP is principally engaged in the development, operation and distribution of computer games and online games in the PRC. CCP currently develops and operates nationwide game platforms including online game platform. CCP is licensed to distribute and operate a number of well-known computer games in the PRC market, including "Counter-Strike", "WarCraft", "Star Craft", "Half Life" and "Diablo".

The following table summarises the historical financial results of CCP based on the accountants' report of CCP prepared by RSM Nelson Wheeler as set out in Appendix II to this circular:

	From 15 August (date of incorporation) to 31 December 2005	**For the year ended 31 December 2006**	**For the seven months ended 31 July 2007**
	RMB	*RMB*	*RMB*
Revenue	–	7,226,529	45,869,337
EBITDAL	(531,425)	504,571	3,540,369
Operating loss	(23,679,857)	(21,598,219)	(124,549,712)

CCP was established in August 2005, and was mainly engaged in the sale and distribution of computer games during the year 2006. Since its establishment, CCP was also involved in developing and operating online game platforms, including Sudden Attack and e-Sports Platforms. During the period from January 2006 to July 2007, the online game platforms developed by CCP was still in development and testing stage and the official launch of the first tournament on the e-Sports Platform was only made in June 2007. Since the recent official launch of the online game platforms, CCP has already recorded substantial increase in enrollment fee of online game players and the management of CCP expects that the revenue of CCP will continue to grow as the development of the CCP's online game platforms mature and become well-known to players throughout China. In addition, the profit margin of CCP is also expected to rise when the development of online game platforms achieve economies of scale. In addition, CCP is planning to launch several new popular games on its platform which are expected to attract more players to play and spend on the platforms. As such, the Directors expect that the financial results of CCP will improve significantly from 2008 onwards and will continue to benefit from the huge and fast growing market of the PRC online game industry.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group was originally engaged in the provision of financial information. However, the competition among financial information providers in Hong Kong has become increasingly fierce due to the small market size and the saturated market. In view of this, the Board has been actively seeking other opportunities to broaden the revenue base of the Group. According to the China Internet Industry Research Report 2007 compiled by iResearch, an independent consulting agent, the Internet market size in the PRC is expected to increase from approximately RMB33.6 billion in 2006 to approximately RMB94 billion in 2010. As one of the major sectors in the Internet market, the online game market has also been growing with the Internet market. According to CCID Consulting, an independent consulting agent, the PRC online game market size is expected to reach about RMB22.7 billion in 2010.

During the years 2006 and 2007, the Group has made strategic move to enter into the booming animation and gaming industry in the PRC and has successfully completed a few acquisitions. Such strategic moves signal the Group's intention to step out from the financial information provision services in Hong Kong and to refocus its business in the gaming industry in the PRC.

On 1 February 2006, the Group entered into the Licensing Agreement with CCP and CCI pursuant to which the Group licensed to CCP the rights to publish, replicate, reproduce, manufacture, distribute and sell thirty-four computer game softwares and computer game guide books and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of such computer games in the PRC. Licensing income derived from the Licensing Agreement generates a steady income for the Group.

Further to the Licensing Agreement, the Group entered into the Sudden Attack Agreement with CCI and CCC on 20 October 2006 pursuant to which the Group acquired the right to receive 40% of the net revenue from the operation of one of the most popular

Korean FPS (First Person Shooting) online game "Sudden Attack" in the PRC operated by CCP for the period between 1 January 2007 and 10 August 2009. On 30 June 2007, the parties to the Sudden Attack Agreement entered into a supplemental agreement to postpone the right to receive the net revenue for six months to between 1 July 2007 and 10 February 2010. The Sudden Attack Agreement enables the Group to participate in the fast growing industry of online game in the PRC.

On 28 May 2007, the Group further entered into the e-Sports Platform Agreement with CCI pursuant to which the Group would receive 75% of the distributable profit derived from the operation of the "e-Sports Platform" in the PRC operated by CCP.

After the above acquisitions, the Group was able to account for certain portion of revenue and profit from CCP in its income statements. However, such shared revenue and profit were booked as other income in the Group's income statements. The Group has no control over the operation of CCP and the financial results of CCP are not consolidated into the Group's financial statements.

As such, in line with its strategic move to refocus its resources and position itself as an online game platform provider in the gaming industry in the PRC, the Group decided to enter into the Sale and Purchase Agreement such that upon Completion, CCP will be accounted for as a non wholly-owned subsidiary of the Company and the financial statements of CCP will be consolidated into the Group's financial statements. The Board believes that through the Acquisition, the Group will benefit from the opportunity to consolidate the financial results of CCP and the ability to exercise control over the operation of CCP.

As explained in the paragraph headed "Cancellation of the Sudden Attack Agreement and the e-Sports Platform Agreement" in the letter from the Board of this circular, the Acquisition will result in the cancellation of the Promissory Notes to the amount of HK$80 million. Such amount was agreed after arm's length negotiations between the parties by reference to the valuation of 75% equity interest in CCP and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to Completion). On the basis of the above and the advice of the Independent Financial Adviser, and in light of the favourable business prospect of CCP and the long-term outlook of the PRC online game market, the Board (including the independent non-executive Directors) considers that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

Server Hosting Agreement

Date: 1 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)

Parties: CCC and CCP

Services:

(a) Server hosting service – CCP will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to CCP.

(b) Dedicated leased lines – CCC will provide dedicated 100M-bandwidth broadband leased lines to CCP for CCP's website running. CCC will also allow CCP to run its operations and provide its paid services via the online platform operated by CCC.

Pricing basis:

(a) Server hosting service – CCC will charge CCP (i) a one-off payment of RMB1,000 per rack; and (iii) a monthly hosting fee of RMB8,800 per rack.

(b) Dedicated leased lines – CCC will charge CCP (i) a one-off installation fee of RMB2,000 per leased line; and (ii) a monthly rental fee of RMB215,600 per leased line.

The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.

Termination: The term for this agreement is from the commencement of hosting the servers by CCP (1 January 2007) to 31 December 2008, which may be terminated by CCP by 30 days' written notice.

Customers Service Hotline Rental Agreement

Date: 15 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)

Parties: CCC and CCP

Services: CCC provides a designated national customer service hotline number 95130001 to CCP.

Pricing basis:	CCC will charge CCP (i) an annual fee of RMB100,000; (ii) RMB7,000 per month for each sub-line under the national hotline; (iii) a calling charge of RMB0.06 per 6 seconds for long distance incoming calls (subject to bulk use discounted rates); and (iv) a calling charge of RMB0.30 per minute for all outgoing calls. The calling charge rate is subject to any new charging standard announced by the government. The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.
Termination:	The initial term for this agreement is 1 year from the commencement of operation of the hotline, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 90 days' written notice prior to the end of the term.

Office Internet Connection Agreement

Date:	1 December 2006 (to be supplemented by a Supplemental Service Agreement effective upon Completion)
Parties:	CCC and CCP
Services:	CCC will provide a dedicated 100M-bandwidth broadband leased line to CCP for CCP's own office use.
Pricing basis:	CCC will charge CCP a monthly fee of RMB45,000 based on CCP's actual usage of 20M-bandwidth (subject to any new charging standard announced by the government). The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.
Termination:	The initial term for this agreement is 1 year from 1 December 2006 to 1 December 2007, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 1 month's notice prior to the end of the term.

Internet Payment and Settlement Service Agreement

Date:	12 December 2006, supplemented on 12 September 2007 and to be further supplemented by a Supplemental Service Agreement effective upon Completion
Parties:	CCC and CCP
Services:	CCC is currently operating an electronic wallet service named "Shentong Card". CCP will charge its customers via "Shentong Card". CCC will generate monthly reports and pay the sales revenue through "Shentong Card" to CCP (net of CCC's service charge).
Pricing basis:	CCC will charge CCP a service charge at the rate of 25% of the payments made by CCP's customers through "Shentong Card" to compensate CCC for the sales tax and the handling charge. The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms which is determined with reference to i) sales tax of 3% incurred by CCC upon selling of Shentong Card; ii) distribution cost incurred by CCC when distributing the Shentong Card throughout the PRC which is estimated at about 10% on the sale value of Shentong Card; and iii) administrative costs at about 12% incurred by CCC for the manufacturing of Shentong Card.
Termination:	The term for this agreement is 1 year from 12 September 2007, which shall be automatically renewed for successive periods of 1 year each time unless terminated by any party by 1 month's notice prior to the end of the term.

Common terms of the Supplemental Service Agreements

Each Supplemental Service Agreement contains the following terms:

1. The initial term of the Service Agreement shall not extend beyond 31 March 2010. CCP will be entitled to extend the Service Agreement on or before 31 March 2010 and to take such action as may be appropriate to comply with the GEM Listing Rules. Without prejudice to the right of any party to terminate the Service Agreement pursuant to its terms, the Service Agreement shall automatically terminate on 31 March 2010 (or such later date as the parties may agree) if:

   (a) the Company considers that it is not feasible to comply with the GEM Listing Rules at the relevant time; or

(b) compliance with the GEM Listing Rules would require changes to the Service Agreement which are not acceptable to any of the parties.

2. All changes made to the Service Agreement shall be subject to compliance by the Company with the GEM Listing Rules.

3. The total annual consideration payable by CCP under the Service Agreement shall be subject to a yearly cap set by the parties.

4. CCC and CCP shall allow the Company's auditors sufficient access to their records for the purpose of ascertaining (a) whether the transactions have been entered into in accordance with the pricing policies and the terms set out in the Service Agreement; and (b) whether the annual cap has been exceeded.

Supplemental Licensing Agreement

On 1 February 2006, Pro-Concept, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). Under the Licensing Agreement, CCP agreed to pay an annual license fee of RMB20 million, RMB22 million and RMB24.2 million for the financial years of the Company ended 31 March 2006, 2007 and 2008, respectively. The Licensing Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The parties have reviewed the terms of the Licensing Agreement and have agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. Such charging basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to i) the projected possible revenue and costs that can be generated or incurred by CCP through the use of the Licensed Rights; and ii) general market practice on charging license rights for selling and distribution of computer games. In addition, the term of the Licensing Agreement (as supplemented by the Supplemental Licensing Agreement) will expire on 31 March 2010. The entering into of the Supplemental Licensing Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Supplemental Licensing Agreement will be conditional and effective upon Completion.

The Supplemental Licensing Agreement also contains that CCP and CCI shall allow the Company's auditors sufficient access to their records for the purpose of ascertaining (a) whether the transactions have been entered into in accordance with the pricing policies and the terms set out in the Licensing Agreement; and (b) whether the annual cap has been exceeded.

Annual caps of the continuing connected transactions

The fees paid by CCP to CCC under the Service Agreements between 1 April 2007 and 31 July 2007 were summarised in the table below.

Taking into account (i) the historical amounts paid by CCP under each of the CCT Agreement; (ii) the business projections for CCP for the years to follow; and (iii) the possible inflation and exchange rate of RMB in the coming years, the Company has set the following annual caps for each of the years ending respectively 31 March 2008, 2009 and 2010.

CCT Agreements (as supplemented):	Historical figures from 1 April to 31 July 2007	Annual caps for the years ending 31 March 2008	2009	2010
	HK$	*HK$*	*HK$*	*HK$*
Server hosting service	3,785,833	15,000,000	19,000,000	19,000,000
Dedicated leased lines	23,757,247	130,000,000	200,000,000	210,000,000
Customer service hotline rental	3,028,584	15,000,000	17,000,000	17,000,000
Office Internet connection	187,500	600,000	600,000	600,000
Internet payment and settlement service	Nil	54,000,000	85,000,000	110,000,000
Licensing Agreement	7,507,500	18,000,000	500,000	500,000
Total:	38,266,664	232,600,000	322,100,000	357,100,000

The increase in total annual cap for 2008 and 2009 is mainly attributable to server hosting, dedicated lease lines and internet payment and settlement services. As CCP expects that the traffic volume of its online game platforms, especially the e-Sports Platform, will increase significantly from 2008 to 2009, the growth in the relevant broadband width requirements and number of servers employed is expected to increase significantly. Therefore, CCP will need to lease additional broadband lines and server hosting service from CCC to ensure the ongoing smooth operation of the online game platforms. In addition, as a result of the expected increase in the number of users enrolling on CCP's online game platforms, the demand for internet payment and settlement services and customer hotline services will also increase. These factors will contribute to the increase in total annual cap for 2008 and 2009. In respect of the Licensing Agreement, the Group had historically granted to CCP the Licensed Rights under the Licensing Agreement for a fixed annual fee of RMB20 million with 10% annual increment. Following the Acquisition, CCP will become a subsidiary of the Company and therefore the Group decided to enter into the Supplemental Licensing Agreement with CCP and CCI to revise the annual license fee to an amount which is based on the revenue generated from the use of the Licensed Rights by CCP. As a result, the annual caps for the Licensing Agreement (as supplemented) for the two years ending 31 March 2009 and 2010 will be reduced to RMB500,000.

Reasons for entering into of the CCT Agreements

CCC is a nationwide telecom operator and Internet network operator in the PRC covering a wide range of value-added telecom services and CCP is principally engaged in the development, operation and distribution of computer games and online games in the PRC. Therefore, in order for CCP to carry on its principal business, it is appropriate for and beneficial to CCP to enter into the Service Agreements with CCC who can provide a comprehensive and full range of telecommunications, Internet and payment supporting services.

The distribution of computer games in the PRC is one of the principal business of CCP and historically the Group had granted to CCP the Licensed Rights under the Licensing Agreement. In light of the Acquisition and, in particular, the facts that CCP will become a non wholly-owned subsidiary of the Company following Completion, the Group decided to enter into the Supplemental Licensing Agreement with CCP and CCI to revise the annual license fee to an amount which is based on the revenue generated from the use of the Licensed Rights by CCP.

The terms of the CCT Agreements have been negotiated on arm's length basis between the parties. The Directors consider that the CCT Agreements are either (a) on normal commercial terms, or (b) if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms and prices no less favourable to the Group than terms available to or from independent third parties.

On the basis of the above and the advice of the Independent Financial Adviser, the Board (including the independent non-executive Directors) is of the opinion that the terms and the annual caps in respect of the CCT Agreements are fair and reasonable and in the interests of the company and the Shareholders as a whole. In the event that any of these caps is exceeded, the Company will re-comply with its obligations under the GEM Listing Rules.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, CCI is a substantial shareholder of the Company holding approximately 27.49% of the issued share capital of the Company and hence, a connected person of the Company. Therefore, under the GEM Listing Rules, the Sale and Purchase Agreement and the transactions contemplated therein constitute connected transactions for the Company. As the revenue ratio under Chapter 19 of the GEM Listing Rules exceeds 100%, the Sale and Purchase Agreement and the transactions contemplated therein also constitute a very substantial acquisition for the Company. In addition, based on the annual caps set by the Company, the annual amount payable by CCP under the CCT Agreements, in aggregate, will exceed 25% under the applicable ratios in the GEM Listing Rules. As such, both the Sale and Purchase Agreement and the CCT Agreements as well as the annual caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. CCI and CCC shall abstain from voting in EGM in relation to the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps.

If the ordinary resolution to be proposed at the EGM in relation to the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps is not approved by the Independent Shareholders, the Sale and Purchase Agreement and the CCT Agreements will not proceed to Completion.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps are fair and reasonable and to make recommendations to the Independent Shareholders to vote for or against the ordinary resolution to be proposed at the EGM. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Sale and Purchase Agreement and the CCT Agreements as well as the annual caps are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders to vote for or against the ordinary resolution to be proposed at the EGM.

MANAGEMENT DISCUSSION AND ANALYSIS OF CCP

The following is the management discussion and analysis of the business, financial results and position of CCP since incorporation up to 31 July 2007.

Financial Summary

Set out below is a summary of the key financial data of CCP, which are extracted from the accountant's report on CCP as set out in Appendix II to this circular.

	Period from 15 August 2005 to 31 December 2005	**Year ended 31 December 2006**	**Seven months ended 31 July 2007**	
			2007	**2006**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Turnover	–	7,226,529	45,869,337	1,061,697
Gross loss	(2,731)	(15,133,156)	(13,720,563)	(6,824,782)
EBITDAL	(531,425)	504,571	3,540,369	(1,927,213)
Loss before tax	(23,679,857)	(42,580,668)	(138,466,105)	(20,550,771)
Loss for the period	(23,679,857)	(42,743,645)	(138,466,105)	(20,550,771)

	As at 31 December 2005	As at 31 December 2006	As at 31 July 2007
	HK$	*HK$*	*HK$*
Non-current assets	2,461	282,803,135	214,344,033
Current assets	2,339,769	32,553,090	15,712,904
Current liabilities	407,292	83,478,121	146,074,399
Non-current liabilities	–	204,367,070	196,410,810
Net assets/(liabilities)	1,934,938	27,511,034	(112,428,272)

For the period from 15 August 2005 (date of incorporation) to 31 December 2005

Revenue and profitability

CCP was incorporated on 15 August 2005 and did not commence operation until 2006. Hence, CCP did not generate any revenue for the period ended 31 December 2005, and EBITDAL for the period amounted to approximately HK$(531,425). During the period, CCP incurred a net loss of approximately HK$23,679,857 which was mainly attributable to the impairment loss of intangible assets of approximately HK$23,148,395.

Liquidity and financial resources

As at 31 December 2005, CCP did not have any borrowings outstanding and did not have any committed borrowing facilities.

As at 31 December 2005, CCP had net current assets of approximately HK$1,932,477. CCP's current assets was mainly cash of approximately HK$2,339,769. CCP's current liabilities consisted of amounts due to ultimate holding company of approximately HK$404,023 and accruals and other payables of approximately HK$3,269.

The gearing ratio, as defined as the ratio of total liabilities to total assets, was 17% as at 31 December 2005.

CCP generally financed its operations with internally generated cash flows. Excess cash held by CCP was generally placed in licensed banks in the PRC.

Capital structure

During the period, there have been no change in capital structure of CCP since its incorporation.

Charge on assets

CCP did not have any charge on its assets as at 31 December 2005.

Employees

As at 31 December 2005, CCP had 5 employees. The staff costs for the period ended 31 December 2005 was approximately HK$11,225. CCP's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

Material acquisitions or disposals

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the period ended 31 December 2005.

Material investment or capital assets

As at 31 December 2005, CCP did not have any plan for material investments or capital assets.

Foreign currency risk

The income and expenditure of CCP were mainly carried out in Renminbi and the assets and liabilities of CCP were mainly denominated in Renminbi. CCP did not have significant exposure to foreign exchange fluctuations.

Contingent liabilities

CCP did not have any significant contingent liabilities as at 31 December 2005.

For the year ended 31 December 2006

Revenue and profitability

CCP recorded a turnover of approximately HK$7,226,529 for the year ended 31 December 2006 which was mainly derived from the sale and distribution of licensed PC games in the PRC.

CCP's EBITDAL for the year ended 31 December 2006 amounted to approximately HK$504,571 as compared to a EBITDAL of HK$(531,425) for the period ended 31 December 2005. The increase in EBITDAL was mainly attributable to the increasing revenue generated from sale and distribution of PC games in the PRC.

CCP incurred a loss from operations of approximately HK$21,598,219 for the year ended 31 December 2006 (2005: HK$23,679,857), representing a slight decrease of approximately 9% as compared to last year due to increasing revenue generated from sale and distribution of PC games in the PRC. The loss was mainly attributable to cost of sales, selling and distribution expenses and administrative expenses.

Selling and distribution, administrative and other operating expenses for the year ended 31 December 2006 was approximately HK$6,573,231 (2005: HK$23,677,188) representing a decrease of approximately 72% as compared to the previous year.

Net losses attributable to shareholders

CCP incurred net losses attributable to shareholders of approximately HK$42,743,645 for the year ended 31 December 2006, representing an increase of 81% as compared to HK$23,679,857 of the previous year. The increase in net losses attributable to shareholders was due to increase in finance costs of approximately HK$20,982,449 incurred from the long term payable in relation to annual licensing fee payable to the Company, which will be eliminated upon Completion and increase in amortisation of intangible assets of approximately HK$21,469,692. This increase was partially set off by the absence of impairment loss of intangible assets of approximately HK$23,148,395.

Liquidity and financial resources

As at 31 December 2006, CCP did not have any borrowings outstanding. (2005: Nil) and did not have any committed borrowing facilities (2005: Nil).

As at 31 December 2006, CCP had net current liabilities of approximately HK$50,925,031 as compared to net current asset of approximately HK$1,932,477 in the previous year. CCP's current assets amounted to approximately HK$32,553,090 which consisted of cash of approximately HK$21,171,710, amount due from a related company of approximately HK$10,919,576 and trade and other receivables of approximately HK$461,804. CCP's current liabilities consisted of accruals and other payables of approximately HK$33,275,156, current portion of long term payables of approximately HK$40,634,169, amount due to ultimate holding company of approximately HK$1,476,808, amount due to immediate holding company of approximately of HK$7,924,977, tax payables of approximately HK$166,439 and trade payables of approximately of HK$572.

The gearing ratio, defined as the ratio of total liabilities to total assets, was 91% as at 31 December 2006, compared to 17% as at 31 December 2005. Such increase was mainly due to increase in accruals and current portion of the long term payables in relation to the annual license fee payable to the Company.

CCP generally financed its operations with internally generated cash flows. Excess cash held by CCP was generally placed in licensed banks in the PRC.

Capital structure

By a special resolution passed on 4 April 2006, the registered capital of CCP was reduced from US$30,000,000 to US$12,000,000 (equivalent to HK$93,327,642) as a result of Synergy Enterprise Inc's (新納吉企業有限公司) withdrawal from their planned investment in CCP.

Charge on assets

The Group did not have any charge on its assets as at 31 December 2006.

Employees

As at 31 December 2006, CCP had 804 employees (2005: 5). The staff costs for the year ended 31 December 2006 was approximately HK$2,261,397 (2005: HK$11,225). CCP's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

Material acquisitions or disposals

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the year ended 31 December 2006.

Material investment or capital assets

As at 31 December 2006, the Group did not have any plan for material investments or capital assets. Nevertheless, CCP was constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

Foreign currency risk

The income and expenditure of CCP were mainly carried out in Renminbi and the assets and liabilities of the Group were mainly denominated in Renminbi. CCP did not have significant exposure to foreign exchange fluctuations.

Contingent liabilities

CCP did not have any significant contingent liabilities as at 31 December 2006.

For the seven months ended 31 July 2007

Revenue and profitability

CCP recorded a turnover of approximately HK$45,869,337 for the seven months ended 31 July 2007, representing an increase of approximately 4,220% as compared to approximately HK$1,061,697 for the corresponding period in 2006. The turnover of the seven months ended 31 July 2007 was mainly derived from the operation of online game platform and sale and distribution of licensed PC games in the PRC.

CCP's EBITDAL for the seven months ended 31 July 2007 amounted to approximately HK$3,540,369 as compared to a EBITDAL of approximately HK$(1,927,213) for the corresponding period in 2006. The increase in EBITDAL was mainly attributable to increasing revenue generated from sale and distribution of PC games in the PRC.

CCP incurred a loss from operations of approximately HK$124,549,712 for the seven months ended 31 July 2007, as compared to the unaudited result of approximately HK$9,429,255 for the corresponding period in 2006. Such increase was mainly due to the incurrence of impairment loss in relation to the revaluation of the Licensing Rights amounted to approximately HK$102,217,319.

Selling and distribution, administrative and other operating expenses for the seven months ended 31 July 2007 was approximately HK$111,118,632 representing an increase of approximately 4,142% as compared to approximately HK$2,619,356 for the corresponding period in 2006.

Net losses attributable to shareholders

CCP incurred net losses attributable to shareholders of approximately HK$138,466,105 for the seven months ended 31 July 2007, representing an increase of 574% as compared to the unaudited result of approximate HK$20,550,771 for the corresponding period in 2006. Such increase was mainly due to increase of cost of sales, selling and distribution expenses and the incurrence of impairment loss in relation to the revaluation of the Licensing Rights amounted to approximately HK$102,217,319.

Liquidity and financial resources

As at 31 July 2007, CCP did not have any borrowings outstanding and did not have any committed borrowing facilities.

As at 31 July 2007, CCP had net current liabilities of approximately HK$130,361,495. CCP's current assets was approximately HK$15,712,904 which consisted of cash and cash equivalents of approximately HK$9,534,385, amount due from a related company of approximately HK$6,172,910, and other receivables of approximately HK$5,609. CCP's current liabilities consisted of accruals and other payables of approximately HK$27,689,543, current portion of long term payables of approximately HK$56,712,662, amount due to immediate holding company of approximately of HK$31,744,357, amount due to ultimate holding company of approximately HK$29,924,860 and trade payables of approximately of HK$2,977.

The gearing ratio, defined as the ratio of total liabilities to total assets, was 149% as at 31 July 2007.

CCP generally financed its operations with internally generated cash flows. Excess cash held by CCP was generally placed in licensed banks in the PRC.

Capital structure

During the period, there have been no change in capital structure of CCP.

Charge on assets

The Group did not have any charge on its assets as at 31 July 2007.

Employees

As at 31 July 2007, CCP had 873 employees (2006: 349). The staff costs for the seven months ended 31 July 2007 was approximately HK$2,819,742 (2006: HK$1,571,403). CCP's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

Material acquisitions or disposals

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the seven months ended 31 July 2007.

Material investment or capital assets

As at 31 July 2007 and as at the Latest Practicable Date, CCP did not have any plan for material investments or capital assets other than the Transactions. Nevertheless, CCP is constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

Foreign currency risk

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

Contingent liabilities

CCP did not have any significant contingent liabilities as at 31 July 2007.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Company will indirectly hold 75% of the equity interest in CCP. Accordingly, the financial accounts of CCP will be consolidated with into that of the Group.

The Group recorded an audited consolidated net profit attributable to shareholders of approximately HK$17.39 million for the year ended 31 March 2007 and an unaudited consolidated net profit attributable to shareholders of approximately HK$16.63 million for the six months ended 30 September 2007. Based on the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular, there would be an unaudited consolidated loss for the Enlarged Group of approximately HK$43.43 million for the year ended 31 March 2007, as if the Acquisition had been completed on 1 April 2006.

As at 31 March 2007 and 30 September 2007, the audited and unaudited consolidated total assets of the Group were approximately HK$980.27 million and HK$1,201.28 million respectively. Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group as set out in Appendix III to this circular, total assets of the Enlarged Group as at 31 March 2007 would be approximately HK$1,071.30 million, as if the Acquisition had been completed on 31 March 2007. For further details, please refer to Appendix III to this circular.

The Group recorded audited and unaudited consolidated total liabilities of approximately HK$368.86 million and HK$356.63 million as at 31 March 2007 and 30 September 2007 respectively. Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma total liabilities of the Enlarged Group would increase to approximately HK$407.08 million, on the assumption that the Acquisition had been completed on 31 March 2007.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a multimedia financial information services provider offering a comprehensive range of financial information services which include the provision of real-time financial news and up-to-date financial market commentaries and recommendations through multimedia and investor education of financial markets in Hong Kong. The Group is also engaged in the licensing of computer games in the PRC. For the financial year ended 31 March 2007, the Group recorded net profit/(loss) attributable to Shareholders of approximately HK$17,394,520 (2006: approximately HK$(7,318,232)) and basic earnings/loss per Share was approximately HK2.77 cents (2006: HK(1.73) cent).

The Board considers that the PRC animation and game market is a fast growing sector with significant business potential. The Board also believes that the computer games and electronic sports industry in the PRC will expand rapidly in the foreseeable future given the industrial policy supports from the PRC government. The Board is of the opinion that the Acquisition will enable the Group to participate in PRC's promising online game market and the Board is optimistic about the financial and trading prospects of the Group.

EGM

The EGM will be held at 11:00 a.m. on Wednesday, 16 January 2008, at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong or any adjournments thereof, for the purpose of considering and, if thought fit, passing the resolutions to approve the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps. A notice convening the EGM is set out on pages 179 to 180 of this circular.

Shareholders may appoint proxies to attend and vote at the EGM. In order to be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be completed in accordance with the instructions printed thereon and delivered to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the EGM or any adjourned meeting in person if they so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to article 76 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the GEM Listing Rules. A poll may be demanded by:

(a) the chairman of the meeting; or

(b) at least five members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote; or

(c) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or

(d) any member or members present in person (or, in the cast of a member being a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) if required by the GEM Listing Rules, by any Director or Directors who, individually and collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

RECOMMENDATIONS

The Directors consider the terms of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
China Cyber Port (International) Company Limited
He Chenguang
Chairman

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)

28 December 2007

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 75% OF THE EQUITY INTEREST IN CHINA CYBER PORT CO., LTD. AND CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 28 December 2007 issued by the Company (the "Circular"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps and to advise the Independent Shareholders as to the fairness and reasonableness of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps and to recommend how the Independent Shareholders should vote at the EGM. Nuada Limited has been appointed as The Independent Financial Adviser to advise the Independent Board Committee in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 32 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps as set out on pages 34 to 49 of the Circular.

Having taken into account the terms of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps and the advice of the Independent Financial Adviser, we are of the view that the terms of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the Sale and Purchase Agreement, the CCT Agreements as well as the annual caps.

Yours faithfully
Independent Board Committee of
China Cyber Port (International) Company Limited
Yip Tai Him **Dr. Liu Jie** **Weng Pinger**

* *For identification purpose only*

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited setting out its opinion regarding the Transactions prepared for the purpose of incorporation in this circular.

Nuada Limited
Corporate Finance Advisory

7th Floor, New York House
60 Connaught Road Central
Hong Kong

28 December 2007

*To the Independent Board Committee and
the Independent Shareholders of
China Cyber Port (International) Company Limited*

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 75% OF THE EQUITY INTEREST IN CHINA CYBER PORT CO., LTD. AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Transactions, details of which are set out in the letter from the Board (the "Letter") contained in the circular of the Company dated 28 December 2007 to the Shareholders (the "Circular"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 1 November 2007, Favor Grow (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with CCI for the acquisition of 75% of the equity interest in CCP. Prior to the entering into of the Sale and Purchase Agreement, the Group had entered into the Sudden Attack Agreement on 20 October 2006, pursuant to which the Group had acquired from CCI the right to receive 40% of the net sales revenue derived from operating "Sudden Attack", a Korean online game, in the PRC by CCP, and the e-Sports Platform Agreement on 28 May 2007, pursuant to which the Group had acquired from CCI the right to receive 75% of the distributable profit derived from operating the e-Sports Platform in the PRC by CCP. Since CCI will no longer benefit from the operating results of CCP following Completion, the parties agreed that the Sudden Attack Agreement and the e-Sports Platform Agreement shall be cancelled upon Completion. For details regarding the Sudden Attack Agreement and the e-Sports Platform Agreement, please refer to the announcements dated 26 October 2006 and 1 June 2007 and the circulars dated 30 November 2006 and 22 June 2007 of the Company.

As at the Latest Practicable Date, CCI is a substantial shareholder of the Company holding approximately 27.49% of the issued share capital of the Company and hence a connected person of the Company. Therefore, under the GEM Listing Rules, the Sale and Purchase Agreement and the transactions contemplated therein constitute connected transactions for the Company. As the revenue ratio under Chapter 19 of the GEM Listing Rules exceeds 100%, the Sale and Purchase Agreement and the transactions contemplated therein also constitutes a very substantial acquisition for the Company. The Sale and Purchase Agreement is therefore subject to the reporting, announcement and the Independent Shareholders' approval requirements under the GEM Listing Rules.

Prior to the entering into of the Sale and Purchase Agreement, CCP has entered into certain Service Agreements (including the Server Hosting Agreement, the Customer Service Hotline Rental Agreement, the Office Internet Connection Agreement, and the Internet Payment and Settlement Service Agreement) with CCI. Following Completion, CCP will become a non wholly-owned subsidiary of the Company. Given that CCC is a connected person of the Company, the transactions contemplated under the Service Agreements will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. For the purpose of complying with the relevant GEM Listing Rules requirements, CCP and CCC have agreed to enter into the Supplemental Service Agreements before Completion. The Supplemental Service Agreements will be conditional and effective upon Completion.

On 1 February 2006, the Group entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). The parties have reviewed the terms of the Licensing Agreement and agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. The entering into of the Supplemental License Agreement constitutes continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Supplemental Licensing Agreement will be conditional and effective upon Completion.

Based on the annual caps set by the Company, the annual amount payable by CCP under the CCT Agreements, in aggregate, will exceed 25% under the applicable ratios in the GEM Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the GEM Listing Rules, our role is to give you an independent opinion as to whether the Transactions are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

BASES AND ASSUMPTIONS

In formulating our opinion, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed to us by the Directors, the Company and its management. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company and the Directors, and have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all statements of intention of the Company or its Directors as set out in the Circular will be implemented.

In formulating our opinion, we have obtained and reviewed relevant information and documents provided by the Directors, the Company and its management in connection with the Transactions and discussed with the management of the Group so as to assess the fairness and reasonableness of the terms of the Transactions. Relevant information and documents, included, among other things, (i) the Sale and Purchase Agreement; (ii) the CCT Agreements; (iii) the valuation report of Grant Sherman Appraisal Limited (the "Valuer") in respect of the valuation of CCP (the "Valuation Report"); and (iv) the annual report and accounts of the Company for the year ended 31 March 2007, the first quarterly report of the Company for the three months ended 30 June 2007 and the interim report of the Company for the six months ended 30 September 2007. We have also made reference to certain market research information available to us. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transactions.

We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the EGM. We have not, however, carried out any independent verification of the information and representations provided to and reviewed by us nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects of the Company, CCI, CCP and/or their respective subsidiaries or associates and/or any of their partners and/or the operation and prospects of the business of CCP. Neither have we carried out any independent verification or investigation of the market research information reviewed or referred to by us. We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Transactions. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, clearances and approvals necessary for the effectiveness and implementation of the Transactions have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Transactions.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Transactions. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The Sale and Purchase Agreement

The principal factors and reasons we have taken into account in assessing the Sale the Purchase Agreement and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

Background and reasons for the Acquisition

The Group was originally engaged in the provision of (i) real-time financial news and up-to-date financial market commentaries and recommendations through multimedia; (ii) financial programs and video production services; and (iii) investor education on financial markets in Hong Kong. The Group has commenced to engage in the computer and online game industry in the PRC since March 2006.

The Board considers that the PRC animation and game industry is a fast growing sector with huge business potential. In March 2006, the Group completed acquisition of the Licensed Rights. The Group granted to CCP the exclusive license to use the Licensed Rights for an initial term of 3 years (subject to renewal) under the Licensing Agreement for annual licensing fee. Further to the acquisition of the Licensed Rights, the Group entered into the Sudden Attack Agreement in October 2006 in relation to right to receive net revenue from operation of "Sudden Attack", a Korean online game, in the PRC by CCP for the period between 1 January 2007 and 10 August 2009. On 30 June 2007, the parties to the Sudden Attack Agreement entered into a supplemental agreement to postpone the right to receive the net revenue for six months to between 1 July 2007 and 10 February 2010. Furthermore, the Group entered into the e-Sports Platform Agreement in May 2007 in relation to the right to receive 75% of the distributable profit derived from operating the e-Sports Platform in the PRC by CCP. As stated in the annual report 2006/2007 of the Company, the strategic move to entering into the booming animation and game industry in the PRC signals the Group's stepping out from the financial information provision services in Hong Kong and the Group is now focusing its resources on investment and business in the animation and game industry in the PRC. It is also stated in the annual report 2006/2007 of the Company that the real-time financial information business was terminated with effect from 1 November 2006. As stated in the annual report 2006/2007 of the Company, for the year ended 31 March 2007, the Group recorded consolidated total turnover of approximately HK$21,264,000, of which approximately 95.0% and 4.8% were attributable to the licensing income for license of the Licensed Rights and provision of real-time financial information services respectively.

On 1 November 2007, the Group entered into the Sale and Purchase Agreement with CCI for the acquisition of 75% of the equity interest in CCP. Since CCI will no longer benefit from the operating results of CCP following Completion, the Sudden Attack Agreement and the e-Sports Platform Agreement shall be cancelled upon Completion. As advised by the Company, the Acquisition would enable to the Group to have control over the operation of CCP, and as a result of the Acquisition, CCP would become a 75%-owned indirect subsidiary of the Company and the financial results of CCP would be consolidated into the Group's financial statements. CCP is principally engaged in the development, operation and distribution of computer games and online games in the PRC. CCP currently develops and operates nationwide game platforms including online game platform. CCP is licensed to distribute and operate a number of well-known computer games in the PRC market, including "Sudden Attack" (突襲OL), "Counter-Strike" (反恐精英), "WarCraft" (魔獸爭霸), "StarCraft" (星際爭霸), "Half Life" (半條命), "Diablo" (暗黑破壞神). CCP operates an online interactive entertainment portal at www.24365pt.com (the "24365 Entertainment Portal"), with the e-Sports Platform being one of the major components of the 24365 Entertainment Portal. The e-Sports Platform is a platform for computer and online game tournaments such as "Counter-Strike" (反恐精英), "WarCraft" (魔獸爭霸) and "StarCraft" (星際爭霸) etc..

The e-Sports Platform was launched in April 2007 and the official first tournament of the e-Sports Platform was made in June 2007. Since then, enrollment by online game players for and revenue generated from the e-Sports Platform has been increasing. As advised by the Company, the e-Sports Platform had accumulated tournament registers of 1.48 million up to September 2007 according to CCP. The revenue sources for the e-Sports Platform are in threefold, namely enrollment fees from online players for joining the e-sports tournaments, hourly charges for playing at the e-sports tournaments through CCC's Shentong Card billing system and advertising income from sponsors of the e-sports tournaments. For the first seven months of 2007, the total revenue of CCP has increased to approximately HK$45.87 million, as compared to HK$7.23 million for the whole year of 2006. Such increase in revenue was mainly attributable to the launch of the e-Sports Platform in 2007. In view of the increasing revenue generated by CCP against the backdrop of the growing PRC online game market, as the development of the 24365 Entertainment Portal becomes mature and well-known to online players in the PRC and CCP would continue to pursue launching of new popular games, it is expected that the operation of CCP would achieve economies of scale and CCP would be able to get a turnaround of its financial results. Nevertheless, Independent Shareholders are reminded that as the business of CCP started to generate revenue in 2006 and the e-Sports Platform is at the beginning stage of development, the profitability of the business of CCP is uncertain which will be subject to a number of factors, including but not limited to the successful implementation of the business plan of CCP, the popularity of the existing games and new games to be introduced by CCP in the PRC market as well as the business environment of the PRC computer and online game market.

For the seven months ended 31 July 2007, CCP recorded a turnover of approximately HK$45.87 million, representing an increase of approximately 4,220% as compared to approximately HK$1.06 million for the previous corresponding period. The turnover of CCP for the seven months ended 31 July 2007 was mainly derived from the operation of online game platform and sale and distribution of licensed CP games in the PRC. For the seven months ended 31 July 2007, CCP incurred a loss from operations of approximately HK$124.55 million as compared to the unaudited loss of approximately HK$9.43 million for the previous corresponding period. Such increase in loss from operations was mainly due to the incurrence of impairment loss in relation to the revaluation of the Licensing Rights amounted to approximately HK$102.22 million, which is non-recurrent in nature. Taking into account the substantial increase in loss from operations of CCP was mainly due to the incurrence of impairment loss in relation to the revaluation of the Licensing Rights amounted to approximately HK$102.22 million, which is non-recurrent in nature, and the surging revenue of CCP since commencement of its operation, which to a certain extent signify the expanding potentials of its business, the Directors believe that the business of CCP, which is at is infant stage of development, would be able to turnaround in the future against the backdrop of the growing computer and online game market in the PRC.

It is noted that the Group attained a turnaround with an audited net profit of approximately HK$17.39 million for the year ended 31 March 2007, as compared with an audited loss of approximately HK$7.32 million for the previous corresponding year, mainly due to the licensing income for license of the Licensed Rights under the Licensing Agreement as well as the income recognized by the Group from CCI under the Sudden Attack Agreement. Based on the unaudited pro forma financial information of the Enlarged Group (the "Pro Forma Statement") as set out in Appendix III to the Circular, the Enlarged Group incurred a loss of approximately HK$43.43 million, which is arrived at based on the audited financial information of the Group for the year ended 31 March 2007 and the audited financial information of CCP for the year ended 31 December 2006 after making certain adjustments. It is noted that the loss of the Enlarged Group based on the Pro Forma Statement is mainly attributable to the adjustments in relation to (i) the entering into of the Supplemental Licensing Agreement to be effective upon completion of the Acquisition which would revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP as a result of which the total amount of approximately HK$20.21 million received by the Group from CCP under the Licensing Agreement for the year ended 31 March 2007 should be cancelled; and (ii) the cancellation of the Sudden Attack Agreement upon completion of the Acquisition as a result of which the total amount of HK$40.25 million recognized by the Group from CCI under the Sudden Attack Agreement for the year ended 31 March 2007 should be cancelled. Although the Licensing Agreement would be supplemented by the Supplemental Licensing Agreement and the Sudden Attack Agreement would be cancelled upon completion of the Acquisition, we consider that the Acquisition represents an important milestone of the Company's strategic move to take a foothold in the PRC animation and game industry and position itself as an online game platform provider in the PRC game industry as CCP would become its major operation arm in such business upon Completion, and is thus in line with the Group's business development in the long run and in the interests of the Company and the Shareholders as a whole.

According to the Statistical Survey Report on the Internet Development in China (January 2007) conducted by China Internet Network Information Centre, the state network information centre of China, as at 31 December 2006, the number of Internet users in China has been increasing and reached the historical high of 137 million, representing an increase of approximately 23.4% as compared to the previous year end. According to iResearch Consulting Group ("iResearch"), a market research company which focuses on the Internet industry in China, the revenue size of online game operators in China amounted to RMB7.68 billion in 2006, representing an annual growth rate of 60%, and it is expected that the online game industry in China would continue to grow with the revenue size of online game operators reaching RMB10.80 billion in 2007 and RMB19.80 billion in 2010. In addition, according to China Online Advertising Research Report 2006 conducted by iResearch, the online advertising market size in China in 2006 amounted to RMB4.66 billion, representing an increase of 48.8% as compared to the previous year, and is expected to reach RMB6.20 billion in 2007 and RMB9.80 billion in 2008. As such, we consider that the Acquisition represents an opportunity for the Group to solidify its business in the PRC animation and game industry, in particular in capturing the growth potentials of the PRC online game and advertising sector.

Given the fact that the Group is stepping out from the financial information provision services in Hong Kong and refocusing its business to the animation and game industry in the PRC, we consider that the entering into of the Sale and Purchase Agreement commercially justifiable as the Acquisition represents an important milestone of the Company's strategic move to take a foothold in the PRC animation and game industry and position itself as an online game platform provider in the PRC game industry as CCP would become its major operation arm in such business upon Completion. We also consider that the Acquisition, which is not in the ordinary course of business of the Group, is in line with the Group's business development in the PRC animation and game market and enables the Group to operate and capture the business opportunities in the growing PRC online game market in the long run, and is thus in the interests of the Company and the Shareholders as a whole.

Terms of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the parties agreed that the consideration for the Acquisition shall be based on the difference between the valuation of 75% equity interest in CCP (the "Valuation") and the Previous Consideration (as adjusted by any benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007). The Previous Consideration amounted to HK$924.5 million and the benefit accruing to the Group under the Sudden Attack Agreement and the e-Sports Platform Agreement prior to 30 September 2007 as advised by the Company was approximately HK$41.31 million and as such the adjusted previous consideration (the "Adjusted Previous Consideration") amounted to approximately HK$883.19 million.

According to the Valuation Report included as Appendix IV to this Circular, the valuation of 75% equity interest in CCP amounted to approximately RMB773.20 million (approximately HK$805.42 million) as of 30 September 2007 (the "Value"). Accordingly, the Value is less than the Adjusted Previous Consideration by approximately HK$77.77 million (the "Shortfall"). Pursuant to the Sale and Purchase Agreement, the Shortfall will be settled by the cancellation of the Promissory Notes and the parties agree the amount to be cancelled to be HK$80 million.

We have reviewed the Valuation Report and the relevant financial projections based on which the Valuation is made by adopting discounted cash flow method under the income approach and discussed with the Valuer regarding, among other things, the assumptions (including the assumptions of the relevant financial projections), basis and methodologies adopted therein, the reports from the RSM Nelson Wheeler and CCBI in respect of the Valuation, the texts of which are set out in Appendix V to the Circular. We note that the business of CCP was classified into three sectors (the "Business Sectors", each a "Business Sector"), namely operating the e-Sports Platform, operating "Sudden Attack" in the PRC and distributing and selling computer games in the PRC for the purpose of the Valuation. We also note that the Valuer have considered the market approach, the cost approach and the income approach, being three commonly used valuation methodologies, in valuing the 75% equity interest in CCP and had selected the income approach with the adoption of the discounted cash flow method based on the financial projections provided by CCP. We understand from the Valuer that the income approach was selected taking into consideration that the market approach and the cost approach rely on data from public trading markets or game developers which are rarely available in most of valuation practice of game industry. Having considered (i) CCP started operations in 2006, and in particular the e-Sports Platform was launched in 2007; (ii) the historical sales of the Business Sectors since its operation; (iii) the relevant business and marketing plans of CCP; (iv) the increasing number of registers and amount of fee received from online players of the e-Sports Platforms as well as the advertising contract secured for the e-Sports Platform; (iv) certain market information and statistical data showing the potential growth of the computer and online game market in the PRC; (v) information regarding Shentong Card, including the historical sales of Shentong Card, the geographical coverage of the distribution of Shentong Card in the PRC and certain relevant distributorship agreements in respect of Shentong Card, we consider that the financial projections of CCP based on which the Valuation is made are reasonable. Nevertheless, our opinion in no way ascertains that the financial projections of CCP will be achieved in the future and we disclaim any liabilities in relation to any discrepancy between the financial projections of CCP and the actual financial performance of CCP in the future. We have considered the report from RSM Nelson Wheeler regarding the accuracy of the calculations in respect of the Valuation and have not performed independent verification of the accuracy of such calculations.

We are also given to understand that the determination of the discount rates adopted under the discounted cash flow method by the Valuer for each of the Business Section based on a weighted average cost of capital ("WACC") developed through the application of the Capital Asset Pricing Model ("CAPM"). WACC is the weighted sum of cost of equity and after tax cost of debt. As such, the Valuer has taken into account CCP's debt and cash as of 30 September 2007. According to the Valuer, the cost of debt of CCP is nil under the Valuation as no interest-bearing loan was due to any parties as at 30 September 2007 and the management of CCP has represented that they have no current intention to finance the business of CCP with loans, which may incur interest burden to CCP, from any parties. For information purpose, CCP had net liabilities of approximately HK$112.43 million as at 31 July 2007 according to the balance sheets of CCP as set out in Appendix II to the Circular and that such net liabilities were to a substantial extent attributable to the long-term payables amounting approximately HK$253.12 million due by CCP to the Group under the Licensing Agreement. Upon completion of the Acquisition, the Licensing Agreement will be supplemented by the Supplemental Licensing Agreement and accordingly such long-term payables shall be cancelled upon the Supplemental Licensing Agreement becomes effective. Furthermore, the Valuer has advised that given the main source of the net liabilities of CCP of approximately HK$112.43 million as at 31 July 2007 was long-term payables as shown in the balance sheets of CCP set out in Appendix II to the Circular, they believe such liability should not be judged as a debt that CCP targets to bear, and thus they have taken into account the financial position of CCP in the valuation model by considering CCP's debt and cash as of valuation date.

The cost of equity was developed with reference to the required rate of return demanded by investors for similar projects. We note that the rate of return is the sum of the risk-free return, which is the yield of the long term bond issued in the PRC, and the equity risk premium, which is arrived at taking into account the stock data of several comparable companies (the "Comparables"), with adjustments by adding the small capitalization risk premiums and the company specific risk premiums (the "Adjustment Premiums"). As advised by the Valuer, the Adjustment Premiums are applied to reflect the additional risks and uncertainties in association with each of the Business Sector as compared to the Comparables and the respective rates of the Adjustment Premiums are determined based on the Valuer's professional judgment. For details of such additional risks and uncertainties in relation to the business of CCP, please refer to the Valuation Report as set out in Appendix IV to this Circular. We also note that the valuation arrived at by applying the discount rate was further adjusted by applying a lack of marketability discount to reflect the lack of marketability of the ownership interests in CCP as compared to similar interests in public companies. Taking into account the discount rates adopted in the Valuation is arrived has factored in the equity risk, small capitalization risk and company specific risk particularly exposed the Business Sectors and the lack or marketability of equity interest in CCP as detailed above, we consider that the discount rates adopted in the Valuation and the further discount for lack of marketability reasonable and appropriate. Based on our review of the Valuation Report and the reports from RSM Nelson Wheeler and CCBI in respect of the Valuation, the texts of which are set out in Appendix V to the Circular, and discussion with the Valuer regarding, among other things, (i) the scope of work and assumptions of the valuation; (ii) the valuation basis (including the relevant financial projections) and methodologies, in particular the discount rates adopted under the discounted cash flow method; and (iii) the due diligence works performed by the Valuer in preparing the Valuation Report, including review of the relevant market researches and the financial projections of the Business Sectors, the worksheet prepared by the Valuer in respect of the parameters of the Comparables and the computation of the net present value of the projected cash inflow of the Business Sectors, we consider the basis, assumptions (including the assumptions of the relevant financial projections) and methodologies adopted for the valuation of 75% equity interest in CCP appropriate.

Given the consideration for the Acquisition is based on the valuation of 75% equity interest in CCP being satisfied by the Previous Adjusted Consideration and the Shortfall amounting to approximately HK$77.77 million is to be set off against the cancellation of the Promissory Notes in the amount of HK$80 million, we consider that the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned, in particular given the Acquisition would not cause additional cash outlay of the Group and the gearing of the Group would be decreased by the cancellation of the Promissory Notes in the amount of HK$80 million. As the Promissory Notes is interest-bearing at a rate of 2% per annum, the cancellation of the Promissory Notes in the amount HK$80 million would also reduce the interest burden of the Group.

The CCT Agreements

The principal factors and reasons we have taken into account in assessing the CCT Agreements and in giving our advice to the Independent Board Committee and the Independent Shareholders are set out below:

The Server Hosting Agreement (to be supplemented by a Supplemental Service Agreement)

The Server Hosting Agreement dated 1 December 2006 was entered into between CCP and CCC in relation to the provision of server hosting service and dedicated leased lines by CCC to CCP commencing from 1 January 2007 to 31 December 2008. In respect of the server hosting service, CCP will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to CCP. For the server hosting service, CCC charges CCP (i) a one-off payment of RMB1,000 per rack; and (ii) a monthly hosting fee of RMB8,800 per rack. For the dedicated leased lines, CCC will provide dedicated 100M-bandwidth broadband leased lines to CCP for CCP's website running and CCC will also allow CCP to run its operations and provide its paid services via the online platform operated by CCC. For the dedicated leased lines, CCC will charge CCP (i) a one-off installment fee of RMB2,000 per leased line; and (ii) a monthly rental fee of RMB215,600 per leased line.

For compliance with the GEM Listing Rules, a Supplemental Service Agreement will be entered into stipulating, amongst others, that the term of the Server Hosting Agreement shall not extend beyond 31 March 2010 and the relevant annual caps as to HK$15 million, HK$19 million and HK$19 million for the three years ending 31 March 2010 respectively for the server hosting service, and as to HK$130 million, HK$200 million and HK$210 million for the three years ending 31 March 2010 respectively for dedicated leased lines. For further details regarding the relevant Supplemental Service Agreement, please refer to the Letter. It is noted that the annual caps are determined taking into account (i) the historical amounts paid by CCP under the Server Hosting Agreement; (ii) the business projections for CCP for the years to follow; and (iii) the possible inflation and exchange rate of RMB in the coming years. For the four-month period from 1 April 2007 to 31 July 2007, the fee charged by CCC to CCP for the server hosting service and dedicated leased lines amounted to approximately HK$3.79 million and approximately HK$23.76 million respectively. In view of the growing PRC online game market and the anticipated development of the 24365 Entertainment Portal, in particular the e-Sports Platform, and thus the increase in demand for broadband width and servers for smooth operation of the online game platforms of CCP, we consider that the annual caps for the transactions contemplated under the Server Hosting Agreement to be fair and reasonable.

In assessing the terms of the Server Hosting Agreement (including the relevant annual caps), we have reviewed sample evidence regarding the transactions conducted under the Server Hosting Agreement and market information regarding the fees charged for similar transaction and found that the fees charged by CCC to CCP under the Server Hosting Agreement is in line with market practice for similar transactions. Also given the fact that CCP has been using the server hosting service and dedicated leased lines provided by CCC, we consider that the transactions contemplated under the Server Hosting Agreement would ensure smooth operation of the online game platforms of CCP upon Completion, and in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms and fair and reasonable.

The Customers Service Hotline Rental Agreement (to be supplemented by a Supplemental Service Agreement)

The Customers Service Hotline Rental Agreement dated 15 December 2006 was entered into between CCP and CCC in relation to the provision of a designated national customer service hotline number 95130001 by CCC to CCP for an initial term of one year from the commencement of operation of the hotline, which shall be automatically renewed for successive periods of one year each time unless terminated by any party by 90 days' written notice prior to the end of the term. Under the Customer Service Hotline Rental Agreement, CCC will charge CCP (i) an annual fee of RMB100,000; (ii) RMB7,000 per month for each sub-line under the national hotline; (iii) a calling charge of RMB0.06 per 6 seconds for long distance incoming calls (subject to bulk use discounted rates); and (iv) a calling charge of RMB0.30 per minute for all outgoing calls. The calling charge rate is subject to any new charging standard announced by government.

For compliance with the GEM Listing Rules, a Supplemental Service Agreement will be entered into stipulating, amongst others, that the term of the Customer Service Hotline Rental Agreement shall not extend beyond 31 March 2010 and the relevant annual caps as to HK$15 million, HK$17 million and HK$17 million for the three years ending 31 March 2010. For further details regarding the relevant Supplemental Service Agreement, please refer to the Letter. It is noted that the annual caps are determined taking into account (i) the historical amounts paid by CCP under the Customers Service Hotline Rental Agreement; (ii) the business projections for CCP for the years to follow; and (iii) the possible inflation and exchange rate of RMB in the coming years. For the four-month period from 1 April 2007 to 31 July 2007, the fee charged by CCC to CCP for the customer service hotline rental under the Customers Service Hotline Rental Agreement amounted to approximately HK$3.03 million. In view of the growing PRC online game market and the anticipated increase in the number of online players of the 24365 Entertainment Portal, in particular the e-Sports Platform, and thus the increase in demand for customer hotline services, we consider that the annual caps for the transactions contemplated under the Customers Service Hotline Rental Agreement to be fair and reasonable.

In assessing the terms of the Customers Service Hotline Rental Agreement (including the relevant annual caps), we have reviewed sample evidence regarding the transactions conducted under Customers Service Hotline Rental Agreement and market information regarding the fees charged for similar transaction and found that the fees charged by CCC to CCP under the Customers Service Hotline Rental Agreement is in line with market practice for similar transactions. Also given the fact that CCP has been leasing the customer service hotline from CCC, we consider that the transactions contemplated under the Customers Service Hotline Agreement would ensure the smooth operation of the customer hotline service provided by CCP to its customers upon Completion, and in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms and fair and reasonable.

The Office Internet Connection Agreement (to be supplemented by a Supplemental Service Agreement)

The Office Internet Connection Agreement dated 1 December 2006 was entered into between CCP and CCC in relation to the provision of a dedicated 100M-bandwidth broadband lease line to CCP for CCP's own office use for an initial term of one year from 1 December 2006 to 1 December 2007, which shall be automatically renewed for successive periods of one year each time unless terminated by any party by a one month's notice prior to the end of the term. Under the Office Internet Connection Agreement, CCC will charge CCP a monthly fee of RMB45,000 based on CCP's actual usage of 20M-bandwith (subject to any new charging standard announced by the government).

For compliance with the GEM Listing Rules, a Supplemental Service Agreement will be entered into stipulating, amongst others, that the term of the Office Internet Connection Agreement shall not extend beyond 31 March 2010 and the relevant annual caps as to HK$0.60 million, HK$0.60 million and HK$0.60 million for the three years ending 31 March 2010. For further details regarding the relevant Supplemental Service Agreement, please refer to the Letter. It is noted that the annual caps are determined taking into account (i) the historical amounts paid by CCP under the Office Internet Connection Agreement; and (ii) the possible inflation and exchange rate of RMB in the coming years. For the four-month period from 1 April 2007 to 31 July 2007, the fee charged by CCC to CCP for broadband leased line for CCP's own office use amounted to approximately HK$0.18 million. Given the monthly fee of RMB45,000 charged by CCC to CCP under the Office Internet Connected Agreement, we consider that the annual caps for the transactions contemplated under the Office Internet Connection Agreement to be fair and reasonable.

In assessing the terms of the Office Internet Connection Agreement (including the relevant annual caps), we have reviewed sample evidence regarding the transactions conducted under the Office Internet Connection Agreement and market information regarding the fees charged for similar transaction and found that the fees charged by CCC to CCP under the Office Internet Connection Agreement is in line with market practice for similar transactions. Also given the fact that CCP has been leasing the broadband leased line from CCC, we consider that the transactions contemplated under the Office Internet Connection Agreement would ensure the smooth operation of the CCP upon Completion, and in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms and fair and reasonable.

The Internet Payment and Settlement Service Agreement (to be supplemented by a Supplemental Service Agreement)

The Internet Payment and Settlement Service Agreement dated 12 December 2006 (as supplemented on 12 September 2007) was entered into between CCP and CCC in relation to the provision of an electronic wallet service named "Shentong Card" (神通卡) operated by CCC for an initial term of one year from 12 September 2007, which shall be automatically renewed for successive periods of one year each time unless terminated by any party by one month's notice prior to the end of the term. The "Shentong Card" is approved by the Industrial and Commercial Bank of China whereby money can be transferred between an individual's bank account and his designated "Shengtong Card". CCP can charge its customers via "Shentong Card" and CCC will generate monthly reports and pay the sales revenue through Shentong Card to CCP (net of CCC's service charge). For instance, it is designed that the e-Sports Platform could charge online players for the online games at an hourly rate via the billing system of "Shengtong Card". Under the Internet Payment and Settlement Service Agreement, CCC will charge CCP a service charge at the rate of 25% of the payments made by CCP's customers through "Shentong Card" to compensate CCC for the sales tax and the handlings charge.

For compliance with the GEM Listing Rules, a Supplemental Service Agreement will be entered into stipulating, amongst others, that the term of the Internet Payment and Settlement Service Agreement shall not extend beyond 31 March 2010 and the relevant annual caps as to HK$54 million, HK$85 million and HK$110 million for the three years ending 31 March 2010. For further details regarding the relevant Supplemental Service Agreement, please refer to the Letter. It is noted that the annual caps are determined taking into account (i) the business projections for CCP for the years to follow; and (ii) the possible inflation and exchange rate of RMB in the coming years. In assessing the terms of the Internet Payment and Settlement Service Agreement (including the annual caps), we have reviewed the relevant business projection of CCP and certain distributionship agreements in relation to Shentong Card. For the four-month period from 1 April 2007 to 31 July 2007, no fee charged by CCC to CCP under the Internet Payment and Settlement Service Agreement had been recorded. In view of the growing PRC online game market and the anticipated increase in payment made by CCP's customer via "Shentong Card" as the online game platforms of CCP develops, we consider that the annual caps for the transactions contemplated under the Internet Payment and Settlement Service Agreement to be fair and reasonable.

As stated in the Letter, the fees charged by CCC to CCP under the Internet Payment and Settlement Service Agreement is determined with reference to (i) sales tax of 3% incurred by CCC upon selling of Shentong Card; (ii) distribution cost incurred by CCC when distributing the Shentong Card throughout the PRC which is estimated at about 10% on the sale value of Shentong Card; and (iii) administrative costs at about 12% incurred by CCC for the manufacturing of Shentong Card. Also given the fact that the "Shentong Card", as an electronic payment and settlement solution for CCP to receive payments from its customers, is an crucial part in the business operation model of CCP, we consider that the transactions contemplated under the Internet Payment and Settlement Service Agreement would ensure the smooth operation of the game online platforms of CCP upon Completion, and in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms and fair and reasonable.

The Supplemental Licensing Agreement

On 1 February 2006, the Group entered into the Licensing Agreement with CCP and CCI pursuant to which the Group granted to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the PRC for an initial term of 3 years (subject to renewal). Under the Licensing Agreement, CCP agreed to pay an annual license fee of RMB20 million, RMB22 million and RMB24.2 million for the three financial year ending 31 March 2008 respectively.

The parties have reviewed the terms of the Licensing Agreement and agreed to enter into the Supplemental Licensing Agreement before Completion to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP and to extend the term of the Licensing Agreement to expire on 31 March 2010. As stated in the Letter, the revised annual license fee was agreed with reference to (i) the projected possible revenue and costs that can be generated or incurred by CCP through the use of the Licensed Rights; and (ii) the general market practice on charging license fees for selling and distribution of computer games. In view of the fact that CCP would become a non wholly-owned subsidiary of the Company upon Completion and the revised annual license fee to be charged by the Group to CCP would be in line with the annual revenue generated from the use of the Licensed Rights by CCP, we consider that the revised annual license fee under the Supplemental Licensing Agreement fair and reasonable and on normal commercial terms. We also consider that transactions contemplated under the Licensing Agreement, as supplemented by the Supplemental Licensing Agreement, in the ordinary course of business of the Enlarged Group. As the annual license fee for the use the Licensed Rights by CCP is revised as an amount to 2.5% of the annual revenue therefrom, the annual caps are revised as HK$18 million, HK$0.5 million and HK$0.5 million for the three years ending 31 March 2010, which are determined based on (i) the estimated license fee payable by CCP under the Licensing Agreement prior to the effective of the Supplemental Licensing Agreement during the year ending 31 March 2008 and the estimated annual revenue to be generated from by CCP from the use of the Licensed Rights, taking into account the possible inflation and exchange rate of RMB in the coming years.

As the annual license fee for the use of the Licensed Rights by CCP is revised as 2.5% of the annual revenue generated therefrom under the Supplemental Licensing Agreement, the annual caps for the transactions contemplated under Licensing Agreement (as supplemented by the Supplemental Licensing Agreement) are reduced to HK$0.5 million for the each of the two years ending 31 March 2010. As such, we consider the revised annual caps under the Supplemental Licensing Agreement to be fair and reasonable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the Acquisition, which is not in the ordinary course of business of the Group, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned, and that the CCT Agreements and the transactions contemplated thereunder would be in the ordinary course of business of the Enlarged Group, in the interests of the Company and the Shareholders as a whole and on normal commercial terms and the terms of the CCT Agreements (including the relevant annual caps) are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the CCT Agreements.

Yours faithfully,
For and on behalf of
Nuada Limited
Po Chan
Executive Director

1. SUMMARY OF FINANCIAL STATEMENTS

Set out below is a summary of the audited consolidated income statements of the Group for the years ended 31 March 2005, 2006 and 2007, the unaudited consolidated income statements of the Group for the six months ended 30 September 2007 together with the comparative unaudited figures for the corresponding period in 2006, the audited consolidated balance sheets of the Group as at 31 March 2005, 2006 and 2007 as extracted from the Company's annual report for the year 2006 and 2007, and the interim report for the six months ended 30 September 2007. The auditors of the Company have given an unqualified opinion on each of the Company's and the Group's financial statements for the years ended 31 March 2005, 2006 and 2007.

CONSOLIDATED INCOME STATEMENT

	Unaudited For the six months ended 30 September		Audited For the year ended 31 March		
	2007	**2006**	**2007**	**2006**	**2005**
	HK$	*HK$*	*HK$*	*HK$* (restated)	*HK$*
Continuing operations					
Turnover	11,284,167	10,411,138	20,207,284	–	4,569,961
Cost of sales	(12,522,308)	(7,541,790)	(15,384,615)	–	(1,451,860)
Gross profit/(loss)	(1,238,141)	2,869,348	4,822,669	–	3,118,101
Revenue from exploitation of online games in the PRC	41,309,256	–	40,249,304	–	–
Other revenue	1,281,193	1,714,673	3,277,169	76,116	33,481
Selling expenses	–	–	–	–	(331,496)
Administrative expenses	(3,593,944)	(5,773,781)	(8,236,494)	(4,872,485)	(3,889,804)
Other operating expenses	(7,457,526)	(3,361,540)	(11,412,090)	(3,066,841)	(1,648,508)
Operating profit/(loss)	30,300,838	(4,551,300)	28,700,558	(7,863,210)	(2,718,226)
Finance costs	(12,385,654)	(880,261)	(9,863,034)	(353,524)	–
Share of loss of associated company	(1,287,184)	(496,846)	(788,072)	(1,650,448)	(551,947)
Profit/(loss) before income tax	16,628,000	(5,928,407)	18,049,452	(9,867,182)	(3,270,173)
Income tax	–	–	–	–	–
Profit/(loss) for the year from continuing operations	16,628,000	(5,928,407)	18,049,452	(9,867,182)	(3,270,173)

	Unaudited For the six months ended 30 September		Audited For the year ended 31 March		
	2007	2006	2007	2006	2005
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(restated)	
Discontinued operations					
Profit/(loss) for the year from discontinued operations	–	–	(654,932)	2,548,950	–
Profit/(loss) attributable to shareholders	16,628,000	(5,928,407)	17,394,520	(7,318,232)	(3,270,173)
Earnings/(loss) per share					
From continuing and discontinued operations					
Basic	HK2.31 cents	(HK0.99 cents)	HK2.77 cents	(HK1.73 cents)	(HK0.82 cents)
Diluted	HK2.30 cents	N/A	HK2.75 cents	N/A	N/A
From continuing operations					
Basic	N/A	N/A	HK2.88 cents	(HK2.33 cents)	N/A
Diluted	N/A	N/A	HK2.86 cents	N/A	N/A

CONSOLIDATED BALANCE SHEET

	Unaudited As at 30 September 2007 HK$	Audited As at 31 March 2007 HK$	2006 HK$ (Restated)	2005 HK$
NON-CURRENT ASSETS				
Fixed assets	1,054,912	115,975	452,388	103,621
Deferred tax assets	–	–	1,115,135	–
Intangible assets	393,893,077	134,615,385	150,000,000	–
Investments in an associated company	–	3,422,218	4,026,008	5,569,353
Available-for-sale financial assets	699,506,726	769,506,726	–	–
	1,094,454,715	907,660,304	155,593,531	5,672,974
CURRENT ASSETS				
Loan receivable from an associated company	–	2,019,966	1,884,615	1,850,436
Accounts receivable	58,150,662	45,973,527	21,360	30,080
Other receivables	1,049,980	–	–	–
Deposits and prepayments	405,940	1,628,123	412,164	221,945
Cash and bank balances	47,221,923	22,985,258	2,850,589	4,683,667
	106,828,505	72,606,874	5,168,728	6,786,128
CURRENT LIABILITIES				
Accounts payable	–	–	–	5,370
Accrued expenses	5,047,945	2,532,338	147,189	239,287
Convertible bonds	–	–	4,805,083	–
Receipts in advance and other payables	6,147	13,887	41,497	124,905
	5,054,092	2,546,225	4,993,769	369,562
NET CURRENT ASSETS	101,774,413	70,060,649	174,959	6,416,566
TOTAL ASSETS LESS CURRENT LIABILITIES	1,196,229,128	977,720,953	155,768,490	12,089,540
NON-CURRENT LIABILITIES				
Promissory Note	351,571,269	366,310,615	69,733,626	–
TOTAL NET ASSETS	844,657,859	611,410,338	86,034,864	12,089,540
FINANCED BY				
Share capital	8,022,868	6,755,868	5,135,520	4,000,000
Reserves	836,634,991	604,654,470	80,899,344	8,089,540
	844,657,859	611,410,338	86,034,864	12,089,540

2. AUDITED FINANCIAL STATEMENTS FOR THE TWO YEARS ENDED 31 MARCH 2007

Set out below are the audited consolidated financial statements of the Group for the two years ended 31 March 2007, which are extracted from the annual report of the Company for the year ended 31 March 2007. The auditors of the Company have given an unqualified opinion on each of the Group's financial statements for each of the two years ended 31 March 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	**2007** *HK$*	**2006** *HK$* (Restated)
Continuing operations			
Turnover	*5*	20,207,284	–
Cost of sales		(15,384,615)	–
Gross profit		4,822,669	–
Revenue from exploitation of online games in the PRC		40,249,304	–
Other revenue	*6*	3,277,169	76,116
Administrative expenses		(8,236,494)	(4,872,485)
Other operating expenses		(11,412,090)	(3,066,841)
Operating profit/(loss)	*7*	28,700,558	(7,863,210)
Finance costs	*8*	(9,863,034)	(353,524)
Share of loss of an associated company		(788,072)	(1,650,448)
Profit/(loss) before taxation		18,049,452	(9,867,182)
Taxation	*9*	–	–
Profit/(loss) for the year from continuing operations		18,049,452	(9,867,182)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	*10*	(654,932)	2,548,950
Profit/(loss) attributable to shareholders	*11*	17,394,520	(7,318,232)
Dividends	*12*	–	–
Earnings/(loss) per share	*13*		
From continuing and discontinued operations			
– Basic		HK2.77 cents	(HK1.73 cents)
– Diluted		HK2.75 cents	N/A
From continuing operations			
– Basic		HK2.88 cents	(HK2.33 cents)
– Diluted		HK2.86 cents	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK$	2006 HK$ (Restated)
NON-CURRENT ASSETS			
Fixed assets	*15*	115,975	452,388
Deferred tax assets	*16*	–	1,115,135
Intangible assets	*17*	134,615,385	150,000,000
Investment in an associated company	*19(a)*	3,422,218	4,026,008
Available-for-sale financial assets	*20*	769,506,726	–
		907,660,304	155,593,531
CURRENT ASSETS			
Accounts receivable	*21*	45,973,527	21,360
Deposits and prepayments		1,628,123	412,164
Loan receivable from an associated company	*19(b)*	2,019,966	1,884,615
Cash and bank balances		22,985,258	2,850,589
		72,606,874	5,168,728
CURRENT LIABILITIES			
Accrued expenses		2,532,338	147,189
Convertible bonds	*23*	–	4,805,083
Receipts in advance and other payables		13,887	41,497
		2,546,225	4,993,769
NET CURRENT ASSETS		70,060,649	174,959
TOTAL ASSETS LESS CURRENT LIABILITIES		977,720,953	155,768,490
NON-CURRENT LIABILITIES			
Promissory notes	*24*	366,310,615	69,733,626
NET ASSETS		611,410,338	86,034,864
FINANCED BY			
Share capital	*25*	6,755,868	5,135,520
Reserves		604,654,470	80,899,344
TOTAL EQUITY		611,410,338	86,034,864

BALANCE SHEET
As at 31 March 2007

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

STATEMENTS OF CHANGES IN EQUITY OF THE GROUP AND THE COMPANY

For the year ended 31 March 2007

Group

	Notes	Share capital HK$	Share premium HK$	Merger reserve HK$	Capital surplus HK$	Asset revaluation reserve HK$	Exchange revaluation reserve HK$	Convertible bond reserve HK$	Share-based compen-sation reserve HK$	Accumu-lated losses HK$	Total HK$
Balance as at 1 April 2005		4,000,000	15,195,487	8,320,333	1,498,659	–	–	–	–	(16,924,939)	12,089,540
Loss for the year		–	–	–	–	–	–	–	–	(6,260,540)	(6,260,540)
Prior year adjustment	26	–	–	–	–	–	–	–	–	(1,057,692)	(1,057,692)
Issue of shares		1,118,420	33,353,340	–	–	–	–	–	–	–	34,471,760
Currency translation differences											
— subsidiary companies		–	–	–	–	–	34,179	–	–	–	34,179
— associated company		–	–	–	–	–	107,103	–	–	–	107,103
Share option scheme											
— value of options granted		–	–	–	–	–	–	–	317,241	–	317,241
— proceeds from shares issued		20,000	74,000	–	–	–	–	–	–	–	94,000
Convertible bonds issuing expenses		–	–	–	–	–	–	(100,000)	–	–	(100,000)
Share issue expenses		–	(329,582)	–	–	–	–	–	–	–	(329,582)
Repurchase of shares		(2,900)	(91,300)	–	–	–	–	–	–	–	(94,200)
Equity component for the convertible bonds issued during the year		–	–	–	–	–	–	448,441	–	–	448,441
Revaluation — intangible assets		–	–	–	–	46,314,614	–	–	–	–	46,314,614
Balance as at 1 April 2006 (restated)		5,135,520	48,201,945	8,320,333	1,498,659	46,314,614	141,282	348,441	317,241	(24,243,171)	86,034,864
Profit for the year		–	–	–	–	–	–	–	–	17,394,520	17,394,520
Conversion of convertible bonds		119,048	4,963,509	–	–	–	–	(348,441)	–	–	4,734,116
Issue of shares		1,272,300	279,572,700	–	–	–	–	–	–	–	280,845,000
Share issue expenses		–	(3,077,340)	–	–	–	–	–	–	–	(3,077,340)
Currency translation differences											
— associated company		–	–	–	–	–	150,102	–	–	–	150,102
Share option scheme											
— value of options granted		–	–	–	–	–	–	–	6,311,130	–	6,311,130
— proceeds from shares issued		229,000	5,652,087	–	–	–	–	–	(1,614,286)	–	4,266,801
Revaluation — available-for-sale financial assets		–	–	–	–	214,751,145	–	–	–	–	214,751,145
Balance as at 31 March 2007		6,755,868	335,312,901	8,320,333	1,498,659	261,065,759	291,384	–	5,014,085	(6,848,651)	611,410,338

Company

	Share capital HK$	Share premium HK$	Convertible bond reserve HK$	Share-based compensation reserve HK$	Accumulated losses HK$	Total HK$
Balance as at 1 April 2005	4,000,000	15,195,487	–	–	(4,711,046)	14,484,441
Loss for the year	–	–	–	–	(5,506,368)	(5,506,368)
Issue of shares	1,118,420	33,353,340	–	–	–	34,471,760
Share option scheme						
— value of share options granted	–	–	–	317,241	–	317,241
— proceeds from shares issued	20,000	74,000	–	–	–	94,000
Convertible bonds issuing expenses	–	–	(100,000)	–	–	(100,000)
Share issue expenses	–	(329,582)	–	–	–	(329,582)
Repurchases of shares	(2,900)	(91,300)	–	–	–	(94,200)
Equity component for the convertible bonds issued during the year	–	–	448,441	–	–	448,441
Balance as at 1 April 2006	5,135,520	48,201,945	348,441	317,241	(10,217,414)	43,785,733
Loss for the year	–	–	–	–	(69,299,678)	(69,299,678)
Conversion of convertible bonds	119,048	4,963,509	(348,441)	–	–	4,734,116
Issue of shares	1,272,300	279,572,700	–	–	–	280,845,000
Share issue expenses	–	(3,077,340)	–	–	–	(3,077,340)
Share option scheme						
— value of share options granted	–	–	–	6,311,130	–	6,311,130
— proceeds from shares issued	229,000	5,652,087	–	(1,614,286)	–	4,266,801
Balance as at 31 March 2007	6,755,868	335,312,901	–	5,014,085	(79,517,092)	267,565,762

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2007

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

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

The principal activity of the Company is investment holding. The Group is principally engaged in the licensing of licensed rights, operation of financial website, and the provision of financial information and investor education.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of China Cyber Port (International) Company Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and promissory notes which are carried at fair value.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

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

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

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

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

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

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

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

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

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

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

2.2 Consolidation

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

(a) Subsidiary companies

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

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

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

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

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

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

(b) Associated companies

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

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

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

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

2.3 Segment reporting

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

2.4 Revenue recognition

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

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

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

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

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

2.5 Operating leases

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

2.6 Foreign currency translation

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

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

2.7 Employee benefits

(a) Employee leave entitlements

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

(b) Pension scheme

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

(c) Share-based compensation

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

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

2.8 Income tax

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

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

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

2.9 Fixed assets

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

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

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

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

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

2.10 Intangible assets

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

2.11 Impairment of assets

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

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

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

2.12 Available-for-sale financial assets

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

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

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

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

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

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

2.13 Financial liabilities

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

(a) Convertible bonds

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

(b) Promissory notes

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

2.14 Accounts receivable

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

2.15 Cash and cash equivalents

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

2.16 Other payables

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

2.17 Related parties

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Fair value interest rate risk

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

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

3.2 Fair value estimation

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

5. SEGMENT INFORMATION

The Group is principally engaged in licensing the licensed rights, providing real-time financial news and up-to-date financial market commentaries and recommendations through multimedia and financial seminars and courses. In accordance with the Group's operating activities, the primary segment reporting is by business segments.

(a) Business segments

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

Segment revenue and results

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

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

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

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

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

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

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

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

Segment assets consist primarily of intangible assets and accounts receivable.

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

(b) Geographical segments

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

Segment revenue and results

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

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

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

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

6. OTHER REVENUE

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

7. OPERATING PROFIT/(LOSS)

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

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

8. FINANCE COSTS

	2007	**2006**
	HK$	*HK$*
Interest charge on promissory notes wholly repayable within five years	9,854,444	–
Interest charge on convertible bonds wholly repayable within five years	8,590	353,524
	9,863,034	353,524

9. TAXATION

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

	2007	2006
	HK$	*HK$*
The income tax expense/(credit) comprises:		
Current year provision	–	–
Deferred taxation *(Note 16)*	1,115,135	(1,115,135)
Total tax expense/(credit) for the year	1,115,135	(1,115,135)

	2007	2006
	HK$	*HK$*
Attributable to:		
Continuing operations	–	–
Discontinued operations *(Note 10)*	1,115,135	(1,115,135)
	1,115,135	(1,115,135)

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

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

10. DISCONTINUED OPERATIONS

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

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

	2007	2006
	HK$	*HK$*
Turnover	1,056,952	2,958,104
Cost of sales	(56,590)	(572,010)
Gross profit	1,000,362	2,386,094
Other revenue	–	320,092
Selling expenses	–	(263,100)
Administrative expenses	(540,159)	(1,009,271)
Other operating expenses	–	–
Operating profit	460,203	1,433,815
Finance costs	–	–
Profit before taxation	460,203	1,433,815
Taxation *(Note 9)*	(1,115,135)	1,115,135
(Loss)/profit attributable to shareholders	(654,932)	2,548,950

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

	2007	2006
	HK$	*HK$*
Total assets	–	21,360
Total liabilities	(13,887)	(43,297)
Net liabilities	(13,887)	(21,937)

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

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

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

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

12. DIVIDENDS

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

13. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings per share

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

14. EMPLOYEE BENEFITS EXPENSES

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

(a) Pensions — defined contribution plans

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

(b) Directors' emoluments

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 *(a)*	–	882,667	–	12,133	894,800
Xiao Haiping	–	960,000	907,766	12,000	1,879,766
Chan Tan Lui, Danielle *(b)*	–	300,000	–	3,000	303,000
Zhang Peng *(c)*	–	912,000	–	9,000	921,000
Choo Kwok How *(d)*	–	189,477	–	6,000	195,477
Zhang Jialin	–	900,000	907,765	12,000	1,819,765
Yip Tai Him	–	–	–	–	–
Guo Qi *(e)*	–	–	–	–	–
Chiu Kwok Ching *(f)*	–	–	–	–	–
Lam Lee G *(g)*	40,000	–	–	–	40,000
Liu Jie *(h)*	8,000	–	–	–	8,000
	48,000	4,144,144	1,815,531	54,133	6,061,808

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

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

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

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

(c) Five highest paid individuals

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

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

The emoluments of the employee fell within the following bands:

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

15. FIXED ASSETS

	Group				**Company**
	Computer equipment	**Leasehold improvements**	**Equipment, furniture and fixtures**	**Total**	**Computer equipment**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Cost					
At 1 April 2005	1,941,915	250,058	166,500	2,358,473	–
Additions	45,557	361,271	58,760	465,588	–
Disposals	(55,930)	(250,059)	(57,053)	(363,042)	–
At 1 April 2006	1,931,542	361,270	168,207	2,461,019	–
Additions	11,300	–	–	11,300	11,300
Disposals	(1,731,176)	–	(91,815)	(1,822,991)	–
At 31 March 2007	211,666	361,270	76,392	649,328	11,300
Accumulated depreciation					
At 1 April 2005	1,868,381	250,058	136,413	2,254,852	–
Charge for the year	54,541	41,280	21,000	116,821	–
Disposals	(55,930)	(250,059)	(57,053)	(363,042)	–
At 1 April 2006	1,866,992	41,279	100,360	2,008,631	–
Charge for the year	35,359	255,014	50,656	341,029	1,569
Eliminated on disposals	(1,730,394)	–	(85,913)	(1,816,307)	–
At 31 March 2007	171,957	296,293	65,103	533,353	1,569
Net book value					
At 31 March 2007	39,709	64,977	11,289	115,975	9,731
At 31 March 2006	64,550	319,991	67,847	452,388	–

16. DEFERRED TAXATION

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

	Group		
	Depreciation allowances in excess of related depreciation	**Tax losses**	**Total**
	HK$	*HK$*	*HK$*
Deferred tax arising from			
At 1 April 2005	–	–	–
(Credited)/charged to income statement *(Note 9)*	9,204	(1,124,339)	(1,115,135)
At 1 April 2006	9,204	(1,124,339)	(1,115,135)
(Credited)/charged to income statement *(Note 9)*	(9,204)	1,124,339	1,115,135
At 31 March 2007	–	–	–

	2007	**2006**
	HK$	*HK$*
Deferred tax assets recognised in the balance sheet	–	(1,115,135)
Deferred tax liabilities	–	–
	–	(1,115,135)

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

17. INTANGIBLE ASSETS

Group

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

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

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

18. INVESTMENTS IN SUBSIDIARY COMPANIES

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

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

Name	Place of incorporation	Paid up capital	Percentage of equity interest	Principal activities
HK6 Investment Limited*#	British Virgin Islands	US$2,614 ordinary shares	100%	Investment holding
Hong Kong Financial Institute Limited	Hong Kong	HK$1,307 ordinary shares	100%	Production of financial programmes and videos and provision of investor education
hk6.com Limited	Hong Kong	HK$2 ordinary shares	100%	Operation of financial websites and provision of financial information

Name	Place of incorporation	Paid up capital	Percentage of equity interest	Principal activities
HK6 Media Limited	Hong Kong	HK$2 ordinary shares	100%	Development of business alliances with media channels
HK6 Investment China (BVI) Limited *#	British Virgin Islands	US$1 ordinary share	100%	Investment holding
Sino Key International Limited#	British Virgin Islands	US$1 ordinary share	100%	Investment holding
Pro-Concept Development Limited#	British Virgin Islands	US$1 ordinary share	100%	Investment holding
Success Advantage Investments Limited#	British Virgin Islands	US$1 ordinary share	100%	Investment holding
神州資訊(深圳)有限公司#	People's Republic of China	HK$1,000,000 registered capital	100%	Business has not yet been commenced

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

19. INVESTMENT IN AN ASSOCIATED COMPANY

(a) Interest in an associated company

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

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

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

(b) Loan receivable from an associated company

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

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

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

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

21. ACCOUNTS RECEIVABLE

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

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

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

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

22. ACCOUNTS WITH SUBSIDIARY COMPANIES

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

23. CONVERTIBLE BONDS

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

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

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

	Group and Company	
	2007	**2006**
	HK$	*HK$*
At 1 April	4,805,083	–
Issued during the year	–	4,551,559
Interest charged	8,590	353,524
Interest paid	(79,557)	(100,000)
Converted during the year	(4,734,116)	–
At 31 March	–	4,805,083

24. PROMISSORY NOTES

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

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

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

25. SHARE CAPITAL

(a) Share capital

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

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

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

(b) Share option scheme

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

26. PRIOR YEAR ADJUSTMENT

In the prior year, the Group entered into an agreement to acquire the intangible assets in respect of the licensed rights subject to the approval by the independent shareholders. The transaction was approved in the extraordinary general meeting on 31 March 2006 and the agreement then became effective on 1 April 2006. Thus, the licensing income and the related amortization charge of HK$4,807,692 and HK$3,750,000 recognized in the first quarter of the calendar year 2006 were reversed respectively and the comparative figures were restated accordingly.

27. CAPITAL COMMITMENTS

	Group	
	2007	**2006**
	HK$	*HK$*
Fixed assets		
Contracted but not provided for	479,010	–

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

28. OPERATING LEASE COMMITMENTS

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

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

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

No arrangements have been entered into for contingent rental payments.

29. RELATED PARTY TRANSACTIONS

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

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

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

30. POST BALANCE SHEET EVENTS

(a) On 28 May 2007, the Company entered into an agreement with an independent third party, Sparkly Moon Continental S A to place 20,000,000 ordinary shares of HK$0.01 each at a price of HK$2.70 per share. On 11 June 2007, the said shares were alloted.

(b) On 28 May 2007, Success Advantage Investments Limited, a wholly owned subsidiary of the Company, entered into an agreement with a substantial shareholder, China Communication Investment Limited to acquire the right to receive 75% of the distributable profit derived from operation of the e-Sports Platform at a consideration of HK$304,500,000 by issuance of 105,000,000 ordinary shares.

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

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash flows from operating activities

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

(b) Major non-cash transactions

(1) During the year, the convertible bonds, with a principal amount of HK$5,000,000, were converted into 11,904,761 shares at the conversion price of HK$0.42 per share.

(2) During the year, the Group acquired the available-for-sale financial assets for a consideration of HK$620,000,000. The consideration was satisfied by cash of HK$60,000,000, the issuance of 30,000,000 ordinary shares and promissory notes with a principal amount of HK$425,000,000.

32. APPROVAL OF FINANCIAL STATEMENTS

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

3. UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

Set out below is the unaudited consolidated results of the Group for the six months ended 30 September 2007 together with the comparative unaudited figures for the corresponding period in 2006, which is extracted from the interim report of the Group for the six months ended 30 September 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and for the six months ended 30 September 2007

		Three months ended 30 September		Six months ended 30 September	
		2007	**2006**	**2007**	**2006**
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	*3*	5,665,000	5,216,844	11,284,167	10,411,138
Cost of sales		(8,676,154)	(3,771,300)	(12,522,308)	(7,541,790)
Gross (loss)/profit		(3,011,154)	1,445,544	(1,238,141)	2,869,348
Revenue from exploitation of online games in the PRC		41,309,256	–	41,309,256	–
Other revenue	*4*	1,033,448	558,838	1,281,193	1,714,673
Administrative expenses		(2,069,990)	(3,241,488)	(3,593,944)	(5,773,781)
Other operating expenses		(3,723,902)	(2,615,659)	(7,457,526)	(3,361,540)
Operating profit/(loss)	*5*	33,537,658	(3,852,765)	30,300,838	(4,551,300)
Finance costs	*6*	(4,520,817)	–	(12,385,654)	(880,261)
Share of loss of an associated company		(1,141,350)	(167,715)	(1,287,184)	(496,846)
Profit/(loss) before taxation		27,875,491	(4,020,480)	16,628,000	(5,928,407)
Taxation	*7*	–	–	–	–
Profit/(loss) attributable to shareholders		27,875,491	(4,020,480)	16,628,000	(5,928,407)
Earnings/(loss) per share – basic	*8*	HK3.67 cents	(HK0.64 cent)	HK2.31 cents	(HK0.99 cent)
Earnings/(loss) per share – diluted	*8*	HK3.66 cents	N/A	HK2.30 cents	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2007

	Notes	30 September 2007 (Unaudited) HK$	31 March 2007 (Restated) HK$
Non-current assets			
Fixed assets	10	1,054,912	115,975
Intangible assets	11	393,893,077	134,615,385
Investments in an associated company	12(a)	–	3,422,218
Available-for-sale financial assets	13	699,506,726	769,506,726
		1,094,454,715	907,660,304
Current assets			
Accounts receivable	14	58,150,662	5,557,239
Other receivables		1,049,980	–
Deposits and prepayments		405,940	1,628,123
Loan receivable from an associated company	12(b)	–	2,019,966
Cash and bank balances		47,221,923	22,985,258
		106,828,505	32,190,586
Current liabilities			
Accrued expenses		5,047,945	2,532,338
Receipts in advance and other payables		6,147	13,887
		5,054,092	2,546,225
Net current assets		101,774,413	29,644,361
Total assets less current liabilities		1,196,229,128	937,304,665
Non-current liabilities			
Promissory notes	15	351,571,269	366,310,615
Net assets		844,657,859	570,994,050
Financed by			
Share capital	16	8,022,868	6,755,868
Reserves		836,634,991	564,238,182
Total equity		844,657,859	570,994,050

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Six months ended 30 September 2007 (Unaudited) *HK$*	2006 (Unaudited) *HK$*
Net cash used in operating activities	(8,364,227)	(6,850,721)
Net cash (used in)/generated from investing activities	(286,272,007)	1,020,827
Net cash generated from financing activities	318,872,899	75,782,982
Increase in cash and cash equivalents	24,236,665	69,953,088
Cash and cash equivalents at beginning of the period	22,985,258	2,850,589
Cash and cash equivalents at end of the period	47,221,923	72,803,677
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	47,221,923	72,803,677

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Notes	Share capital (Unaudited) *HK$*	Share premium (Unaudited) *HK$*	Merger reserve (Unaudited) *HK$*	Capital surplus (Unaudited) *HK$*	Asset revaluation reserve (Unaudited) *HK$*	Exchange revaluation reserve (Unaudited) *HK$*	Convertible bond reserve (Unaudited) *HK$*	Share-based compensation reserve (Unaudited) *HK$*	Accumulated losses (Unaudited) *HK$*	Total (Unaudited) *HK$*
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	*17(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 period		–	–	–	–	–	–	–	–	(5,928,407)	(5,928,407)
Conversion of convertible bonds		119,048	4,963,509	–	–	–	–	(348,441)	–	–	4,734,116
Issue of shares		972,300	144,872,700	–	–	–	–	–	–	–	145,845,000
Share issue expenses		–	(3,077,340)	–	–	–	–	–	–	–	(3,077,340)
Share option scheme											
– grant of share options		–	–	–	–	–	–	–	3,562,200	–	3,562,200
– exercise of share options		124,000	4,071,763	–	–	–	–	–	(1,268,963)	–	2,926,800
Balance as at 30 September 2006 (restated)		6,350,868	199,032,577	8,320,333	1,498,659	46,314,614	141,282	–	2,610,478	(30,171,578)	234,097,233
Balance as at 1 April 2007											
As previously stated		6,755,868	335,312,901	8,320,333	1,498,659	261,065,759	291,384	–	5,014,085	(6,848,651)	611,410,338
Prior year adjustment	*17(b)*	–	–	–	–	–	–	–	–	(40,416,288)	(40,416,288)
As restated		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
Profit for the period		–	–	–	–	–	–	–	–	16,628,000	16,628,000
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		–	–	–	–	(88,000,000)	–	–	–	–	(88,000,000)
Share option scheme											
– grant of share options		–	–	–	–	–	–	–	1,902,953	–	1,902,953
– exercise of share options		17,000	1,559,782	–	–	–	–	–	(453,883)	–	1,122,899
– forfeiture of share options granted		–	–	–	–	–	–	–	(1,242,863)	1,242,863	–
Balance as at 30 September 2007		8,022,868	679,422,683	8,320,333	–	173,065,759	–	–	5,220,292	(29,394,076)	844,657,859

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1 GENERAL

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) 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 BASIS OF PRESENTATION

The unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

This condensed consolidated financial information should be read in conjunction with the 2007 annual financial statements. The accounting policies and methods of computation adopted are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 March 2007. This condensed consolidated results for the three months and six months ended 30 September 2007 are unaudited but have been reviewed by the Company's audit committee.

During the period, the Group adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), that affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1 (Amendment)	*(Note a)*	Presentation of Financial Statements – Capital disclosures
HKFRS 7	*(Note a)*	Financial Instruments – Disclosures
HK(IFRIC)-Int 8	*(Note b)*	Scope of HKFRS 2
HK(IFRIC)-Int 9	*(Note c)*	Restatement of embedded derivatives
HK(IFRIC)-Int 10	*(Note c)*	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	*(Note d)*	HKFRS 2 – Group and Treasury Share Transactions

Note a: effective for annual periods beginning on or after 1 January 2007
Note b: effective for annual periods beginning on or after 1 May 2006
Note c: effective for annual periods beginning on or after 1 November 2006
Note d: effective for annual periods beginning on or after 1 March 2007

The adoption of these HKFRSs did not result in substantial changes to the accounting policies and the methods of computation used in the condensed consolidated financial information. As there is no material effect on the results for the current or prior accounting periods, no prior period adjustment is required.

As at the date of this report, the following standards and interpretations were in issue but not yet effective:

HKFRS 8	*(Note a)*	Operating segments
HKAS 23 (revised)	*(Note a)*	Borrowing costs
HK(IFRIC) - Int 12	*(Note b)*	Service Concession Arrangements
HK(IFRIC) - Int 13	*(Note c)*	Customer Loyalty Programme
HK(IFRIC) - Int 14	*(Note b)*	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 January 2008
Note c: effective for annual periods beginning on or after 1 July 2008

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

The condensed consolidated financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated.

3 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 Groups operating activities, the primary segment reporting is by business segments.

(a) Business segments

The following table presents revenue and operating results for the Group's business segments for the six months period ended 30 September 2007 and 30 September 2006:

	Licensing income		Financial information		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	11,284,167	9,615,385	–	766,581	–	29,172	11,284,167	10,411,138
Segment results	(1,238,141)	2,115,385	–	724,791	–	29,172	(1,238,141)	2,869,348
Revenue from exploitation of online games in the PRC							41,309,256	–
Other revenue							1,281,193	1,714,673
Unallocated costs							(11,051,470)	(9,135,321)
Operating profit/(loss)							30,300,838	(4,551,300)
Finance costs							(12,385,654)	(880,261)
Share of loss of an associated company							(1,287,184)	(496,846)
Profit/(loss) before taxation							16,628,000	(5,928,407)
Taxation							–	–
Profit/(loss) attributable to shareholders							16,628,000	(5,928,407)

There are no significant sales or other transactions between the business segments. The licensing income is receivable from the licensee, net of all taxes. For the period ended 30 September 2006, others comprise production of finance books.

(b) Geographical segments

The following table presents revenue and operating results for the Groups geographical segments for the six months ended 30 September 2007 and 30 September 2006:

	Hong Kong		PRC		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	–	795,753	11,284,167	9,615,385	11,284,167	10,411,138
Segment results	–	753,963	(1,238,141)	2,115,385	(1,238,141)	2,869,348
Revenue from exploitation of online games in the PRC					41,309,256	–
Other revenue					1,281,193	1,714,673
Unallocated costs					(11,051,470)	(9,135,321)
Operating profit/(loss)					30,300,838	(4,551,300)
Finance costs					(12,385,654)	(880,261)
Share of loss of an associated company					(1,287,184)	(496,846)
Profit/(loss) before taxation					16,628,000	(5,928,407)
Taxation					–	–
Profit/(loss) attributable to shareholders					16,628,000	(5,928,407)

4 OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*
Exchange gains	–	–	19,964	–
Gain on disposal of an associated company	655,010	–	655,010	–
Gain on elimination of promissory notes	–	–	–	693,818
Interest income	378,138	558,810	605,919	1,020,827
Sundry income	300	28	300	28
	1,033,448	558,838	1,281,193	1,714,673

5 OPERATING PROFIT/(LOSS)

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

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*
Amortisation of intangible assets *(Note 11)*	8,676,154	3,750,000	12,522,308	7,500,000
Auditors' remuneration	112,500	30,000	225,000	60,000
Depreciation *(Note 10)*	91,715	86,027	173,774	174,765
Rental charges under operating leases for land and buildings	267,594	196,728	484,008	373,770
Employee benefits expenses (including directors' remuneration)	1,608,622	2,473,305	2,787,084	5,081,657

6 FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*
Interest charge on promissory notes wholly repayable within five years	4,520,817	–	12,385,654	871,671
Interest charge on convertible bonds wholly repayable within five years	–	–	–	8,590
	4,520,817	–	12,385,654	880,261

7 TAXATION

The Group business operations are in Hong Kong and subject to Hong Kong profits tax at the rate of 17.5%. No provision for Hong Kong profits tax has been made, as the Group has an estimated loss for the three months (2006: HK$Nil) and six months (2006: HK$Nil) ended 30 September 2007.

There is no significant unprovided deferred taxation for the three months (2006: HK$Nil) and six months (2006: HK$Nil) ended 30 September 2007.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share for the three months and six months ended 30 September 2007 is based on the unaudited consolidated profit attributable to shareholders of HK$27,875,491 (2006: a loss of HK$4,020,480) and HK$16,628,000 (2006: a loss of HK$5,928,407) respectively and the weighted average number of 759,194,370 (2006: 629,865,022) and 720,023,373 (2006: 597,073,417) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings per share for the three months and six months ended 30 September 2007 is calculated based on the adjusted weighted average number of 761,773,497 and 722,668,456 ordinary shares which is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares in respect of share options. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. No diluted loss per share for the three months and six months ended 30 September 2006 has been presented as any exercise of the Company's share options would have had an anti-dilutive effect on the loss per share.

9 DIVIDENDS

No dividends have been paid or declared by the Company for the three months (2006: HK$Nil) and six months (2006: HK$Nil) ended 30 September 2007.

10 FIXED ASSETS

	30 September 2007 (Unaudited) *HK$*	**31 March 2007** (Audited) *HK$*
Net book amount, beginning of the period/year	115,975	452,388
Additions	1,138,642	11,300
Depreciation charge	(173,774)	(341,029)
Disposals	(25,931)	(6,684)
Net book amount, end of the period/year	1,054,912	115,975

11 INTANGIBLE ASSETS

	30 September 2007 (Unaudited) *HK$*	**31 March 2007** (Audited) *HK$*
Net book amount, beginning of the period/year	134,615,385	150,000,000
Additions	289,800,000	–
Revaluation deficits	(18,000,000)	–
Amortisation	(12,522,308)	(15,384,615)
Net book amount, end of the period/year	393,893,077	134,615,385

12 INVESTMENTS IN AN ASSOCIATED COMPANY

(a) Interests in an associated company

This represented the Group's share of net assets of the unlisted associated company. 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

The associated company was disposed of at a gain of HK$655,010 on 30 September 2007.

(b) Loan receivable from an associated company

The loan receivable was unsecured and bore interest at the rate of 5% per annum. The loan principal was repaid on 10 May 2007.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	30 September 2007 (Unaudited) *HK$*	31 March 2007 (Audited) *HK$*
Right to receive benefits from exploration of online game in the PRC, at fair value	699,506,726	769,506,726

The fair value of the Group's available-for-sale financial assets as at 30 September 2007 and 31 March 2007 has been arrived at on the basis of a valuation carried out on 30 September 2006 by the independent valuer, Grant Sherman Appraisal Limited. The valuation was determined based on discounted cash flows from exploration of online game over the license period.

14 ACCOUNTS RECEIVABLE

	30 September 2007 (Unaudited) *HK$*	31 March 2007 (Audited) *HK$*
From a shareholder	41,309,256	–
From a related company	16,841,406	5,557,239
	58,150,662	5,557,239

The carrying amounts of the Group's accounts receivable are denominated in the Chinese Yuan Renminbi.

The balances at 30 September 2007 were all aged less than one year (31 March 2007: less than 30 days).

15 PROMISSORY NOTE

	30 September 2007 (Unaudited) HK$	31 March 2007 (Audited) HK$
At beginning of the period/year	368,738,355	69,733,626
Issued during the period/year	–	359,755,581
Interest charged	12,385,654	9,854,444
Repaid during the period/year	(25,000,000)	(70,605,296)
	356,124,009	368,738,355
Less: Accrued interest classified under current liabilities	(4,552,740)	(2,427,740)
At end of the period/year	351,571,269	366,310,615

At 30 September 2007, the promissory notes were unsecured and carried an interest rate of 2% per annum. The promissory notes will mature on 10 February 2010.

The fair value of the notes is calculated by discounting the expected future cash flows at the rate of 7.08% per annum, the directors consider that the carrying amount of promissory notes approximates to its fair value.

16 SHARE CAPITAL

	30 September 2007 (Unaudited)		31 March 2007 (Audited)	
	Number of Shares	Nominal value HK$	Number of Shares	Nominal value HK$
Authorised:				
Ordinary shares of HK$0.01 each	1,000,000,000	10,000,000	1,000,000,000	10,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each	802,286,761	8,022,868	675,586,761	6,755,868

17 PRIOR YEAR ADJUSTMENTS

(a) In February 2006, the Group entered into an agreement to acquire the intangible assets in respect of the licensed rights subject to the approval by the independent shareholders. The transaction was approved in the extraordinary general meeting on 31 March 2006 and the agreement then became effective on 1 April 2006. Thus, the licensing income and the related amortization charge of HK$4,807,692 and HK$3,750,000 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 to acquire the available-for-sale financial asset in respect of the right to receive net revenue from operation of an online game Sudden Attack (突襲OL) in the PRC for the period from 1 January 2007 to 10 August 2009. On 30 June 2007, due to the delay in issuance of necessary approval by the regulatory authorities in the PRC for the official launch of the open beta version of Sudden Attack, a supplemental agreement was signed to postpone the right to receive revenue from operation of Sudden Attack for the period between 1 January 2007 and 10 August 2009 for 6 months to between 1 July 2007 and 10 February 2010. Revenue from exploitation of online game of HK$40,416,288 recognised in the first quarter of the calendar year 2007 was reversed and the accumulated loss as at 1 April 2007 was increased by that amount accordingly.

18 RELATED PARTY TRANSACTIONS

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

	Three months ended 30 September		Six months ended 30 September	
	2007	**2006**	**2007**	**2006**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*
Licensing income from a related company	5,665,000	4,807,692	11,284,167	9,615,385
Revenue from exploitation of online games in the PRC from a shareholder	41,309,256	–	41,309,256	–
Interest income from an associated company	–	–	9,250	–

	30 September 2007	31 March 2007
	(Unaudited)	(Audited)
	HK$	*HK$*
Accounts receivable from a shareholder	41,309,256	–
Accounts receivable from a related company	16,841,406	5,557,239
Promissory notes payable to a shareholder	351,571,269	366,310,615
Interest accrued on promissory notes payable to a shareholder	4,552,740	2,427,740

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.

19 POST BALANCE SHEET EVENTS

On 1 November 2007, Favor Grow Holdings Limited, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement (as defined in the Company's announcement dated 6 November 2007) with a substantial shareholder of the Company, China Communication Investment Ltd., for the acquisition of 75% of the equity interest in China Cyber Port Co., Ltd..

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

The following is the management and discussion analysis extracted from the annual report of the Company for the year ended 31 March 2005, 2006 and 2007 and the interim report of the Company for the six months ended 30 September 2007.

For the year ended 31 March 2005

Revenue and profitability

The Group recorded turnover of approximately HK$4,570,000 (2004: approximately HK$2,693,000) for the year ended 31 March 2005, representing an increase of approximately 69.7%, compared to last year. Approximately 14.3%, 29.4% and 56.3% (2004: approximately 7.0%, 53.0% and 40.0%) of turnover for the year ended 31 March 2005 were attributable to income from the production of financial programmes and videos, provision of real-time financial information services and investor education on financial market respectively.

The Group's gross profit for the year ended 31 March 2005 amounted to approximately HK$3,118,000 (2004: approximately HK$2,206,000), representing an increase of 41.3% compared to last year whilst the Group's gross profit margin dropped to 68.2% (2004: 81.9%), representing a decrease of 13.7% compared to that of last year. The lower gross profit margin of the Group for the year ended 31 March 2005 was mainly attributable to the decrease in gross profit margin from the provision of real-time financial information services and the production of financial programmes and videos.

Sales, administrative and other operating expenses for the year ended 31 March 2005 was approximately HK$5,870,000 compared to approximately HK$5,607,000 in the last year is relatively stable.

Net loss attributable to shareholders

The Group incurred a net loss attributable to shareholders of approximately HK$3,270,000 for the year ended 31 March 2005 as compared to approximately HK$3,339,000 for the year ended 31 March 2004. No material change in net loss was noted when compared with last year.

Liquidity and financial resources

As at 31 March 2005, the Group did not have any borrowings outstanding (2004: Nil) and did not have any committed borrowing facilities (2004: Nil). However, the Group has a capital commitment of approximately HK$800,000 (2004: Nil) which relates to the capital contribution to the wholly-foreign owned enterprise in the PRC in the coming year.

As at 31 March 2005, the Group had net current assets of approximately HK$6,417,000 (2004: approximately HK$8,987,000). The Group's current assets consisted of cash and cash equivalents of approximately HK$4,684,000 (2004: approximately HK$9,487,000), loan receivable from an associated company of approximately HK$1,850,000 (2004: Nil), accounts receivable of approximately HK$30,000 (2004: approximately HK$18,000) and deposits and prepayments of approximately HK$222,000 (2004: approximately HK$747,000). The Group's current liabilities consisted of accounts payable of approximately HK$5,000 (2004: approximately HK$7,000), accrued expenses of approximately HK$239,000 (2004: approximately HK$144,000), receipts in advance and other payables of approximately HK$125,000 (2004: approximately HK$1,114,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 3.0% as at 31 March 2005, compared to 8.4% as at 31 March 2004.

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

Capital structure

The shares of the Company was successfully listed on GEM on 15 November 2002. There has been no change in the capital structure of the Company during the year ended 31 March 2005.

Subsequent to 31 March 2005 up to the date of approval of the financial statements by the board of directors of the Company, the Company entered into convertible bonds placing agreement, placing of existing shares agreement and subscription for new shares agreement (the "Transactions") with a placing agent and the independent third parties. Details of the Transactions are set out in note 23 to the financial statements.

Charge on group assets

The Group did not have any charge on its assets during the years ended 31 March 2005 and 2004.

Material acquisitions and disposals

Except for the establishment of a subsidiary company in the PRC, there were no material acquisitions or disposals of subsidiary companies and affiliated companies during the year ended 31 March 2005.

Employees

As at 31 March 2005, the Group had 17 employees (2004: 17). The staff costs for the year ended 31 March 2005 was approximately HK$3,404,000 (2004: approximately HK$2,900,000). 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

Save as disclosed in the section "Statement of Business Objectives" of the prospectus of the Company dated 31 October 2002, the Group has no plans for material investments or capital assets.

Foreign currency risk

The income and expenditure of the Group are mainly in Hong Kong dollars and the assets and liabilities of the Group were denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 March 2005 and 2004.

For the year ended 31 March 2006

Revenue and profitability

The Group recorded a turnover of approximately HK$7,766,000 (2005: approximately HK$4,570,000) for the year ended 31 March 2006, representing an increase of approximately 69.9% as compared with 2004/05. Approximately 61.9%, 19.1% and 17.8% (2005: approximately 0%, 29.4% and 56.3%) of the turnover for the year ended 31 March 2006 were attributable to licensing income for license of the Licensed Rights, provision of real-time financial information services and investor education on financial market respectively.

The Group's gross profit for the year ended 31 March 2006 amounted to approximately HK$3,444,000 (2005: approximately HK$3,118,000), representing an increase of 10.5% as compared to the previous year whilst the Group's gross profit margin dropped to 44.3% (2005: 68.2%), representing a decrease of 35.0% as compared with 2004/05. The lower gross profit margin of the Group for the year ended 31 March 2006 was mainly attributable to the relatively low profit margin from licensing income.

Selling, administrative and other operating expenses for the year ended 31 March 2006 was approximately HK$9,212,000 compared to approximately HK$5,870,000 in previous year. The increase of the expenses was mainly attributable to the increase in administrative expenses and other operating expenses.

Net loss attributable to shareholders

The Group incurred a net loss attributable to shareholders of approximately HK$6,261,000 for the year ended 31 March 2006 as compared to approximately HK$3,270,000 of last year. The increase of the net loss was mainly attributable to the increases in administrative and other operating expenses and share of loss of the associated company.

Liquidity and financial resources

As at 31 March 2006, the Group had outstanding convertible bonds at a nominal value of HK$5 million (2005: Nil) with a discounted value of approximately HK$4.8 million (2005: Nil) and promissory note at a nominal value of approximately HK$116 million (2005: Nil) with a discount value of approximately HK$69.7 million (2005: Nil). The convertible bonds bear interest at a rate of 4% per annum and mature in May 2007. The promissory note is non-interest bearing and matures in June 2016. Other than these, the Group did not have any other committed borrowing facilities as at 31 March 2006 (2005: Nil).

As at 31 March 2006, the Group had net current assets of approximately HK$4,983,000 (2005: approximately HK$6,417,000). The Group's current assets consisted of an amount due from a related company of approximately HK$4,808,000 (2005: Nil), cash and cash equivalents of approximately HK$2,851,000 (2005: approximately HK$4,684,000), a loan receivable from the associated company of approximately HK$1,885,000 (2005: approximately HK$1,850,000), accounts receivable of approximately HK$21,000 (2005: approximately HK$30,000) and deposits and prepayments of approximately HK$412,000 (2005: approximately HK$222,000). The Group's current liabilities consisted of accrued expenses of approximately HK$147,000 (2005: approximately HK$239,000), receipts in advance and other payables of approximately HK$41,000 (2005: approximately HK$125,000) and convertible bonds of approximately HK$4,805,000 (2005: Nil).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 46.2% as at 31 March 2006, compared to 3.0% as at 31 March 2005. Such increase was mainly due to the issue of a promissory note at a nominal value of approximately HK$116 million during the financial year 2006.

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

Capital structure

During the year, 113,842,000 new ordinary Shares were issued and allotted by the Company, among which 26,300,000 new ordinary Shares were issued and allotted by a top-up placing in May 2005, 85,542,000 new ordinary Shares were issued as part of the consideration for the acquisition of certain licensed rights to distribute and sell computer games in the PRC ("Licensed Rights") in March 2006, and 2,000,000 new ordinary Shares were issued upon the exercise of share options. During the year, 290,000 ordinary Shares were repurchased and cancelled by the Company.

In May 2005, the Company placed convertible bonds, with a nominal value of HK$5,000,000 to an independent third party, bearing an interest of 4.0% per annum (the "Convertible Bonds"). The Company shall repay, unless previously converted or repaid, the outstanding principal amount under the Convertible Bonds in May 2007. On 13 April 2006, the registered holder of the Convertible Bonds has elected to exercise the conversion rights attached to the Convertible Bonds to convert the whole principal amount of HK$5,000,000 into shares of the Company at the conversion price of HK$0.42 per share. 11,904,761 new ordinary Shares were therefore issued and allotted to the Convertible Bonds holder.

Charge on assets

The Group did not have any charge on its assets during the years ended 31 March 2006 and 2005.

Material acquisitions of capital assets

Other than the acquisition of the Licensed Rights, there were no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2006.

Details of the acquisition have been set out in the Company's circular dated 15 March 2006.

Employees

As at 31 March 2006, the Group had 17 employees (2005: 17). The staff costs for the year ended 31 March 2006 were approximately HK$4,472,000 (2005: approximately HK$3,404,000). 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 2006, 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 out in Hong Kong dollars and the assets and liabilities of the Group were 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 2006 and 2005.

For the year ended 31 March 2007

Revenue and profitability

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

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

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

Net profit attributable to shareholders

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

Liquidity and financial resources

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

Repayment of promissory notes

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

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

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

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

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

Capital structure

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

Charge on assets

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

Staff costs

As at 31 March 2007, the Group had 3 employees (2006: 12). The staff costs for the year ended 31 March 2007 was approximately HK$1,457,000 (2006: HK$2,197,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

Material investment or capital assets

As at 31 March 2007, the Group did not have any plan for material investments or capital assets. Nevertheless, the Group is constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

Foreign currency risk

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

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 March 2007 and 31 March 2006.

For the six months ended 30 September 2007

Revenue and Profitability

The Group recorded a turnover of approximately HK$11,284,000 (2006: HK$10,411,000) for the six months ended 30 September 2007, representing an increase of approximately 8.4% as compared with 2006/07. The turnover for the six months ended 30 September 2007 (2006: 92.4% of turnover) was attributable to licensing income for the license of the Licensed Rights.

The Group's gross loss for the six months ended 30 September 2007 amounted to approximately HK$1,238,000 as compared to a gross profit of approximately HK$2,869,000 for the six months ended 30 September 2006. The gross loss of the Group for the six months ended 30 September 2007 was mainly attributable to amortisation charge for the intangible assets acquired in August 2007.

Selling, administrative and other operating expenses for the six months ended 30 September 2007 was approximately HK$11,051,000 as compared to approximately HK$9,135,000 for the corresponding period in 2006. The increase of the expenses was mainly attributable to the increase in professional fees in relation to acquisitions of the intangible assets.

Net Profit Attributable to Shareholders

The Group made a net profit attributable to shareholders of approximately HK$16,628,000 for the six months ended 30 September 2007 as compared to a net loss of approximately HK$5,928,000 for the six months ended 30 September 2006. The net profit for the period was mainly attributable to the revenue from the acquisition of the right to receive benefits from exploitation of online games in the PRC.

Liquidity and Financial Resources

As at 30 September 2007, 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$351.6 million (as at 31 March 2007: HK$366.3 million). The promissory note is interest bearing at 2% per annum and matures on 10 February 2010. Other than the promissory notes, the Group did not have any other committed borrowing facilities as at 30 September 2007 (as at 31 March 2007: HK$Nil).

As at 30 September 2007, the Group had net current assets of approximately HK$101,774,000 (as at 31 March 2007: approximately HK$29,644,000). The Group's current assets consisted of cash and cash equivalents of approximately HK$47,222,000 (as at 31 March 2007: approximately HK$22,985,000), accounts receivable of approximately HK$58,151,000 (as at 31 March 2007: approximately HK$5,557,000), other receivables of approximately HK$1,050,000 (as at 31 March 2007: HK$Nil) and deposits and prepayments of approximately HK$406,000 (as at 31 March 2007: approximately HK$1,628,000). The Group's current liabilities included accrued expenses of approximately HK$5,048,000 (as at 31 March 2007: approximately HK$2,532,000) and receipts in advance and other payables of approximately HK$6,000 (as at 31 March 2007: approximately HK$14,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 29.7% as at 30 September 2007 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 period, 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.

Charge on Assets

The Group did not have any charge on its assets as at 30 September 2007 and 31 March 2007.

Staff Costs

As at 30 September 2007, the Group had 2 employees (2006: 11). The staff costs for the six months ended 30 September 2007 was approximately HK$391,000 (2006: approximately HK$914,000). 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 30 September 2007, the Group did not have any plan for material investments or capital assets. Nevertheless, the Group is constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

Foreign Currency Risk

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

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2007 and 31 March 2007.

STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

As at the close of business on 31 October 2007, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had total outstanding borrowings of approximately HK$446 million, comprising amount due to China Communication Co., Ltd. of approximately HK$53 million and principal amount of unsecured promissory note payable of approximately HK$353 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 31 October 2007, the Enlarged Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

MATERIAL CHANGES

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Enlarged Group since 31 October 2007.

WORKING CAPITAL

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the Enlarged Group's internal resources, the Enlarged Group has sufficient working capital for its present requirements in the next 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2007, being the date to which the latest published audited financial statements of Group were made up.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

28 December 2007

The Board of Directors
China Cyber Port (International) Company Limited
Unit 2115–2116, 21/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 神州奧美網絡有限公司 ("CCP") for the period from 15 August 2005 (date of incorporation) to 31 December 2005, year ended 31 December 2006 and the seven months period ended 31 July 2007 (the "Relevant Periods") for inclusion in the circular dated 28 December 2007 (the "Circular") issued by China Cyber Port (International) Company Limited (the "Company") in connection with the proposed acquisition of the 75% equity interest in CCP.

CCP was established as a sino foreign equity joint venture established in the People's Republic of China (the "PRC") on 15 August 2005 with an operating period of 20 years commencing from the date of incorporation. As at the date of this report, CCP is owned as to 25% by 神州通信有限公司 ("CCC") and as to 75% by 神州通信投資有限公司 ("CCI"). CCI is a wholly-owned subsidiary of CCC.

The statutory financial statements of CCP for the period from 15 August 2005 (date of incorporation) to 31 December 2005 and year ended 31 December 2006 have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited by 北京伯仲行會計師事務所有限公司.

For the purpose of this report, the directors of CCP have prepared the financial statements of CCP for the Relevant Periods (the "HKFRS Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have performed our independent audit on the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the HKFRS Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information has been prepared from the HKFRS Financial Statements in accordance with HKFRSs. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Circular.

The directors of CCP are responsible for the preparation of the HKFRS Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

For the purpose of this report, the directors of CCP have prepared the comparative financial information of CCP for the seven months period ended 31 July 2006 (the "Comparative Financial Information") in accordance with HKFRSs. We have reviewed the Comparative Financial Information in accordance with Statement of Auditing Standards 700 ''Engagements to Review Interim Financial Reports'' issued by the HKICPA. A review consists principally of making enquiries of CCP management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of CCP as at 31 December 2005, 31 December 2006 and 31 July 2007 and of its results and cash flows for the Relevant Periods.

Without qualifying our opinion, we draw attention to note 2 to the Financial Information which mentions that CCP incurred losses of HK$23,679,857 for the period from 15 August 2005 to 31 December 2005, HK$42,743,645 for the year ended 31 December 2006 and HK$138,466,105 for the seven months period ended 31 July 2007. As at 31 July 2007, CCP had net current liabilities and net liabilities of HK$130,361,495 and HK$112,428,272 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about CCP's ability to continue as a going concern. The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of CCC, at a level sufficient to finance the working capital requirements of CCP. The Financial Information does not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the Financial Information.

A. FINANCIAL INFORMATION

INCOME STATEMENTS

	Note	Period from 15 August 2005 to 31 December 2005 HK$	Year ended 31 December 2006 HK$	Seven months ended 31 July 2007 HK$	Seven months ended 31 July 2006 HK$ (unaudited)
Turnover	*6*	–	7,226,529	45,869,337	1,061,697
Cost of sales		(2,731)	(22,359,685)	(59,589,900)	(7,886,479)
Gross loss		(2,731)	(15,133,156)	(13,720,563)	(6,824,782)
Other income	*7*	62	108,168	289,483	14,883
Selling and distribution expenses		–	(2,010,553)	(5,216,294)	(577,307)
Administrative expenses		(528,793)	(4,562,630)	(3,685,019)	(2,042,049)
Other operating expenses		(23,148,395)	(48)	(102,217,319)	–
Loss from operations		(23,679,857)	(21,598,219)	(124,549,712)	(9,429,255)
Finance costs	*8*	–	(20,982,449)	(13,916,393)	(11,121,516)
Loss before tax		(23,679,857)	(42,580,668)	(138,466,105)	(20,550,771)
Income tax expense	*9*	–	(162,977)	–	–
Loss for the period/year attributable to equity holders of CCP	*10*	(23,679,857)	(42,743,645)	(138,466,105)	(20,550,771)

BALANCE SHEETS

	Note	As at 31 December 2005 HK$	As at 31 December 2006 HK$	As at 31 July 2007 HK$
Non-current assets				
Fixed assets	*12*	2,461	15,666,829	44,560,208
Intangible assets	*13*	–	253,499,365	136,665,961
Loan to a related company	*14*	–	2,985,600	3,100,800
Prepayments		–	10,651,341	30,017,064
		2,461	282,803,135	214,344,033
Current assets				
Trade receivables		–	46,562	–
Other receivables		–	415,242	5,609
Due from a related company	*14*	–	10,919,576	6,172,910
Bank and cash balances	*15*	2,339,769	21,171,710	9,534,385
		2,339,769	32,553,090	15,712,904
Current liabilities				
Trade payables		–	572	2,977
Accruals and other payables		3,269	33,275,156	27,689,543
Current portion of long term payables	*18*	–	40,634,169	56,712,662
Due to ultimate holding company	*16*	404,023	1,476,808	29,924,860
Due to immediate holding company	*16*	–	7,924,977	31,744,357
Current tax liabilities		–	166,439	–
		407,292	83,478,121	146,074,399
Net current assets/(liabilities)		1,932,477	(50,925,031)	(130,361,495)
Total assets less current liabilities		1,934,938	231,878,104	83,982,538
Non-current liability				
Long term payables	*18*	–	204,367,070	196,410,810
NET ASSETS/(LIABILITIES)		1,934,938	27,511,034	(112,428,272)
Capital and reserves				
Capital	*19*	25,602,343	93,327,643	93,327,643
Reserves		(23,667,405)	(65,816,609)	(205,755,915)
TOTAL EQUITY		1,934,938	27,511,034	(112,428,272)

STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of CCP				
	Registered capital *HK$*	**Capital reserve** *HK$* *note (i)*	**Foreign currency translation reserve** *HK$* *note (ii)*	**Accumulated losses** *HK$*	**Total equity** *HK$*
At 15 August 2005 (Date of incorporation)	–	–	–	–	–
Capital injection	25,602,343	24,783	–	–	25,627,126
Translation difference	–	–	(12,331)	–	(12,331)
Loss for the period	–	–	–	(23,679,857)	(23,679,857)
At 31 December 2005	25,602,343	24,783	(12,331)	(23,679,857)	1,934,938
Capital injection	67,725,300	–	–	–	67,725,300
Translation difference	–	–	594,441	–	594,441
Loss for the year	–	–	–	(42,743,645)	(42,743,645)
At 31 December 2006	93,327,643	24,783	582,110	(66,423,502)	27,511,034
Translation difference	–	–	(1,473,201)	–	(1,473,201)
Loss for the period	–	–	–	(138,466,105)	(138,466,105)
At 31 July 2007	93,327,643	24,783	(891,091)	(204,889,607)	(112,428,272)
			(unaudited)		
At 1 January 2006	25,602,343	24,783	(12,331)	(23,679,857)	1,934,938
Capital injection	67,725,300	–	–	–	67,725,300
Translation difference	–	–	(99,858)	–	(99,858)
Loss for the period	–	–	–	(20,550,771)	(20,550,771)
At 31 July 2006	93,327,643	24,783	(112,189)	(44,230,628)	49,009,609

Note:

(i) Capital reserve

The capital reserve represents the excess amount of capital injection by its ultimate holding company by using an intangible asset as set out in note 13(a).

(ii) Foreign currency translation reserve

The foreign currency transaction reserve comprises all foreign exchange differences arising from the translation of the financial statements of the CCP. The reserve is dealt with in accordance with the accounting policies in note 3.3 to the Financial Information.

CASH FLOW STATEMENTS

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	31 July 2006
	HK$	*HK$*	*HK$*	*HK$*
				(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(23,679,857)	(42,580,668)	(138,466,105)	(20,550,771)
Adjustments for:				
Amortisation of intangible assets	–	21,469,692	22,122,966	7,427,706
Impairment loss	23,148,395	–	102,217,319	–
Depreciation	37	633,098	3,749,796	74,336
Exchange differences	139,118	–	–	–
Finance costs	–	20,982,449	13,916,393	11,121,516
Operating (loss)/profit before working capital changes	(392,307)	504,571	3,540,369	(1,927,213)
Increase in inventory	–	–	–	(67,957)
(Increase)/Decrease in trade receivables	–	(46,562)	46,562	(1,391)
Increase in prepayments	–	(319,793)	(2,166,562)	(586,765)
(Increase)/Decrease in other receivables	–	(415,242)	409,633	(830,269)
Increase in trade payables	–	572	2,405	373,255
Increase in accruals and other payables	3,269	1,571,980	2,423,980	956,980
(Increase)/Decrease in amount due from a related company	–	(10,919,576)	4,746,666	–
Increase in due to immediate holding company	–	7,924,977	–	–
Decrease in due from ultimate holding company	–	–	–	(11,519,696)
Increase/(Decrease) in due to ultimate holding company	404,023	1,072,785	28,448,052	(404,023)
Cash generated from/(used in) operations	14,985	(626,288)	37,451,105	(14,007,079)
Income tax paid	–	–	(166,439)	–
Net cash generated from/(used in) operating activities	14,985	(626,288)	37,284,666	(14,007,079)

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	31 July 2006
	HK$	HK$	HK$	HK$ (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of fixed assets	(2,498)	(16,310,825)	(32,107,760)	(3,401,568)
Additions to intangible assets	–	(20,152,115)	–	–
Increase in prepayments	–	(10,331,548)	(17,199,161)	(10,455,646)
Loan to a related company	–	(2,985,600)	–	(2,925,600)
Net cash used in investing activities	(2,498)	(49,780,088)	(49,306,921)	(16,782,814)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection from CCI	2,327,486	67,725,300	–	67,725,300
Net cash generated form financing activities	2,327,486	67,725,300	–	67,725,300
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,339,973	17,318,924	(12,022,255)	36,935,407
Effect of foreign exchange rate changes	(204)	1,513,017	384,930	56,089
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	–	2,339,769	21,171,710	2,339,769
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2,339,769	21,171,710	9,534,385	39,331,265
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	2,339,769	21,171,710	9,534,385	39,331,625

B. NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

CCP was incorporated in the PRC as a company with limited liability on 15 August 2005.

The Company is principally engaged in the development, operation and distribution of computer games and online games in the PRC.

The principal place of business of CCP is Room 3215–3244, Block F, No. 12 Yumin Road, Chaoyang District, Beijing, PRC.

In the opinion of the directors of CCP, during the Relevant Periods, CCI, a company incorporated in the British Virgin Islands, is the immediate holding company; CCC, a company incorporated in the PRC, is the ultimate holding company and Mr. He Chenguang is the ultimate controlling party of CCP.

2. GOING CONCERN BASIS

CCP incurred losses of HK$23,679,857, HK$42,743,645 and HK$138,466,105 for the period/year ended 31 December 2005, 31 December 2006 and 31 July 2007 respectively. As at 31 July 2007, CCP had net current liabilities and net liabilities of HK$130,361,495 and HK$112,428,272 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on its ability to continue as a going concern. Therefore, CCP may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company, at a level sufficient to finance the working capital requirements of CCP. The ultimate holding company has agreed to provide adequate funds for CCP to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should CCP be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of its assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CCP has adopted all the new and revised HKFRSs that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

CCP has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the Financial Information of the CCP.

The Financial Information has been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

The significant accounting policies applied in the preparation of the Financial Information are set out below.

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to CCP and the amount of revenue can be measured reliably.

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

Revenue from online games is recognised when the registered points on CCC's Shengtong Card (神通卡) billing system are consumed by end-users for online game services. Revenue received via Shengtong Card billing system is the net amount received from CCC after deducting 25% of handling charge of CCC.

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

3.2 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

3.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of CCP are measured using the currency of the primary economic environment in which CCP operates (the "functional currency"). The Financial Information is presented in Hong Kong dollars, which is the Company's presentation currency. The functional currency of CCP is Renminbi.

(ii) Transactions and balances in CCP's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

(iii) Translation

The results and financial position of the CCP are translated into the CCP's 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 (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 exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

3.4 Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

CCP contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by CCP and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by CCP to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, CCP demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3.5 Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. CCP's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and CCP intends to settle its current tax assets and liabilities on a net basis.

3.6 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CCP and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Office equipment	20% with 10% residue value
Plant and equipment	20% with 10% residue value
Motor vehicles	20% with 10% residue value

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

Construction in progress represents plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

3.7 Intangible assets

Intangible assets having a definite useful life are carried at cost less any subsequent accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of the intangible assets over their estimated useful lives.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives ranged from 3.5 years to 10 years.

Both the period and method of amortisation are reviewed annually.

3.8 Impairment of assets

At each balance sheet date, CCP reviews the carrying amounts of its tangible and intangible assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, CCP estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when CCP becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; CCP transfers substantially all the risks and rewards of ownership of the assets; or CCP neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

3.10 Trade and other receivable

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that CCP will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3.11 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the CCP's cash management are also included as a component of cash and cash equivalents.

3.12 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments under HKFRSs. An equity instruments is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless CCP has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by CCP are recorded at the proceeds received, net of direct issue costs.

3.13 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when CCP has a present 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 expenditures 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 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 is remote.

3.14 Segmental information

CCP is engaged solely in the industry of computer game and operates in the People's Republic of China (the "PRC"). All the identifiable assets and liabilities of CCP are located in the PRC. Accordingly, no business or geographical segment is presented.

3.15 Related parties

A party is related to the CCP if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, CCP; has an interest in CCP that gives it significant influence over CCP; or has joint control over CCP;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of CCP or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of CCP, or of any entity that is a related party of the CCP.

3.16 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the CCP's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information apart from those involving estimations, which are dealt with below.

Going concern basis

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of CCP. Details are explained in note 2 to financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fixed assets and depreciation

The directors determine the estimated useful lives and related depreciation charges for it's fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions. CCP will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Intangible assets and amortisation

The directors determine the estimated useful lives and related amortisation charges for it's intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. CCP will revise the amortisation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of intangible assets

CCP determines whether an intangible asset is impaired where an indication of impairment exists. This requires an estimation of the value in use of the intangible asset. Estimating the value in use requires CCP to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of intangible assets of HK$23,148,395, HK$Nil and HK$102,217,319 for the period/year ended 31 December 2005, 31 December 2006 and 31 July 2007 respectively were recognised in the income statement.

5. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables, amount due from ultimate holding company and loan to related companies included in the balance sheet represents the CCP's maximum exposure to credit risk in relation to the CCP's financial assets.

There is a concentration on credit risk in relation to the amount due from a related company.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances is limited because the counterparties are banks with relatively high credit-ratings. The credit risk on loan to related parties is mitigated by guarantee of CCC.

(b) Liquidity risk

CCP's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

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

CCP's bank balances bear interests at floating interest rate and therefore are subject to cash flow interest rate risks.

Loan to a related company bears interest at fixed interest rate of 1.5% per annum and therefore is subject to fair value interest rate risks.

(d) Fair value

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

6. TURNOVER

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Sales of licensed computer games and related products	–	7,226,529	6,028,496	1,061,697
Revenue from online games	–	–	39,840,841	–
	–	7,226,529	45,869,337	1,061,697

7. OTHER INCOME

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Bank interest income	62	107,216	72,315	14,883
Exchange gains	–	–	217,168	–
Others	–	952	–	–
	62	108,168	289,483	14,883

8. FINANCE COSTS

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Interest on long term payables	–	20,982,449	13,916,393	11,121,516

9. INCOME TAX EXPENSE

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Current tax – PRC income tax for the period/year	–	162,977	–	–

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$*
Loss before tax	(23,679,857)	(42,580,668)	(138,466,105)	(20,550,771)
Tax at the PRC enterprise income tax rate of 33%	(7,814,353)	(14,051,620)	(45,693,815)	(6,781,755)
Tax effect of expenses that are not deductible	113	106,000	–	–
Deductible temporary difference not recognised	7,599,602	14,326,454	42,895,126	6,473,130
Tax effect of utilisation of tax losses not previously recognised	–	(217,857)	–	–
Tax effect of tax losses not recognised	214,638	–	2,798,689	308,625
Income tax expense	–	162,977	–	–

Pursuant to the income tax rules and regulations of the PRC, CCP is subject to the PRC enterprise income tax at a rate of 33%.

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, which will be effective from 1 January 2008. The impact of such change of enterprise income tax rate on CCP's Financial Information will depend on the implementation details that have not been issued as of the date of the approval of the Financial Information. Therefore, the directors cannot reasonably estimate the financial impact of the new tax law to CCP at this stage.

10. LOSS FOR THE PERIOD/YEAR

Loss for the period/year is stated after charging the following:

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Amortisation of intangible assets*	–	21,469,692	22,122,966	7,427,706
Cost of inventories sold	2,731	550,476	529,445	384,702
Depreciation	37	633,098	3,749,796	74,366
Directors' emoluments				
– As directors	66,905	254,192	165,669	137,482
– For management	–	–	–	–
	66,905	254,192	165,669	137,482
Exchange losses	140,933	417,070	–	97,858
Impairment of intangible assets**	23,148,395	–	102,217,319	–
Operating lease charges – land and buildings	245,281	998,358	852,022	582,448
Staff costs excluding directors' emoluments:				
Salaries, bonus and allowances	8,116	1,725,399	2,158,656	1,293,575
Retirement benefits scheme contributions	3,109	535,998	661,086	277,828
	11,225	2,261,397	2,819,742	1,571,403

* *The amortisation of intangible assets is included in "cost of sales" on the face of the income statement.*

** *The impairment of intangible assets is included in "other operating expenses" on the face of the income statement.*

11. DIRECTORS' EMOLUMENTS

The emoluments of each director were as follows:

	Salaries and allowances	Retirement benefit scheme contributions	Total
	HK$	*HK$*	*HK$*
Name of director			
Mr. He Chenguang	58,862	3,301	62,163
Mr. Bao Yueqing	80,175	3,301	83,476
Mr. Zhang Peng	18,852	1,178	20,030
Total for seven months period ended 31 July 2007	157,889	7,780	165,669
Mr. He Chenguang	87,027	4,526	91,553
Mr. Bao Yueqing	87,027	4,526	91,553
Mr. Zhang Peng	66,561	4,525	71,086
Mr. Wu Min	–	–	–
Mr. Xie Zhan	–	–	–
Mr. Xie Guang	–	–	–
Total for year ended 31 December 2006	240,615	13,577	254,192
Mr. He Chenguang	24,924	1,858	26,782
Mr. Bao Yueqing	20,124	1,858	21,982
Mr. Wu Min	16,284	1,857	18,141
Mr. Xie Zhan	–	–	–
Mr. Xie Guang	–	–	–
Total for the period from 15 August 2005 to 31 December 2005	61,332	5,573	66,905
		(unaudited)	
Mr. He Chenguang	46,753	2,620	49,373
Mr. Bao Yueqing	46,753	2,620	49,373
Mr. Zhang Peng *(Note (a))*	36,116	2,620	38,736
Mr. Wu Min *(Note (b))*	–	–	–
Mr. Xie Zhan *(Note (b))*	–	–	–
Mr. Xie Guang *(Note (b))*	–	–	–
Total for seven months period ended 31 July 2006	129,622	7,860	137,482

Notes:

(a) Appointed on 24 April 2006

(b) Resigned on 24 April 2006

12. FIXED ASSETS

	Office equipment *HK$*	Plant and equipment *HK$*	Motor vehicles *HK$*	Construction in progress *HK$*	Total *HK$*
Cost					
At 15 August 2005 (Date of incorporation)	–	–	–	–	–
Additions	2,498	–	–	–	2,498
At 31 December 2005 and 1 January 2006	2,498	–	–	–	2,498
Additions	1,359,612	13,544,715	1,406,498	–	16,310,825
Exchange differences	90	–	–	–	90
At 31 December 2006 and 1 January 2007	1,362,200	13,544,715	1,406,498	–	16,313,413
Additions	–	29,797,332	–	2,310,428	32,107,760
Exchange differences	52,560	522,625	54,270	–	629,455
At 31 July 2007	1,414,760	43,864,672	1,460,768	2,310,428	49,050,628
Accumulated depreciation					
At 15 August 2005 (Date of incorporation)	–	–	–	–	–
Charge for the period	37	–	–	–	37
At 31 December 2005 and 1 January 2006	37	–	–	–	37
Charge for the year	148,969	339,518	144,611	–	633,098
Exchange differences	3,166	7,212	3,071	–	13,449
At 31 December 2006 and 1 January 2007	152,172	346,730	147,682	–	646,584
Charge for the period	145,585	3,453,605	150,606	–	3,749,796
Exchange differences	8,554	77,013	8,473	–	94,040
At 31 July 2007	306,311	3,877,348	306,761	–	4,490,420
Carrying amount					
At 31 July 2007	1,108,449	39,987,324	1,154,007	2,310,428	44,560,208
At 31 December 2006	1,210,028	13,197,985	1,258,816	–	15,666,829
At 31 December 2005	2,461	–	–	–	2,461

13. INTANGIBLE ASSETS

	Technical know-how HK$ (Note a)	Tournament platform software HK$ (Note b)	Computer games license rights HK$ (Note c)	On-line game "Sudden Attack" HK$ (Note d)	Total HK$
Cost					
At 15 August 2005 (Date of incorporation)	–	–	–	–	–
Additions	23,160,450	–	–	–	23,160,450
At 31 December 2005 and 1 January 2006	23,160,450	–	–	–	23,160,450
Additions	–	2,996,578	223,573,088	48,855,444	275,425,110
Exchange differences	834,220	–	–	–	834,220
At 31 December 2006 and 1 January 2007	23,994,670	2,996,578	223,573,088	48,855,444	299,419,780
Exchange differences	925,839	115,624	8,626,615	1,885,097	11,553,175
At 31 July 2007	24,920,509	3,112,202	232,199,703	50,740,541	310,972,955
Accumulated amortisation and impairment losses					
At 15 August 2005 (Date of incorporation)	–	–	–	–	–
Impairment loss	23,148,395	–	–	–	23,148,395
Exchange differences	12,055	–	–	–	12,055
At 31 December 2005 and 1 January 2006	23,160,450	–	–	–	23,160,450
Amortisation for the year	–	73,356	16,840,216	4,556,120	21,469,692
Exchange differences	834,220	1,559	357,714	96,780	1,290,273
At 31 December 2006 and 1 January 2007	23,994,670	74,915	17,197,930	4,652,900	45,920,415
Amortisation for the period	–	178,261	13,640,949	8,303,756	22,122,966
Impairment loss	–	–	102,217,319	–	102,217,319
Exchange differences	925,839	6,175	2,781,746	332,534	4,046,294
At 31 July 2007	24,920,509	259,351	135,837,944	13,289,190	174,306,994
Carrying amount					
At 31 July 2007	–	2,852,851	96,361,759	37,451,351	136,665,961
At 31 December 2006	–	2,921,663	206,375,158	44,202,544	253,499,365
At 31 December 2005	–	–	–	–	–

(a) The technical know-how known as "網絡游戲IDC擴展樹異構平台技術" is originally owned and developed by the ultimate holding company and used as capital injection to CCP in 2005 for an amount of US$3 million.

At 31 December 2005, in view of the change in market demand, the directors considered the carrying values of technical know-how is fully irrecoverable after taking into consideration of no future cash inflow. Impairment loss of HK$23,148,395 is recognised accordingly.

(b) The amortisation period of the tournament platform software is 8 years (2006: 9 years).

(c) It represents computer games license rights granted by Pro-Concept Development Limited ("Pro-Concept"), one of the subsidiaries of the Company, 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 electronics sports tournaments in respect of the Localised Products.

The initial recognition is based on future cash outflows discounted using a rate of 10.5% as determined by the directors. The amortisation period of the licensing granted by Pro-Concept is approximately of 8 years (2006: 9 years; 2005: Nil).

The recoverable amount of the computer games license rights is determined based on value-in-use calculations. These calculations use cash flow projections based on reasonable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset.

For the period, CCP performed impairment review for the computer games license rights based on cash flow forecasts derived from the most recent financial budgets for the next eight years approved by the management using the discount rate of 27.48%. Impairment loss of HK$102,217,319 is recognised and charged to the income statement accordingly.

(d) It represent exclusive right granted by GameHi Inc. ("GameHi"), a Korea incorporated company to operate online game, known as Sudden Attack, for a period of 3.5 years.

The amortisation period of the Sudden Attack is approximately 2.5 years (2006: 3 years; 2005: Nil).

(e) Amortisation expenses of HK$22,122,966 (2006: HK$21,469,692; 2005: Nil) has been included in the cost of sales.

14. LOAN TO A RELATED COMPANY/DUE FROM A RELATED COMPANY

Loan to a related company and due from a related company disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name	Note	Name of directors having beneficial interest	Balance at 31 July 2007	Balance at 1 January 2007	Maximum amount outstanding during the period	Balance at 31 December 2006	Balance at 1 January 2006	Maximum amount outstanding during the year	Balance at 31 December 2005	Balance at 15 August 2005 (date of incorporation)	Maximum amount outstanding during the period
			HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Loan to a related company											
黑龍江天地數碼科技有限公司	*(a)*	Mr. He Chenguang Mr. Bao Yueqing	3,100,800	2,985,600	3,100,800	2,985,600	–	2,985,600	–	–	–
Due from a related company											
北京龍騰興達導航定位技術有限公司	*(b)*	Mr. He Chenguang Mr. Bao Yueqing	6,172,910	10,919,576	10,919,576	10,919,576	–	10,919,576	–	–	–

Notes:

(a) The loan is unsecured, interest bearing at 1.5% per annum and is due on 30 July 2009.

(b) The amounts due are unsecured, interest free and have no fixed terms of repayment.

15. BANK AND CASH BALANCES

As at 31 July 2007, the bank and cash balances of CCP denominated in Renminbi ("RMB") amounted to HK$9,497,021 (31 December 2006: HK$21,171,710; 31 December 2005: HK$14,099). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

16. DUE TO IMMEDIATE HOLDING COMPANY/ULTIMATE HOLDING COMPANY

The amounts due are unsecured, interest free and have no fixed terms of repayment.

17. DEFERRED TAX

At 31 July 2007 CCP has deductible temporary difference in relation to intangible assets of HK$129,985,228 (31 December 2006: HK$43,413,498; 31 December 2005: HK$23,029,096) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

18. LONG-TERM PAYABLES

The long-term payables are repayable as follows:

	Period from 15 August 2005 to 31 December 2005 *HK$*	**As at 31 December 2006** *HK$*	**As at 31 July 2007** *HK$*
Within one year	–	40,634,169	56,712,662
In the second year	–	25,953,209	28,441,878
In the third to fifth years, inclusive	–	77,157,137	84,555,782
After five years	–	101,256,724	83,413,150
	–	245,001,239	253,123,472
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	40,634,169	56,712,662
Amount due for settlement after 12 months	–	204,367,070	196,410,810

(a) Long term payables represent the amount payable to Pro-Concept plus relevant withholding tax payable as a result of certain licensed rights to distribute and sell computer games in the PRC granted. For details, please refer to the Company's circular dated 15 March 2006.

(b) The interest charged for the period/year is calculated by applying an effective interest rate of 10.50% to the liability component for the 117 months period since the payables were recognised.

19. CAPITAL

	As at 31 December 2005 HK$	As at 31 December 2006 HK$	As at 31 July 2007 HK$
Registered capital			
Beginning of period/year	232,748,577	232,748,577	93,327,643
Decrease in registered capital – *note (b)*	–	(139,420,934)	–
Ending of period/year	232,748,577	93,327,643	93,327,643
Paid up capital			
Beginning of period/year	–	25,602,343	93,327,643
Capital injection	25,602,343	67,725,300	–
Ending of period/year	25,602,343	93,327,643	93,327,643

Notes:

(a) CCP was established on 15 August 2005 with an initial registered capital of US$30,000,000 (equivalent to HK$232,748,577).

(b) By a special resolution passed on 4 April 2006, the registered capital of CCP was reduced from US$30,000,000 to US$12,000,000 (equivalent to HK$93,327,643) as a result of 新納吉企業有限公司 withdrawal from their planned investment in CCP.

20. NOTES TO THE CASH FLOW STATEMENT

Major non-cash transaction

During the year of 2005, CCC, the ultimate holding company used its originally owned and developed intangible assets "網絡游戲IDC擴展樹異構平台技術" as a capital investment to CCP for the amount of HK$23,160,450 (equivalent to US$3 million) which equivalent to 10% of the then registered capital of CCP.

The purchase of licence right from Pro-Concept in year 2006 amount to HK$223,573,088 has not been paid and was included in the long-term payables.

The purchase of license right from GameHi in year 2006 amounted to HK$48,855,444, in which an amount of HK$7,924,977 was paid by the immediate holding company CCI on behalf of CCP and an amount of HK$31,699,907 was included in other payables.

Settlement of licensing fee to GameHi in year 2007 amounted to HK$8,009,593 was paid by the ultimate holding company on behalf of CCP.

Settlement of licensing fee to Pro-Concept in year 2007 amounted to HK$15,504,000 was paid by the immediate holding company on behalf of CCP.

21. CAPITAL AND OTHER COMMITMENTS

	As at 31 December 2005 HK$	As at 31 December 2006 HK$	As at 31 July 2007 HK$
(a) Contracted but not provided for			
– purchase of fixed assets	–	7,532,217	8,317,709
– purchase of licence key of computer games	–	–	1,417,109
– consultation fee	–	159,232	–
– advertising fee	–	–	2,869,067
	–	7,691,449	12,603,885

(b) CCP has entered into a license agreement with GameHi, in which CCP has committed to pay 25% of the net sales revenue to GameHi as the running royalty. Net sales revenue means the total sales amount on game fees obtained in relation to operating the Sudden Attack on the website deducting channel cost.

Apart from the above, CCP has also committed to pay 6% of selling price to GameHi in return of the rights to use the logo, textual and or pictorial matter pertaining to the Sudden Attack's products during the term.

(c) CCP has entered into certain service agreements are set out as follows:

Description of service	Period cover	Pricing basis
Server hosting service	Up to 31/12/2008	A monthly hosting fee of RMB8,800 per rack
Dedicated leased lines	Up to 31/12/2008	A monthly rental fee of RMB215,600 per leased line
Customer service hotline rental	Up to 31/12/2007	(i) An annual fee of RMB100,000; (ii) RMB7,000 per month for each sub-line under the national hotline; (iii) A calling charge of RMB0.06 per 6 seconds for long distance incoming call; and (iv) A calling charge of RMB0.30 per minute for all outgoing calls.
Office internet connection	Up to 1/12/2007	A monthly fee of RMB45,000
Internet payment and settlement service	Up to 11/9/2008	A service charge at the rate of 25% of the payment made by CCP's customers through Shentong Card

22. LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December		As at 31 July
	2005	2006	2007
	HK$	*HK$*	*HK$*
Within one year	490,817	932,242	3,938,363
In the second to fifth years, inclusive	–	–	1,046,000
	490,817	932,242	4,984,363

Operating lease payments represent rentals payable by CCP for certain of its offices. Leases are negotiated for an average term of 4 years and rentals are fixed over the lease terms and do not include contingent rentals.

23. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Financial Information, CCP had the following transactions with its related parties during the Relevant Periods:

	Period from 15 August 2005 to 31 December 2005	Year ended 31 December 2006	Seven months ended 31 July 2007	Seven months ended 31 July 2006
	HK$	*HK$*	*HK$*	*HK$* (unaudited)
Sales of goods to the ultimate holding company	–	5,086,890	5,551,590	–
Online game revenue received on behalf by the ultimate holding company	–	–	53,121,121	–
Service fee paid to ultimate holding company				
– Customer service hotline rental	–	–	2,820,407	–
– Dedicated leased line	–	–	23,146,781	–
– Server hosting service	–	–	3,688,553	–
– Office internet connection	–	–	182,682	–
– Internet payment and settlement service	–	–	13,280,280	–
– Others	–	–	130,354	–
Expenses paid on behalf by the ultimate holding company	375,010	1,565,744	916,007	787,058
Interest on long-term payable paid to a related company – Pro-Concept	–	20,982,449	13,916,393	11,121,516
Purchase of intangible assets from a related company – Pro-Concept	–	223,573,088	–	–
Guarantee given by ultimate holding company in respect of repayment of long-term payables *(Note 18)*	–	204,367,070	196,410,810	–
Use of ISP/ICP licence – free of charge granted by ultimate holding company	–	–	–	–

C. SUBSEQUENT EVENTS

(i) 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 China Cyber Port (International) Company Limited for CCI's disposal of its 75% in CCP. Subject to the completion of the Sale and Purchase Agreement, certain existing service agreement between CCP and CCC will be revised or supplemented, including Server Hosting Agreement dated 1 December 2006, Customer Service Hotline Rental Agreement date 15 December 2006, Office Internet Connection Agreement dated 1 December 2006 and Internet Payment and Settlement Service Agreement dated 12 December 2006. In addition, the licensing agreement between CCP and Pro-Concept Development Limited ("Pro-Concept") dated 1 February 2006, which Pro-Concept granted the licensed right regarding thirty-four computer game software to CCP will be supplemented by a supplemental licensing agreement before the contemplated completion of Sale and Purchase Agreement.

(ii) On 1 November 2007, CCP has entered into the supplemental licensing agreement with Pro-Concept and CCI in which all parties have agreed to revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated for the use of the license right by CCP. The supplemental licensing agreement will be conditional and effective upon completion. For details, please refer to the Company's announcement dated 24 October 2007. Upon completion, the carrying amount of intangible assets and long term payables as at 31 July 2007 amounting to HK$96,361,759 and HK$253,123,472 respectively will be reversed accordingly.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for CCP in respect of any period subsequent to 31 July 2007.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the proposed acquisition of the 75% equity interest in China Cyber Port Co., Limited (the "Acquisition") might have affected the financial information of the Group.

The unaudited pro forma consolidated income statement and cash flow statement of the Enlarged Group for the year ended 31 March 2007 are prepared based on the audited consolidated income statement and cash flow statement of the Group for the year ended 31 March 2007 as extracted from the annual report of the Company for the year ended 31 March 2007 and the audited income statement and cash flow statement of China Cyber Port Co., Limited ("CCP") for the year ended 31 December 2006 as extracted from the accountants' report set out in Appendix II to this circular as if the Acquisition had been completed on 1 April 2006.

The unaudited pro forma consolidated balance sheet of the Enlarged Group as at 31 March 2007 is prepared based on the audited consolidated balance sheet of the Group as at 31 March 2007 as extracted from the annual report of the Company for the year ended 31 March 2007 and the audited balance sheet of CCP as at 31 December 2006 as extracted from the accountants' report set out in Appendix II to this circular as if the Acquisition had been completed on 31 March 2007.

The unaudited pro forma financial information of the Enlarged Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Enlarged Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Enlarged Group that would have been attained had the Acquisition actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I, the financial information of CCP as set out in Appendix II and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2007

	The Group	CCP	Subtotal	Pro forma adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Turnover	20,207	7,227	27,434	(20,207)	*(a)*	7,227
Cost of sales	(15,385)	(22,360)	(37,745)	15,385	*(a)*	(22,360)
Gross profit/(loss)	4,822	(15,133)	(10,311)			(15,133)
Revenue from exploitation of online games in the PRC	40,249	–	40,249	(40,249)	*(b)*	–
Other revenue	3,277	108	3,385			3,385
Selling and distribution expenses	–	(2,011)	(2,011)			(2,011)
Administrative expenses	(8,236)	(4,563)	(12,799)			(12,799)
Other operating expenses	(11,412)	–	(11,412)			(11,412)
Operating profit/(loss)	28,700	(21,599)	7,101			(37,970)
Finance costs	(9,863)	(20,982)	(30,845)	6,005	*(c)*	(3,858)
				20,982	*(d)*	
Share of loss of an associated company	(788)	–	(788)			(788)
Profit/(Loss) before taxation	18,049	(42,581)	(24,532)			(42,616)
Taxation	–	(163)	(163)			(163)
Profit/(Loss) for the year from continuing operations	18,049	(42,744)	(24,695)			(42,779)
Loss for the year from discontinued operations	(655)	–	(655)			(655)
Profit/(Loss) for the year	17,394	(42,744)	(25,350)	(18,084)		(43,434)
Attributable to:						
Equity holders of the Company	17,394	(42,744)	(25,350)	(12,643)	*(a) – (e)*	(37,993)
Minority interests	–	–	–	(5,441)	*(e)*	(5,441)
	17,394	(42,744)	(25,350)	(18,084)		(43,434)

C. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP AS AT 31 MARCH 2007

	The Group	CCP	Subtotal	Pro forma Adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
ASSETS						
Non-current assets						
Fixed assets	116	15,667	15,783			15,783
Goodwill	–	–	–	679,802	*(gf)*	679,802
Intangible assets	134,615	253,499	388,114	(134,615)	*(ga)*	253,499
Available-for-sale financial assets	769,507	–	769,507	(769,507)	*(gb)*	–
Investment in an associated company	3,422	–	3,422			3,422
Loan to related parties	–	2,986	2,986			2,986
Prepayments	–	10,651	10,651			10,651
	907,660	282,803	1,190,463			966,143
Current assets						
Accounts receivable	45,974	46	46,020			46,020
Other receivables	–	415	415			415
Deposits and prepayments	1,628	–	1,628			1,628
Loan receivable from an associated company	2,020	–	2,020			2,020
Due from a related company	–	10,920	10,920			10,920
Cash and bank balances	22,985	21,172	44,157			44,157
	72,607	32,553	105,160			105,160
Total assets	980,267	315,356	1,295,623			1,071,303

	The Group	CCP	Subtotal	Pro forma Adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Equity						
Share/registered capital	6,756	93,328	100,084	(93,328)	*(fd)*	6,756
Reserves	604,654	(65,817)	538,837	183,751	*(fc)*	604,654
				(117,934)	*(fe)*	
	611,410	27,511	638,921			611,410
Minority interests	–	–	–	52,815	*(ge)*	52,815
Total equity	611,410	27,511	638,921			664,225
Non-current liabilities						
Promissory notes	366,311	–	366,311	(68,953)	*(gd)*	297,358
Long term payables	–	204,367	204,367	(204,367)	*(fa)*	–
Deferred tax liabilities	–	–	–	61,250	*(fb)*	61,250
	366,311	204,367	570,678			358,608
Current liabilities						
Trade payables	–	1	1			1
Receipt in advances, accruals and other payables	2,546	33,275	35,821	3,080	*(gc)*	38,901
Current portion of long term payables	–	40,634	40,634	(40,634)	*(fa)*	–
Current tax liability	–	166	166			166
Due to CCC	–	1,477	1,477			1,477
Due to CCI	–	7,925	7,925			7,925
	2,546	83,478	86,024			48,470
Total liabilities	368,857	287,845	656,702			407,078
Total equity and liabilities	980,267	315,356	1,295,623			1,071,303
Net current assets/(liabilities)	70,061	(50,925)	19,136			56,690
Total assets less current liabilities	977,721	231,878	1,209,599			1,022,833

D. UNAUDITED PRO FORMA CONSOLDIATED CASH FLOW STATEMENT OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2007

	The Group	CCP	Subtotal	Pro forma Adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
CASH FLOW FROM OPERATING ACTIVITIES						
Profit/(loss) for the year	17,394	(42,744)	(25,350)	(18,084)	*(a) – (d)*	(43,434)
Adjustments for:						
Deferred tax/taxation	1,115	163	1,278			1,278
Amortization of intangible assets	15,385	21,469	36,854	(15,385)	*(a)*	21,469
Depreciation	341	633	974			974
Equity-settled share-based payments expenses	6,311	–	6,311			6,311
Finance costs	9,863	20,982	30,845	(6,005)	*(c)*	3,858
				(20,982)	*(d)*	
Gain on derecognition of promissory notes	(694)	–	(694)			(694)
Loss on disposal of property, plant and equipment	4	–	4			4
Interest income	(1,655)	–	(1,655)			(1,655)
Share of loss of an associated company	788	–	788			788
Exchange differences	(129)	1,513	1,384			1,384
Operating profit/(loss) before working capital changes	48,723	2,016	50,739			(9,717)
Increase in trade and other receivables	(45,952)	(460)	(46,412)			(46,412)
Increase in prepayments and deposits	(1,216)	(320)	(1,536)			(1,536)
Increase/(decrease) in received in advance, accruals and other payables	(70)	1,572	1,502			1,502
Decrease in due to related companies	–	(10,919)	(10,919)			(10,919)
Increase in due to immediate holding company	–	7,925	7,925			7,925
Increase in due to ultimate holding company	–	1,073	1,073			1,073

	The Group	CCP	Subtotal	Pro forma Adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Cash (used in)/generated from operating activities	1,485	887	2,372			(58,084)
Interest paid	(80)	–	(80)			(80)
Net cash (used in)/generated from operating activities	1,405	887	2,292			(58,164)
CASH FLOW FROM INVESTING ACTIVITIES						
Acquisition of CCP	–	–	–	2,340	*(i)*	2,340
Additions to intangible assets	–	(20,152)	(20,152)			(20,152)
Increase in prepayments	–	(10,331)	(10,331)			(10,331)
Purchases of property, plant and equipment	(11)	(16,311)	(16,322)			(16,322)
Proceeds from disposal of property, plant and equipment	2	–	2			2
Acquisition of available-for-sale financial assets	(60,000)	–	(60,000)	60,000	*(h)*	–
Loan to a related party	–	(2,986)	(2,986)			(2,986)
Loan received from an associate company	194	–	194			194
Interest received	1,422	–	1,422			1,422
Net cash used in investing activities	(58,393)	(49,780)	(108,173)			(45,833)
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	145,845	–	145,845			145,845
Issue of shares on exercise of share options	4,267	–	4,267			4,267
Capital injection from CCI	–	67,725	67,725			67,725
Share issue expenses paid	(3,077)	–	(3,077)			(3,077)
Repayments of promissory notes	(69,912)	–	(69,912)			(69,912)
Net cash generated from financing activities	77,123	67,725	144,848			144,848

	The Group	CCP	Subtotal	Pro forma Adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,135	18,832	38,967			40,851
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,850	2,340	5,190	(2,340)	*(i)*	2,850
CASH AND CASH EQUIVALENTS AT END OF YEAR	22,985	21,172	44,157			43,701
ANALYSIS OF CASH AND CASH EQUIVALENTS						
Bank and cash balances	22,985	21,172	44,157			43,701

E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Upon completion of the Acquisition on 1 April 2006, CCP would become a 75% owned subsidiary of the Group. Certain transactions of the Group would either be eliminated as a result of consolidation or to be cancelled according to the terms of the sale and purchase agreement related with the Acquisition. The following pro forma adjustments are required:

(a) Pursuant to an agreement between CCP and Pro-Concept Development Limited ("Pro-Concept"), a wholly-owned subsidiary of the Group dated 1 February 2006, Pro-Concept agree to license to CCP the exclusive license to use the Licensed Rights in respect of the Localised Products in the Territory for an initial term of three years (subject to renewal) ("Agreement A"). Upon completion of the Acquisition, Agreement A would be supplemented by a supplemental licensing agreement which would revise the annual license fee to an amount equivalent to 2.5% of the annual revenue generated from the use of the Licensed Rights by CCP. During the year ended 31 March 2007, the Group has totally received approximately HK$20,207,000 in connection with Agreement A and should have been cancelled when the supplemental licensing agreement become effective. Before the completion of Acquisition, Pro-Concept's related intangible asset has amortisation of HK$15,385,000 for the year ended 31 March 2007 and should have been cancelled when the supplemental licensing agreement become effective.

(b) Pursuant to an agreement between CCI and Success Advantage Investments Limited ("Success Advantage"), a wholly-owned subsidiary of the Group dated 20 October 2006, Success Advantage has acquired from CCI the rights to receive 40% of the net sales revenue ("Net Revenue") derived from operating the online game "Sudden Attack" by CCP ("Agreement B"). CCI further undertakes that the Net Revenue to be received by Success Advantage for year 2007 will not less than RMB160,000,000 (equivalent to approximately HK$156,863,000). During the year ended 31 March 2007, the Group has totally recognised approximately HK$40,249,000 from CCI as revenue from exploitation of online games which should be cancelled as a result of cancellation of Agreement B upon the completion of the Acquisition.

(c) Upon Success Advantage entering into Agreement B, the Group has issued a promissory note with principal sum of HK$425,000,000 and effective interest rate of 8.7% per annum. Upon completion of the Acquisition, the principal amount of the promissory note would be reduced by HK$80,000,000 and the related finance cost saving would be approximately HK$6,005,000.

(d) In connection with Agreement A, CCP has long term payable amount due to the Group for acquisition of the exclusive license from the Group. Upon effective of the supplemental agreement of Agreement A on completion of the Acquisition, CCP should derecognise the long term payable and no further finance cost will be incurred thereafter. For the year ended 31 December 2006, CCP has incurred related finance cost of HK$20,982,000 and should be cancelled for the purpose of this pro forma income statement.

(e) This adjustment represents the loss taken up by minority shareholder after the completion of the Acquisition. The loss shared by minority shareholder is 25% of the CCP's loss per pro forma income statement of HK$42,744,000 and the resultant gain of pro forma adjustment (d), amounted to HK$20,982,000.

For the purpose of the unaudited pro forma consolidated balance sheet of the Enlarged Group, upon completion of the Acquisition on 31 March 2007, CCP would become a 75% owned subsidiary of the Group and need to be accounting for in accordance with Hong Kong Financial Reporting Standard 3 – Business Combinations. The purchase method of accounting is used to account for the acquisition of CCP by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of CCP are measured at their fair values at the date of Acquisition. The excess of the cost of acquisition over the Group's share of the net fair value of CCP's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in the consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The interests of minority shareholder in CCP is initially measured at the minority's proportion of the net fair value of CCP's identifiable assets, liabilities and contingent liabilities at the date of Acquisition. Accordingly, the following pro forma adjustments are required:

(f) This adjustment represents the fair value adjustment to the identifiable assets and liabilities of CCP. Three intangible assets in CCP are identified and are required to be adjusted to their fair values at the date of Acquisition. Since no independent valuation has been done on 31 December 2006 or 31 March 2007, it is assumed that the carrying amounts of those intangible assets in CCP are stated at fair value and no adjustment has been made in the pro forma balance sheet.

Apart from CCP's intangible assets, CCP also has a long term payable balance due to the Group as mentioned in note (d) above. Upon effective of the supplemental agreement of Agreement A on completion of the Acquisition, CCP should derecognise the long term payable and hence current portion of long term payables amounted to HK$40,634,000 and long term payables amounted to HK$204,367,0000 are required to be decognised accordingly.

The resultant deferred tax liability recognised for CCP is HK$61,250,000, assuming the 25% unified tax rate for PRC companies is applicable to CCP.

The following is a summary of the fair value adjustments for CCP's identifiable assets and liabilities as at 31 December 2006:

	HK$'000	*Note*
Net book value of CCP	27,511	
Fair value adjustments for derecognition of long term payables	245,001	*(fa)*
Deferred tax liabilities recognised	(61,250)	*(fb)*
	183,751	*(fc)*
Fair value of CCP's identifiable assets and liabilities	211,262	

Fair value of CCP's equity:

	HK$'000	
Registered capital	93,328	*(fd)*
Reserves	117,934	*(fe)*
	211,262	

(g) This adjustment represents the cost of Acquisition of CCP, goodwill arising from the Acquisition and the minority interest. For accounting purpose, the intangible assets of HK$134,615,000 and available-for-sale financial assets of HK$769,507,000 as reflected in the Group's consolidated balance sheet, plus professional fee directly attributable to the Acquisition, less the fair value of promissory notes which will be cancelled upon completion are considered as Group's cost of Acquisition. The following summary set out the respective amounts and calculation:

	HK$'000	*Note*
Intangible assets	134,615	*(ga)*
Available-for-sale financial assets	769,507	*(gb)*
Professional fee directly attributable to the Acquisition	3,080	*(gc)*
Reduction of fair value of promissory notes due to cancellation of HK$80 million principal amount	(68,953)	*(gd)*
Group's cost of Acquisition	838,249	
Fair value of CCP's equity after fair value adjustments as shown in (f) above	212,262	
Less: 25% minority interest in CCP	(52,815)	*(ge)*
Share of equity interest of CCP at fair value to be acquired	158,447	
Goodwill	679,802	*(gf)*

(h) This adjustment represents the reversal of cash consideration paid for Agreement B by the Group, as if the Acquisition had been completed on 1 April 2006.

(i) This adjustment represents the cash acquired from CCP by the Group, as if the Acquisition had been completed on 1 April 2006.

F. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

28 December 2007

The Board of Directors
China Cyber Port (International) Company Limited
Units 2115–2116, 21/F,
China Merchants Tower,
Shun Tak Centre,
168–200 Connaught Road Central,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of China Cyber Port (International) Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed acquisition of the 75% equity interest in China Cyber Port Company Limited might have affected the financial information of the Group presented, for inclusion in Appendix III to the circular of the Company dated 28 December 2007 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 134 to 143 to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibilities solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2007 or any future date; or

- the results and cash flows of the Group for the year ended 31 March 2007 or any future periods.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

The following is the text of the letter and valuation report received from Grant Sherman and addressed to Favor Grow in connection with its valuation as at 30 September 2007 of CCP, which has been prepared for the purpose of incorporation in this circular.

GRANT SHERMAN APPRAISAL LIMITED

Room 904
9th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

28 December 2007

China Cyber Port (International) Company Limited
c/o Favor Grow Holdings Limited
Unit 2115–2116, 21/F
China Merchants Tower, Shun Tak Centre
168–200 Connaught Road
Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of the 75% equity interest of China Cyber Port Co., Ltd. (神州奧美網絡有限公司) ("CCP"). The principal business of CCP includes: 1) operating the e-Sports Platform; 2) operating the online game "Sudden Attack" (突襲OL) ("SA") in the PRC; and 3) distributing and selling computer games in the PRC. In each business sector, CCP focuses not only on sales of games themselves but also on game-derived business, such as organizing game tournaments and selling game peripheral products.

This letter identifies the property appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. Excluded from this appraisal are all real estate property, machinery, equipment, supplies, stocks, spare parts, materials on hand, computer software, inventories, current assets, current liabilities or any intangible assets that may exist.

The purpose of this appraisal is to express an independent opinion of the fair market value of the 75% equity interest of CCP as of 30 September 2007. It is our understanding that this appraisal is used for acquisition purposes.

INTRODUCTION

The Background

China Cyber Port Co., Ltd. ("CCP") is a limited liability company registered in Beijing, PRC, on 15 August 2005 with a registered capital of USD12,000,000. It is owned 25% by China Communication Co. Ltd. (神州通信有限公司) ("CCC") and 75% by China Communication Investment Ltd. ("CCI") (神州通信投資有限公司) ("CCI"), a wholly owned subsidiary of CCC.

On 1 November 2007, Favor Grow, a wholly-owned subsidiary of China Cyber Port (International) Company Limited ("CCP International" or "the Group") entered into the Sale and Purchase Agreement with CCI, pursuant to which, the Group agreed to purchase and CCI agreed to sell the 75% equity interest of CCP at a consideration of the difference between the valuation of 75% equity interest in CCP and the previous consideration paid by the Group to CCI (as adjusted by any benefit accruing to) under the Sudden Attack Agreement and the e-Sports Platform Agreement, which were signed by the two parties on 20 October 2006 and 28 May 2007 respectively.

CCP is a nationwide game operator, online game platform provider and PC game distributor in the game industry in the PRC. CCP International had successfully accessed a certain portion of revenue and profit derived from CCP through entering into the Sudden Attack Agreement and the e-Sports Platform Agreement before. However, such revenue and profit were only reflected as other income in the Group's income statement. The entering into the new Sale and Purchase Agreement with CCI is in line with the Group's strategic move to refocus its resources and position itself as a game operator and game platform provider.

CCP International, CCI and CCC

CCP International is currently listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong (stock code: 8206). It primarily engages in the licensing of computer games in the PRC, and in investment in the rights to receive net revenue linked to the CCP's operation of the e-Sports Platform as well as the online game SA in the PRC.

CCI is a wholly-owned subsidiary of CCC and is interested in approximately 27.49% shareholding interest in CCP International as of the Appraisal Date.

CCC is a nationwide telecom operator and internet network operator in China. It is one of the three state-owned telecom operators, who own a public telecommunication network (DWDM/SDH) that covers a wide range of areas and offers communication and value-added telecom services. According to the Management, CCC's telecommunication business includes: 1) Billing and Settlement System, which is a country one-level synthetic billing and settlement system to provide accurate management of billings, payment and settlement for clients; 2) Shentong Card, which is an electronic wallet approved by People's Bank of China whereby money can be transferred between an individual's bank account and his designated Shentong Card. It is designed to pay transportation fees, bank charges, IP phone fees, online trading fees and home utility fees, etc.; 3) CCCNet, which is one of the top-10 public networks in China; 4) IDC Data Center, which aims to provide professional data storing service; and 5) Call Center, which owns a unite national number of "95130xxx". CCC's value-added telecom service includes 1) 24365 Online Interactive Entertainment Platform, an internet portal that provides entertainment contents such as music, film, game, chess and card, gaming, car race, news and information etc.; and 2) Third party's corporation.

CCP and its Business

CCP's core business can be separated into three parts: 1) the e-Sports platform operation; 2) the SA operation in the PRC; and 3) sales and distribution of computer games ("PC games") in the PRC. Currently, CCP operates a basket of games including SA (突襲OL) and some most famous games in the world such as Counter-Strike (反恐精英), WarCraft (魔獸爭霸), and StarCraft (星際爭霸) through the e-Sports Platform and its distribution networks. Starting from 2008, CCP will continue to introduce new games through the existing network into commercial operation according to its business plan. Also, CCP has put a new online game BigHan-Heroes (大漢風骨) under development to enhance the quality of its exiting game products as well as strengthen its brand. Strategically, CCP will take advantage of CCC's telecom resources to develop its mobile online game products and will also cooperate with CCC's IDC Data Center and Call Center to provide a high quality of value added services to general business sectors.

The e-Sports Platform

The e-Sports Platform, one of the major developments of the 24365 Online Interactive Entertainment Platform, is a platform for game tournaments of famous contest games such as Counter-Strike (反恐精英), WarCraft (魔獸爭霸), StarCraft (星際爭霸), and SA (突襲OL) etc. The 24365 Online Interactive Entertainment Platform ("24365 Platform") is an internet portal developed by CCC that focuses on the provision of e-Sports, online games, news and information, music, movies, word games, auctions, entertainments, and advertisements. The payment gateway for 24365 Platform's service is the Shentong Card (神通卡) billing system, a real name and real time smart IC card that acts as a debit card of the users developed by CCC. All the game accounts will carry out attestation through binding with the Shentong Card, which is approved by commercial banks to transfer money from bank accounts.

At present, the e-Sports Platform relies on CCC's 20G Hz and IDC resources to obtain operational cost advantage. It also owns cutting-edge technology of combining Shentong Card and CD-KEY to provide game players with registration approval and protect their benefit from using original software. To promote the e-Sports Platform, CCP schedules all year round e-Sports tournaments to attract players. The tournament will be conducted online and offline that contestants will be assigned into teams to compete online in the first round of the contest, and the winners will gather and compete offline in the final round monthly in one of the six big regions in the PRC. There will also be a year-end competition for all monthly winners according to the management of CCP. The winning prize for the contestants will range from RMB50 to RMB50,000, depending on the contest and ranking of the contestant. Among all tournaments, CCG (「神通杯」全國電競明星大賽) has been one of the few e-Sports competitions in the PRC that can stand national fame and bring high rewards to both the competition winners and the competition organizers according to CCP's management.

Started operation from April 2007, the e-Sports Platform has accumulated tournaments registers of 1.48 million with a tournaments revenue of RMB29.6 million up to September 2007, and the total historical revenue of e-Sports for the 6 months is RMB68.36 million according to CCP's management. CCP will launch a series of marketing plans to promote the e-Sports Platform starting from November 2007 according to its business plan. The projected total revenue for 2007 is RMB185.58 million, including RMB71.03 million from tournaments, RMB114.55 million from e-Sports users (average revenue per user of RMB20 per month) and RMB15.6 million from online advertisement.

Sudden Attack (突襲OL)

The "Sudden Attack", a first-person shooting (FPS) game developed by GameHi, is a game that CCP acquired from GameHi on 10 August 2006 and started to commercially operate with free-of-charge online game operating model on 18 September 2007. The Game is based on a storyline of counter-terrorism operations and players choose to become a special-forces soldier from a list of countries, like British SAS, US Delta Force, Republic of Korea Marine Force, etc. Players can also choose from a wide range of weapons for their virtual soldiers by a payment method.

At present, the promotion of "Sudden Attack" is based on the high-end media promulgation and related activities to attract ten thousands of players. In 2008, besides traditional media, CCP will co-operate with high quality electronic magazine, and internet cafes to boost recognition of SA. In addition, CCP will start to distribute and sell SA peripheral products in November 2007 according to its business plan. The projected total revenue for 2007 is RMB272.42 million with built-in advertisement accounting for 24%, SA tournaments accounting for 3.4%, peripheral products accounting for 6.6% and active paying account revenue accounting for 65%. The projected active paying accounts ("APA") of SA is 0.25 million, 0.76 million, 0.78 million and 0.07 million for 2007, 2008, 2009 and 2010 respectively, which are quite conservative with referencing to Shanda of 2.5 million[1] and Perfect World of 8.65 million[2] currently.

PC Games

CCP owns licensed rights to operate "Counter-Strike", "WarCraft", "StarCraft", "Diablo" and other hundreds of PC games, which most of them have already attracted thousands of players in the world. At present, the development of domestic PC games in China is largely insufficient according to CCP's management. There are only a few mainstream PC games in market, for example, Counter-Strike and WarCraft. The rather strict electronic publication regulation in the PRC has hastened the development of the PC games market due to a long inspection period is generally required for a gaming software before it cam go public. On the other hand, CCP will be benefited from this policy since it owns many valuable PC Games licenses and it has already established good marketing channels for its product, according to CCP's management.

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1 Citigroup Global Market, *Shanda Interactive Entertainment, on 11 September 2007*

2 Citigroup Global Market, *Perfect World, on 14 September 2007*

To counter the fierce competition and piracy in domestic PC games market, CCP considers its product development from four factors: 1) the cost of upstream production; 2) the affordability of players; 3) the PC games characteristics and its market niche; and 4) the profitability from retailing. Meanwhile, CCP has segmented the PC games players into "Common" and "VIP" types to better serve the two groups of players and price its products accordingly. PC games products has been categorized into three types: Type "A" products are those with outstanding quality and image and with great influence in the market; Type "B" products are those with high potential in the market and with certain amount of market share; and Type "C" products are those less well-known to the players but can add value to other PC games products through promotion.

CCP has realized PC games sales revenue of RMB8.8 million during the first three quarters in 2007. In order to reach its market shares target of 33% in China (representing RMB225 million sales in 2008), CCP will launch 3 to 5 new games every year, enlarge its national sales networking and push its sales through the internet in 2008 according to its business plan. Meanwhile, CCP will further build up its image through cooperation with internet media such as SINA, Baidu etc.

INDUSTRY REVIEW

China's Internet Portal Industry

China is the world's fastest growing economy and China's internet is among its fastest growing industries. Internet market size in China has reached RMB33.6 billion in 2006. With an increasing internet adoption rate and a growing user base, the number of netizens is expected to reach 163 million by 2007 with a penetration rate of only 12.3%, comparing to a 70% of those developed nations such as Japan, Korea, and the USA[3]. The China internet market size will reach RMB46 billion in 2007, RMB62 billion in 2008 with a growth rate of 37% and 35% respectively according to iResearch Consulting Group[4].

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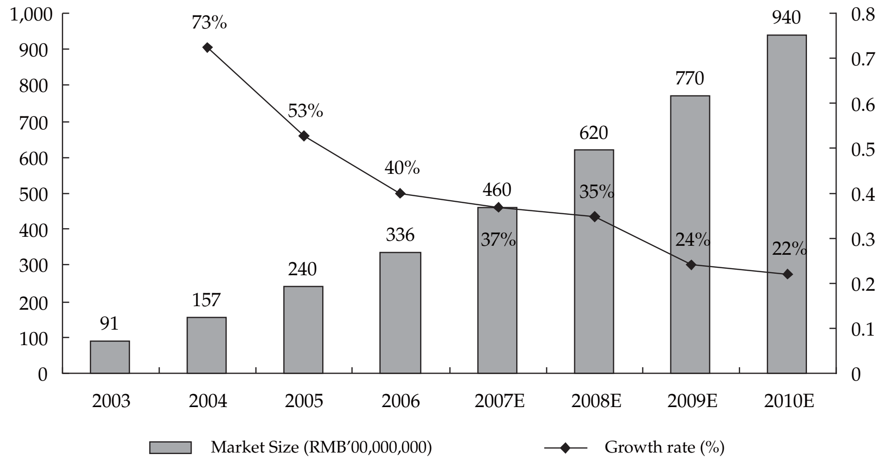
3 CNNIC, *CNNIC Internet Industry Research Report 2007*, p.13

4 iResearch Consulting Group, *China Internet Industry Research Report 2007*, p.7

Exhibit 1

2003–2010 China's Internet Market Size



Source: iResearch, *China Internet Industry Research Report 2007*, p.7

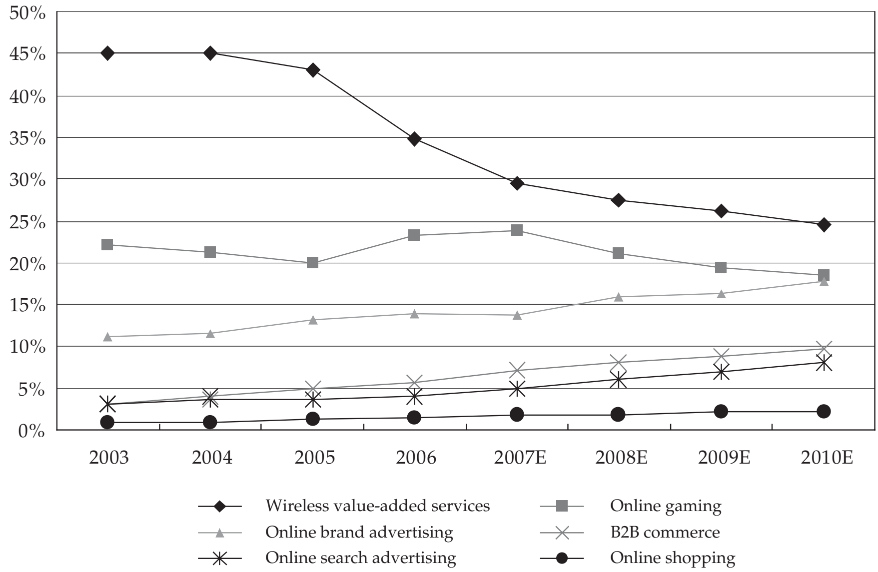
Note: Online Market Size includes all kinds of income from internet operators and services such as, online games, online brand advertising, online search advertising, online shopping, B2B e-commerce, wireless value-added service, travel services, online recruitment, web hosting, etc.

With China's internet users expected to grow rapidly and the economy poised to see strong growth in the long run, a large portion of the internet market, 69%, is expected to be comprised of personal spending such as online games, trip reservation, online shopping (B2C and C2C e-commerce), and wireless value-added services; the remaining 31% is contributed by business enterprises' spending on online brand advertising, online search advertising, online recruitment, and B2B e-commerce etc according to iResearch[5].

[5] iResearch Consulting Group, *China Internet Industry Research Report 2007*, p.8

Exhibit 2

2003–2010 Major Components of China's Internet Market



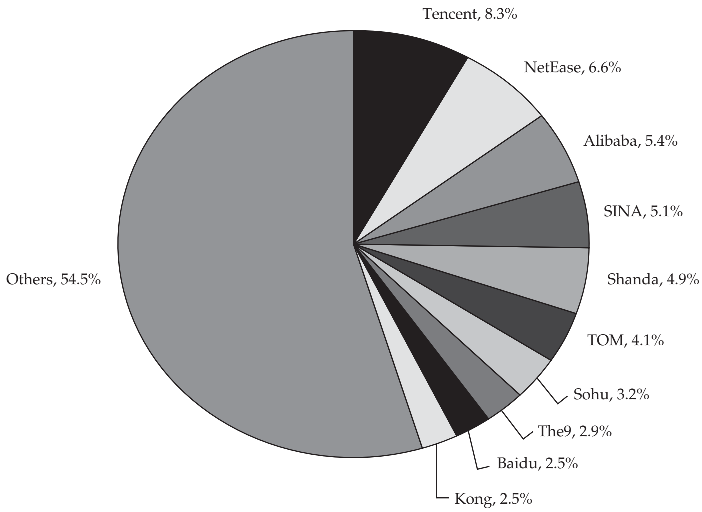
Source: iResearch, *China Internet Industry Research Report 2007*, p.9

The Internet market in China mainly consists of online game, online brand advertising, e-commerce, online reservation, etc. About 72% of the revenue in China's Internet market is comprised of wireless value-added services, online games, and online brand advertising. According to iResearch[6], from 2003 to 2010, wireless value-added services will lose its importance in the Internet market. The Internet market's proportion for online games will also start to show a decreasing trend in 2007, while online brand advertising, B2B e-commerce, online search advertising, online shopping, and travel services will be on an increasing trend with online brand advertising showing the greatest increase.

6 iResearch Consulting Group, *China Internet Industry Research Report 2007*, p.9

Exhibit 3

2006 China's Major Internet Portals



Source: iResearch, *China Internet Industry Research Report 2007*, p.12

Currently, the four leading portals in China – Tencent, SINA, Sohu, and NetEase – have all seen strong profit growth over the past years. These portals have evolved from being pure portals and advertising business models in the early 2000s, to offer high-margin wireless value-added services over the past couple years. With the internet population gaining critical mass, these companies have built solid businesses on wireless value-added services, online advertising, and online games. In 2006, Tencent accounts for the highest portion, 8.3% of China's Internet Market, and the major portals together accounts for only 25.7% according to iResearch[7]. Market concentration is low, which means there is still no signs of monopolization in China and internet portals are undergoing severe competitions.

China's Game Industry

While online games were available in China as early as the year 2000, internet use was not widespread and few games actually required payment. However, the popularity of online game was increased recently due to increased promotions by operators and a wide range of audience in China. In 2006, China's Massively Multiplayer Online Role Playing Game (MMORPG) market reached RMB5.8 billion, with a growth rate of 56%. China's casual game market reached RMB2.0 billion, growing at a growth rate of 127% according to iResearch.[8]

7 iResearch Consulting Group, *China Internet Industry Research Report 2007*, p.12

8 iResearch Consulting Group, *China Online Game Research Report 2007*, p.13 & 14

The high profit margin in China's game industry attracted more capital to invest in the industry. As a result, China's game business becomes a capital intensive venture. Typical development cost for an MMORPG game is at least US$2–5 million, and could go up to US$10 million. It can also take anywhere from one to two years to develop a game. The pure game operating business also requires heavy investments. In addition to the licensing fee and running royalty fee, the operator has to invest in marketing and promotional campaigns in order to create awareness and gain recognition of a new game. There are also costs related to servers and customer services.

The Chinese government supports the development of domestic game industry. The General Administration of Press and Publication ("GAPP"), the key online game governing body, has developed policies to support the domestic development of online games. For instance, GAPP has issued licenses to domestic companies to operate online games only, protecting domestic players from excessive competition. In addition, the government also offers tax holidays and other support to game developers.

The government implemented a policy to prevent under-aged kids from addicting to online games in mid-2005. Eight government departments including the General Administration of Press and Publication, the Ministry of Education and the Ministry of Public Security are involved in establishing an "anti-addition system"[9] designed to limit the amount of continuous time that players could spend within the game worlds. A "real-name system" had also been implemented at the end of 2006 requiring online players to register with their real names. Moreover, new internet cafes were banned from 200 meter radius of schools and apartment buildings; registration of new internet cafes was suspended; and internet cafe curfews for under-age kids were introduced in July 2006.

The World's e-Sports and China's e-Sports Tournaments

The rise of the world's e-Sports is marked by the establishment of e-Sports tournaments ProGam League (PGL), Cyber Athlete Professional League (CPL), Electronic Sports World Cup (ESWC), and the Game and Game World Champion (GNGWC). PGL and CPL are both organized in the United States in 1997, with CPL being the first international league. ESWC is an international gaming league organized by France in 2003. GNGWC is the world first MMO e-Sports global league and is organized by Korea IT Industry Promotion Agency (KIPA)[10] in 2007.

9 The "anti-addiction system" is about for those players aged 18 or under will have their in-game time measured, with penalties for those who play longer than is deemed safe. The first three hours of playing are defined as "healthy hour, the following two are defined as "fatigue" hours and anything above five hours is unhealthy. During the fatigue stage, experience points and other in-game valuables will be reduced by half, which are then reduced to zero in the unhealthy stage.

10 KIPA was established in 1998 by the Ministry of information and communication as a non-profit organization. Its role is to contribute to the globalization of the Korea information technology industry.

Exhibit 4

World's Four Biggest e-Sports Events

	CPL	WCG	ESWC	GNGWC
Organizing Country	United States	Korea	France	South Korea
Year	1997	2001	2003	2007
Tournament Mode	Summer/Winter Final competition, monthly (3–12) worldtour	First round competition in each country from March to October, Final in November	First round competition in each country, Final in July	First round competition in each country, Final in December
Size	1,300 participants	70 countries/ 800 participants	50 countries/ 800 participants	150,000 participants in Europe alone, other regions: America, SE Asia, Korea, Japan
Sponsors	Intel	Samsung	nVidia	KT
Games	Counter-Strike, Warcraft 3, Pain Killer, Halo 2	Counter-Strike, StarCraft, etc.	Counter-Strike, Warcraft 3, Pro Evolution Soccer 4	Shot-Online, Silkroad-Online, Record of Lunia War, Bomb 'N Dash, Navy Field, and War Rock

Source: U.I. Pacific Games Inc., www.gngwc.com

In Asia, Korea's e-Sports is currently in its mature stage of development. E-Sports began in Korea with the popularity of StarCraft and game tournaments in 1998. In 2000, e-Sports tournaments On Game Net and MBC Game have started to be broadcasted live on television, and people started to recognize the business potential of e-Sports. Corporations like KT, KTF, SK Telecom, Samsung, LG, CJ, etc., sponsored e-Sports tournaments, and government has already spent KRW14 billion into supporting e-Sports in Korea. E-Sports have gained a lot of participants in China as well. In August 2005, Korean and Chinese government have jointly organized the first e-Sports tournament, China Korea Cyber Game (CKCG). In August 2007, South Korea became an e-Sports mecca by hosting a series of international conventions and competitions of computer gaming. Countries including China, Vietnam, France, Japan, India and Singapore were sending government envoys to Seoul to learn from its experience and know-how in transforming computer gaming into e-Sports business.

Currently, China has plans to develop its e-Sports Industry. CCP will organize a ProGame league as the pioneer for China's e-Sports development according to the Management of CCP. ProGame league is a very important event in e-Sports activity. In South Korea, the leading ProGamer Lim Yo Huan has about 700,000 members in his Game Forum. CCP targets to increase public awareness and advertise its e-Sports Platform by promoting the champions of its e-Sports tournaments to become a well-known ProGamer in China. Ultimately, the winner of CCP's ProGame league will represent China to participate in the world's major e-Sports tournaments.

China's Online Games

In China, electronic game industry started its development in mid 1990s, which relied chiefly on the imported technology. After 2000, the rapid growth of online game, hinging on technological innovation, spurred the expansion of China's game sector. Today, online games have been well accepted by China's internet users. In 2006, the China online game player population reached 32.6 million, up 23.8% from 2005, according to IDC's forecast[11]. Though the online game industry came into full existence in China only 3–4 years ago, it now ranks No.2 in terms of industry revenue among all online businesses in China *(Exhibit 2, 2003–2010 Major Components of China's Internet Market)*. Online games will continue to gain popularity in China due to increased promotions by operators and a wider range of games to address tastes of a larger audience. According to market researcher CCID[12], online game revenue will grow more than 34.4% annually to reach RMB26.5 billion by 2011.

The online games can be separated into two segments: Casual games, and Massively Multiplayer Online Role Playing Games (MMORPGs). Causal games are easy to play and only require brief tutorials. MMORPG games are more complex with a large number of scenes, multiple players and characters, and are more committed to the games than casual players. MMORPGs have the largest player base and generate the most revenue of the online game industry in China. According to the IDC report[13], MMORPGS revenue was US$662 million in 2006 increased by 69.1% from last year and accounted for 81.2% of the whole online game market in China. Revenue generated by causal games reached US$153 million in 2006 up 18.8% from 2005.

11 First Shanghai Securities Limited, *NetDragon Websoft Inc. Report on 28 September 2007*, p.29

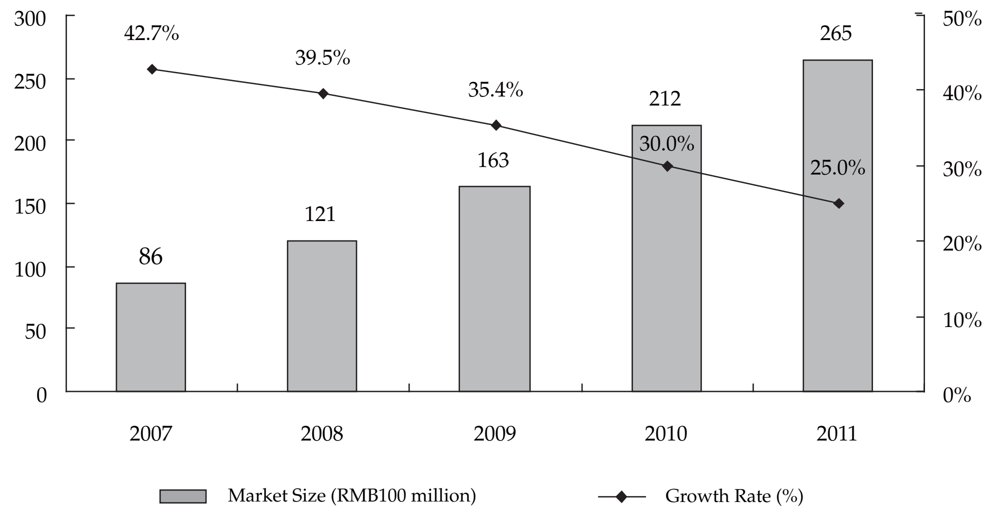
12 CCID Consulting, *2006–2007中國網絡遊戲市場及投資機會研究年度報告*, p.18

13 First Shanghai Securities Limited, *NetDragon Websoft Inc. Report on 28 September 2007*, p.30

Exhibit 5

Growth Forecast for Online Game Industry in China

2007–2011 China Online Game Market Size Forecast



Source: CCID Consulting, *2006–2007,中國國際遊戲市場及投資機會研究年度報告*, p.19

Currently, the leading game developers whose games are operated in China include Shanda, Netease, Zheng Tu, and The9. In the first quarter of 2007, Shanda had regained its position as the number one online gaming company in China, with an 18.96% market share. Shanda established its leading market position with its early success in operating Legend of Mir II in China. Besides Mir II, Shanda also has a number of high quality games in its existing game portfolio, which includes Bomb and Bubble (BnB), The World of Legend (Woool), Magical Land and Maple Story.

According to the survey of Niko Partners[14], a market research firm, China is becoming the world's center for online game development outsourcing, while 76 percent of respondents of North America game companies engaged in outsourced game development and thirty percent of them already work with Chinese studios. The major drivers of China game development outsourcing is due to low cost structure, large labor force and robust infrastructure. For instance, in Shanghai alone there were about 50 online game outsourcing enterprises at the end of 2006 employing a total workforce of 4,300, up 60% from 2005.

14 Niko Partners, *Report on Outsourced Games Development in China in 2007*, p.1

Also, an increased number of international gaming firms started to cooperate with China gaming companies to develop the game products together. For instance, in 2007, China online game Shanda Interactive Enterprise Ltd. has entered into an exclusive agreement with Japanese game developer TECMO Ltd. to operate the online version of TECOM's flagship video game Dead or Alive (DOA Online) in Mainland, Hong Kong and Macao.

Furthermore, China shows a strong growth in development of its own online game. According to the IDC Report[15], revenue generated by China-made online games reached RMB4.24 billion in 2006, up 87.4% from RMB2.26 billion in 2005. As a percentage of domestic online game market, it increased from 59.5% in 2005 to 64.8% in 2006. Meanwhile, 79 out of 111 online games being under public test operation, were Chinese-made online games in 2006.

Moving forward, Mobile online game will become a new growth area in China's online game industry. ChinaVenture predicted the number of users of mobile online games will reach 16 million in 2007, up 320 percent, and 154 million in 2010. The average annual compound growth in the period of 2007–2010 will be 136 percent. Through the development of 3G in 2008–2010, it will accelerate the growth of China's mobile online game industry. For instance, SINA, China's leading online media company joined Nokia as a sponsor in ongoing mobile multiplayer games competition to support the new development of mobile games to the China market.

PC Games

According to the consumer survey jointly conducted by IDC and the China Game Producers' Association (CGPA), PC offline games industry was in the downward trend as the total number of new release of PC offline games decreased from 397 in 2002 to 70 in 2006. The total revenue also decreased accordingly. As many game developers are focusing on higher profit online game development, fewer PC games are released at the same time. For instance, unlike U.S. consumers, who may pay $50 or more for a game, consumers in China, where software piracy is rampant, are unwilling to pay high prices for games. Companies have had to find a new source of revenue such as selling virtual items in a free-to-play online game.

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15 First Shanghai Securities Limited, *NetDragon Websoft Inc. Report on 28 September 2007*, p.31

The growth of sales of PC games is linked to online and wireless games, new-generation consoles, as well as the burgeoning in-game advertising business. According to PricewaterhouseCoopers (PwC),[16] by 2011, the worldwide PC games market will be worth $48.9 billion representing a compound annual growth rate of 9.1% during the five year period. The Asia Pacific region should remain the region with highest overall spending on gaming during the period and reach $18.8 billion in 2011. Despite U.S. Consumer spending on console and hand-held games will go from $6.5 billion in 2006 to $7.9 billion in 2011, the U.S. PC games market will continue its decline from an estimated $969 million in 2006 to $840 million in 2011.

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the 75% equity interest of CCP on the basis of fair market value. *Fair market value* is defined as the estimated amount at which the asset might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Our investigation included site visits, tournament observation and discussions with members of CCP International's and CCP's managements in relation to the history and nature of CCP's business sectors, and prospects of the e-Sports Platform, the online game SA, the PC Games, and other information of the game industry. We have assumed that such information and representation provided to us are true and accurate. Before arriving at our opinion of value, we have considered the following principal factors:

– The nature and prospect of operating the e-Sports Platform, the online game SA and the PC games businesses in the PRC;

– The economic outlook in general and the specific economic and competitive elements affecting CCP's each business sector, the industry and its market;

– The market-derived investment returns of entities engaged in a similar line of business sector;

– The business risks of each of CCP's business sectors; and

– The past operating results, financial projection and business plan of CCP.

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16 PricewaterhouseCoopers (PwC), *"Global Entertainment and Media Outlook 2007–2011" Report http://www.marketingcharts.com/interactive/pwc-videogames-to-surpass-music-in-revenue-this-year-750*

Due to the changing environment in which CCP is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the 75% equity interest of CCP. The major assumptions adopted in this appraisal are:

– There will be no major changes in the existing political, legal, and economic conditions in the PRC;

– There will be no major changes in the current taxation law in the PRC, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

– Exchange rates and interest rates will not differ materially from those presently prevailing;

– Industry trends and market conditions for related industries in China will not deviate significantly from the financial projection and in the long run the industry is expected to grow at a long term inflation rate of 3%;

– The business plan and the financial projection have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration;

– The availability of finance will not be a constraint on the forecast growth of CCP's each business sector in accordance to the business plan and the projection;

– CCP will retain and have competent management, key personnel, and technical staff to implement its business plan;

– CCP will obtain all the necessary governmental consents and approvals required for operating the e-Sports Platform, the online game SA and the PC games businesses in the PRC;

– CCP is obligated to pay CCC a fee of 25% of gross revenue generated from businesses related to using Shentong Card Payment System; and

– CCP's operating expenses, including payroll, management fee and network rental etc., will be shared by the three operating business units, the e-Sports Platform, the online game SA and the PC games in the ratios of 75%, 20% and 5% respectively for 2007, 47%, 48% and 5% respectively for 2008, 47%, 48% and 5% respectively for 2009, 70%, 25%, and 5% respectively for 2010, and 95%, 0 and 5% respectively for 2011 and thereafter.

VALUATION METHODOLOGY

The fair market value of the 75% equity interest of CCP was developed through the application of the income approach technique known as the Discounted Cash Flow Method. In this method, the value depends on the present worth of future economic benefits to be derived from ownership of equity and shareholders' loans. Thus, an indication of value was developed by discounting future free cash flow available for distribution to shareholders and for servicing shareholders' loans to their present worth at market-derived rates of return appropriate for the risks and hazards (discount rate) associated with the comparable business.

Discount Rate Development

A discount rate is the expected rate of return that an investor would have to give up by investing in the subject investment instead of in available alternative investments that are comparable in terms of risk and other investment characteristics. When developing a discount rate to apply to the free cash flow from operation, the discount rate is base on a weighted average cost of capital ("WACC") developed through the application of the Capital Asset Pricing Model ("CAPM"). WACC is the weighted sum of cost of equity and after tax cost of debt.

The cost of equity was developed using Capital Asset Pricing Model ("CAPM"), a model widely used by the investment community. CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as nonsystematic. Under CAPM, the appropriate cost of equity is the sum of the risk-free rate and the equity premium required by investors to compensate for the systematic risk assumed with adjustment for increments for risk differentials of each of CCP's business units being valued versus those of the comparable companies, which include adjustments for size (the "Small Capitalization Risk Premium"), specific risks (the "Company Specific Risk Premium") and other risk factors in relation to the liquidity of an ownership interest (the "Discount for Lack of Marketability").

Small Capitalization Risk Premium

Small capitalization risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that the cost of capital increases with decreasing size of CCP's business. A number of studies were conducted in the U.S. which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of CCP's systematic risk derived from the CAPM model. We concluded that a small capitalization risk premium of 3.88 percent is appropriate for CCP's business unit operating the online game SA, and a small capitalization risk premium of 6.27 percent is appropriate for CCP's business units operating the e-Sports Platform and the PC games.

Company Specific Risk Premium

The specific risks associated with each of CCP's business units are typically associated with business expansion and a start-up new games and sales of peripheral products, mainly related to the successful establishment and implementation of CCP's business plan. Uncertainty results from the expansion of the e-Sports Platform operation business, the lack of historical data to support the growth rate projected in the financial projection, and the lack of relevant evidence to support the stable expansion of its online advertisement business. Also, Uncertainty results from the start-up of the new games and peripheral products business in SA operation and the PC games operation, the lack of track record of new games' successfully operation and the lack of historical data to support sales revenue of peripheral products projected in the financial projection. To reflect the business expansion risk associated with CCP's e-Sports Platform operation, we have added an additional risk premium of 0.5 percent in developing the discount rate for this business unit. To reflect the start-up risk associated with CCP's SA operation, we have added an additional risk premium of 3 percent in developing the discount rate for this business unit. Also, we have added an additional risk premium of 4 percent to reflect the startup risk associated with the new games and sales of peripheral products of CCP's PC games in developing the discount rate for this business sector.

The readers of this report should carefully consider the expansion and start-up nature of CCP's business and the risks associated. This valuation is based on numerous assumptions which are inherently subject to significant economic and uncertainties beyond CCP's control.

Conclusion of Discount Rate

In determining an appropriate discount rate utilizing the WACC analysis, a study was made of short-term interest rates, the yields of long-term corporate and government bonds, and other alternative investment instruments, as well as the typical capital structure of the companies in the industry.

The risk-free rate associated with each of CCP's business units is the yield on bonds issued by the government of the country in which the subject company locates. Our analysis suggested that a discount rate of 20.86 percent, 21.96 percent and 27.51 percent were appropriate for valuing the business units of the e-Sports Platform, the SA online game and the PC games, respectively.

We were furnished by CCP's management, for the purpose of this appraisal, with a financial projection and a business plan of all business units as well as other records and documents. In arriving at our opinion of value, we have relied upon such projection, records and documents, as well as financial and business information from other sources.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels of discounts for lack of marketability. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted ("letter") stock studies.
- Studies of transactions in closely held stocks prior to initial public offerings (IPOs).

In this case, a lack of marketability discount of 30 percent is deemed to be reasonable for valuing the business units of the e-Sports Platform and the PC games respectively, while a lack of marketability discount of 25 percent is deemed to be reasonable for valuing the business unit of the SA online game.

Sensitivity Analysis

The e-Sports Platform

We have identified the discount rate and the industry growth rate as the variables in our model whose sensitivities on the fair market value of CCP's e-Sports Platform operation are being tested. Our conclusion of the fair market value of the business unit will increase from RMB309.3 million to RMB351.6 million as the discount rate decreases from 21.86% to 19.86%. Moreover, the fair market value of the business unit will increase from RMB329.2 million to RMB354.3 million as the industry growth rate increases from 3% to 5%.

The online game SA

We have identified the discount rate as the variable in our model whose sensitivity on the fair market value of CCP's online game SA operation is being tested. Our conclusion of the fair market value of the business unit will increase in the range between RMB482.7 million and RMB497.2 million as the discount rate decreases from 22.96% to 20.96%.

The PC Games

We have identified the discount rate and the industry growth rate as the variables in our model whose sensitivities on the fair market value of CCP's PC games operation are being tested. Our conclusion of the fair market value of the business unit will increase from RMB157.4 million to RMB171.1 million as the discount rate decreases from 28.51% to 26.51%. Moreover, the fair market value of the business unit will increase from RMB164 million to RMB170 million as the industry growth rate increases from 3% to 5%.

The 75% equity interest of CCP

Based on the sensitivities tested on each business unit of CCP, We conclude that the fair market value of the 75% equity interest of CCP falls in the range between RMB747.9 million and RMB802.8 million as the discount rate for each business unit decreases and the industry growth rate increases from 3% to 5%.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of 30 September 2007, the fair market values of the 75% equity interest of CCP and its business units are reasonably stated as below:

Business Units	**Fair Market Value** *(RMB)*
The e-Sports Platform	329,200,000
The online game SA	489,900,000
The PC Games	164,000,000
Cash as of 30 September 2007	47,850,562
Total	1,030,950,562
75% equity interest of CCP	**773,212,921**
Rounded	**773,200,000**

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interest in CCP, the Group and the value reported.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Keith C.C. Yan, ASA	**Jacquelin W. Huang, Ph. D**
Managing Director	*Associate Director*

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business and intangible assets valuation in the Greater China region for various purposes since 1988. Jacquelin W. Huang is a Ph.D. in real estate economics from the University of Hong Kong. She has been conducting business valuation for various purposes since 2005.

The Company has received from its reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong, and its financial adviser, CCB International Capital Limited, the following letters prepared for the inclusions of in this circular in respect of the appraisal valuation on the fair market value of CCP prepared by Grant Sherman.

A. REPORT FROM RSM NELSON WHEELER

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

28 December 2007

The Board of Directors
China Cyber Port (International) Company Limited
Units 2115–2116, 21/F., China Merchants Tower,
Shun Tak Centre, 168–200 Connaught Road Central
Hong Kong

Dear Sirs,

REPORT OF FACTUAL FINDINGS

In accordance with our engagement letter dated 12 September 2007, we have performed the procedures agreed with you which are set out below with respect to the appraisal valuation ("Valuation Report") of the fair market value of the 75% equity interest of China Cyber Port Co., Ltd. and its business units (the "Fair Market Value of CCP") as at 30 September 2007 prepared by Grant Sherman Appraisal Limited dated 28 December 2007 in connection with China Communication Investment Limited's entering into Sale and Purchase Agreement with Favor Grow Holdings Limited dated 1 November 2007. Capitalised terms used in this letter shall have the same meanings as defined in the circular ("Circular") of China Cyber Port International Company Limited (the "Company") dated 28 December 2007 unless the context requires otherwise.

Our engagement was conducted in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" ("HKSRS 4400") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The procedures were performed solely to assist you in complying with Rule 19.62(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

For the purpose of this report, we have:

1. obtained the supporting worksheets of the Valuation Report provided by the Company;

2. checked the arithmetic accuracy of the calculations of the value of the Fair Market Value of CCP contained in the supporting worksheets of the Valuation Report;

3. made inquiry of Grant Sherman Appraisal Limited whether the accounting policies of the Company have been adopted in the preparation of the Valuation Report.

Based on the information and documents made available to us, we report our findings below:

a. With respect to item 1, we obtained the supporting worksheets of the Valuation Report provided by the Company;

b. With respect to item 2, we found that the calculations of the value of the Fair Market Value of CCP contained in the supporting worksheets of the Valuation Report are arithmetically accurate;

c. We were informed by Grant Sherman Appraisal Limited that as this is a discounted cash flow model, no accounting policies of the Company have been adopted in the preparation of the supporting worksheets of the Valuation Report.

Because the above procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA (collectively referred to as Hong Kong Assurance Standards), we do not express any assurance on the Valuation Report.

Had we performed additional procedures or had we performed an assurance engagement in respect of the Valuation Report in accordance with Hong Kong Assurance Standards, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and is for your information only, and is not to be used for any other purpose or to be distributed to any other parties, without our prior written consent, except that we understand a copy of this report will be distributed to the Stock Exchange. We expressly disclaim any liability or duty to any other party (including the Stock Exchange) in this respect. This report relates only to the items specified above and does not extend to the Valuation Report or any financial statements of the Company taken as a whole.

Yours faithfully

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

B. REPORT FROM CCB INTERNATIONAL CAPITAL LIMITED

建银国际金融有限公司
CCB International Capital Limited

28 December 2007

The Directors
China Cyber Port (International) Company Limited
Units 2115–2116, 21/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Dear Sirs,

We refer to the valuation report prepared by Grant Sherman Appraisal Limited ("Grant Sherman") in relation to the appraisal of the fair market value of the 75% equity interest of 神州奧美網絡有限公司 (China Cyber Port Co., Ltd.) ("CCP") and its business units as at 30 September 2007 (the "Valuation") as set out in Appendix IV to the circular issued by China Cyber Port (International) Company Limited (the "Company") dated 28 December 2007 (the "Circular") and the requirements under the Rules 19.62(3) and 19.64(3) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Terms used herein, unless otherwise defined, shall have the same meanings as defined in the Circular.

We note that the Valuation has been developed by Grant Sherman through the application of the income approach known as the discounted cash flow method. We also note that Grant Sherman, in preparing the Valuation, took account of financial projections (the "Projections") prepared by the management of CCP and the Company.

We have discussed with Grant Sherman, management of CCP and the Company the bases and assumptions upon which the Projections have been made. The preparation of the Projections is the responsibility of, and has been approved by, the directors of the Company.

We have also considered the letter dated 28 December 2007 addressed to you from RSM Nelson Wheeler regarding the calculations upon which the Projections have been made.

On the basis above, we are of the opinion that the Projections, for which you are solely responsible, have been made after your due and careful enquiry.

Yours faithfully
For and on behalf of
CCB International Capital Limited
Lai Voon Wai
Managing Director – Corporate Finance

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(1) the information contained in this circular 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 circular misleading; and

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

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
1,000,000,000	Shares	10,000,000
Issued, fully paid or credited as fully paid:		
802,286,761	Shares in issue as at the Latest Practicable Date	8,022,868

All the Shares currently in issue rank pari passu in all respects with each other, including in particular, as to dividends, voting rights and capital. No part of the share capital of the Company is listed or dealt in on any stock exchange other than the Stock Exchange.

The Company has on 17 March 2004, 14 February 2006, 3 April 2006, 28 June 2006, 13 July 2006, 17 August 2006, 4 December 2006, 15 December 2006, 28 February 2007, 30 July 2007 and 17 August 2007, respectively granted options to certain Directors, full-time employees of the Group and other eligible participants entitling them the right to subscribe for a total of 47,400,000 Shares under the share option scheme adopted by the Company on 28 October 2002. As at the Latest Practicable Date, a total of 10,800,000 options were in issue.

Save as disclosed above, the Company has no other options, warrants and conversion or exchange rights convertible or exchangeable into Shares. No share or loan capital of the Company has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and share options:

	Number of Shares, held, capacity and nature of interest									
Name of Directors	Personal	Family	Corporate	Total	Approximate percentage of the Company's issued share capital (%)	Date of grant of share option	Exercise Period	Exercise price per share *HK$*	Number of share option	Approximate percentage of the Company's issued share capital (%)
Xiao Haiping	1,000,000	-	-	1,000,000	0.12	3 April 2006	3 October 2006 to 2 April 2009	1.09	1,000,000	0.12
Zhang Jialin	-	-	-	-	-	3 April 2006	3 October 2006 to 2 April 2009	1.09	2,000,000	0.25

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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 other member of the Group:

(i) Long positions in the Shares:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital (%)
CCI *(Note 1)*	Beneficial owner	220,542,000	27.49%
CCC *(Note 1)*	Interest of a controlled corporation	220,542,000	27.49%
Superhero Limited *(Note 2)*	Beneficial owner	74,979,195	9.35%
Mi Hui Ying *(Note 2)*	Interest of a controlled corporation	74,979,195	9.35%
Supreme System Investments Limited *(Note 3)*	Beneficial owner	54,001,144	6.73%
Ge Wen Bin *(Note 3)*	Interest of a controlled corporation	54,001,144	6.73%
Chan Wong Kum Fung, Cecilia	Beneficial owner	51,500,798	6.42%

Notes:

(1) CCC is deemed to be a substantial shareholder as defined in the GEM Listing Rules. CCI is a wholly-owned subsidiary of CCC.

(2) Ms. Mi Hui Ying is interested in the entire share capital of Superhero Limited and is deemed to be interested in the 74,979,195 Shares held by Superhero Limited by virtue of the SFO.

(3) Mr. Ge Wen Bin is interested in the entire share capital of Supreme System Investments Limited and is deemed to be interested in 54,001,144 Shares held by Supreme System Investments Limited by virtue of the SFO.

Save as the above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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 other member of the Group.

QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	**Qualification**
CCBI	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Grant Sherman	Independent Valuer
Nuada Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
RSM Nelson Wheeler	Certified Public Accountants

Each of CCBI, Grant Sherman, Nuada Limited and RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this circular with the expert's statement included in the form and context in which it is included and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of CCBI, Grant Sherman, Nuada Limited and RSM Nelson Wheeler did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

MANAGEMENT

As at the Latest Practicable Date, the executive Directors were Mr. He Chenguang, Mr. Xiao Haiping, Mr. Zhang Peng and Ms. Zhang Jialin, and the independent non-executive Directors are Mr. Yip Tai Him, Dr. Liu Jie and Ms. Weng Pinger.

AUDIT COMMITTEE

An audit committee has been established on 28 October 2002. Currently the audit committee comprising all the independent non-executive Directors, namely, Mr. Yip Tai Him, Dr. Liu Jie and Ms. Weng Pinger.

The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors and employees of the Group or their respective associates had any interests in a business which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company or any member of the Group which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

INTERESTS IN ASSETS

The Directors confirm that none of the Directors, CCBI, Grant Sherman, Nuada Limited and RSM Nelson Wheeler has any interest, direct or indirect, in any assets which had been, since 31 March 2007, being the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

DIRECTORS' INTEREST IN CONTRACTS

The Directors confirm that there is no contract or arrangement subsisting at the Latest Practicable Date in which a Director was materially interested and which was significant in relation to the business of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the agreement dated 1 February 2006 and entered into between CCI and Pro-Concept, for the assignment of the license of the rights to publish, replicate, reproduce, manufacture, distribute and sell the thirty-four computer game softwares and computer game guide books modified into Chinese language in the retail stores, cyber cafes and on-line servers located in the PRC and the use of the trademarks pertaining to such products and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of such products;

(b) the license agreement dated 1 February 2006 and entered into between Pro-Concept, CCP and CCI for the license of the license of the rights to publish, replicate, reproduce, manufacture, distribute and sell the thirty-four computer game softwares and computer game guide books modified into Chinese language in the retail stores, cyber cafes and on-line servers located in the PRC and the use of the trade marks pertaining to such products and all the rights and benefits in relation to the organization of electronic sports tournaments in respect of such products by Pro-Concept to CCP;

(c) the placing and subscription agreement dated 15 May 2006 entered into between CCI, Superhero Limited, the Company and VC Brokerage Limited as placing agent relating to a top-up and placing of up to a top-up and placing of up to a total of 100,000,000 Shares at HK$1.50 per Share on a best effort basis. Completion took place on 26 May 2006 and a total of 97,230,000 Shares were successfully placed and topped up;

(d) the sale and purchase agreement dated 20 October 2006 between Success Advantage, CCI and CCC as guarantor, pursuant to which Success Advantage has agreed to acquire, at a consideration of HK$620,000,000, the right to receive the net revenue from CCI (the "Net Revenue"). The Net Revenue payable by CCI to Success Advantage which is equivalent to 40% of the net sales revenue derived from operating "Sudden Attack" in the PRC by CCP from CCI for the period between 1 January 2007 and 10 August 2009;

(e) the subscription agreement dated 28 May 2007 between the Company and Sparkly Moon Continental S A (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe for 20,000,000 new Shares at the subscription price of HK$2.70 per Share. The subscription was completed on 11 June 2007;

(f) the revised and restated agreement entered into between CCI and Success Advantage on 28 May 2007 in relation to the acquisition of the right to receive the distributable profit in relation to the e-Sports Platform payable by CCI to Success Advantage;

(g) the supplemental agreement entered into between Success Advantage, CCI and CCC as guarantor on 30 June 2007 to amend the sale and purchase agreement as referred to in (d) above;

(h) a sale and purchase agreement dated 30 September 2007 between Sino Key International Ltd. and Fly Dragon International Investment Holdings Ltd. in relation to sale of 49% equity interest in a joint venture in the PRC; and

(i) the Sale and Purchase Agreement.

CORPORATE INFORMATION

(a) The registered office of the Company is located at P.O. Box 309 GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands;

(b) The head office and 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;

(c) The principal share registrar and transfer office of the Company is Bank of Butterfield International (Cayman) Limited at Butterfield House, 68 Fort Street P.O. Box 705, George Town, Grand Cayman, Cayman Islands;

(d) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong;

(e) The secretary and qualified accountant of the Company is Ms. Chan Mei Yee, who is a member of the Hong Kong Institute of Certified Public Accountants; and

(f) The compliance officer of the Company is Ms. Zhang Jialin appointed pursuant to Rule 5.19 of the GEM Listing Rules.

GENERAL

The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, during 10:00 a.m. to 4:00 p.m. on any Business Day, from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the letter from the Independent Board Committee, the text of which is set out on page 33 of this circular;

(c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 34 to 49 of this circular;

(d) the letter from RSM Nelson Wheeler in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the valuation report prepared by Grant Sherman in connection with the valuation of CCP, the text of which is set out in Appendix IV to this circular;

(f) the reports from RSM Nelson Wheeler and CCBI in connection with the valuation of CCP, the texts of which are set out in Appendix V to this circular;

(g) the annual reports of the Company for the three financial years ended 31 March 2005, 2006 and 2007;

(h) the first quarterly report of the Company for the three months ended 30 June 2007;

(i) the interim report of the Company for the six months ended 30 September 2007;

(j) the consent letters from CCBI, Grant Sherman, Nuada Limited and RSM Nelson Wheeler referred to in the paragraph headed "Qualification and consent of experts" in this appendix;

(k) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and

(l) this circular.

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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "EGM") of China Cyber Port (International) Company Limited (the "Company") will be held at 11:00 a.m. on Wednesday, 16 January 2008 at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

ORDINARY RESOLUTION

"THAT

(i) the Sale and Purchase Agreement, the CCT Agreements (both as defined in the circular of the Company dated 28 December 2007, a copy of each of the Sale and Purchase Agreement and the CCT Agreements have been produced to this meeting marked "A" and "B" respectively and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) the annual caps in relation to the CCT Agreements (as stated in the circular of the Company dated 28 December 2007), for each of the years ending respectively 31 March 2008, 2009 and 2010, be and are hereby approved; and

(iii) any one director of the Company be and is hereby authorised to do all other acts and things and execute all documents which he/she considers necessary or expedient for the implementation of and giving effect to the Sale and Purchase Agreement, the CCT Agreements and the transactions contemplated thereunder."

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

Hong Kong, 28 December 2007

Registered office:
P.O. Box 309 GT
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

* *For identification purpose only*

Notes:

1. Subject to the provisions of the articles of association of the Company, any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. On a poll, votes may be given either personally or by proxy.

2. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkgem.com. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has been certified by a notary) to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.

3. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.

5. Pursuant to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, the voting on the ordinary resolution at the EGM will be conducted by way of poll.