

The directors present the annual report and the audited financial statements of the Group for the year ended 30th June, 2001.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by shareholders at an extraordinary general meeting held on 29th March, 2001, the name of the Company was changed from eCyberChina.net Limited 光訊聯網集團有限公司 to eCyberChina Holdings Limited 光訊控股集團有限公司.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 42 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group had only three customers which contributed the whole of the Group's turnover and the turnover attributable to the Group's largest customer was approximately 47% of the Group's total turnover.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital had any interest in the share capital of any of the three largest customers of the Group.

In view of the nature of the Group's business, no purchases and suppliers were noted.

RESULTS

The results of the Group for the year ended 30th June, 2001 are set out in the consolidated income statement on page 15.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 50.

INVESTMENT PROPERTIES

During the year, investment properties with an aggregate carrying value of HK\$93,000,000 was reclassified as properties held for sale as a result of the management's decision to sell these properties in the foreseeable future. The remaining investment property of the Group was revalued by an independent firm of professional property valuers on an open market existing use basis at HK\$73,400,000. The deficit arising on revaluation of these properties of HK\$11,400,000 has been charged to the consolidated income statement.

PLANT AND EQUIPMENT

Movements in the plant and equipment of the Group and of the Company during the year are set out in note 13 to the financial statements.

DEPOSIT PAID FOR THE PURCHASE OF INVESTMENT PROPERTIES

Details of the deposits paid for the purchase of investment properties during the year are set out in note 14 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company during the year are set out in notes 27 and 28, respectively, to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Dr. Meng Xiaosu (*Honorary Chairman*)

Mr. Thomson Lee (*Vice Chairman*)

Mr. Li Zhao

Mr. Cheng Ka On, Dominic

Mr. Lau Kwong Ching, James

(resigned on 15th December, 2000)

Mr. Li Qinyi

(resigned on 10th October, 2001)

Independent Non-Executive Directors

Mr. Su Sen Chang

Ms. Huang Kai Chiun, Dorothy

(appointed on 7th April, 2001)

Mr. Li Kin Hong

(passed away on 19th March, 2001)

In accordance with Articles 94 and 102 (A) of the Company's Articles of Association, Mr. Li Zhao, Mr. Su Sen Chang and Ms. Huang Kai Chiun, Dorothy shall retire at the annual general meeting and, being eligible, offer themselves for re-election as directors of the Company.

The terms of office of the independent non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

None of the retiring directors to be re-elected at the annual general meeting had any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

Under the Company's share option scheme, details of which are set out in note 28 to the financial statements, certain directors of the Company have personal interests in share options to subscribe for shares in the Company which were granted to them during the year as follows:

Name of director	Exercisable period	Exercise price per share prior to the subdivision of shares HK\$	Exercise price adjusted for the effect of the subdivision of shares HK\$	Number of share options				
				Outstanding at 1.7.2000	Addition due to Adjustment for the subdivision of shares made during the year	Surrendered by option holders during the year	Granted subsequent to the subdivision of shares made during the year	Outstanding at 30.6.2001
Mr. Thomson Lee	22nd March, 2000 to 21st March, 2010	1.59	0.318	200,000	800,000	(1,000,000)	-	-
Mr. Cheng Ka On, Dominic	28th April, 2000 to 27th April, 2010	1.40	0.280	100,000	400,000	(500,000)	-	-
Mr. Li Zhao	29th June, 2001 to 28th June, 2011	N/A	0.200	-	-	-	1,000,000	1,000,000

Subsequent to the balance sheet date, 4,500,000 share options at the exercise price of HK\$0.2 were granted to certain directors.

Save as disclosed above, none of the directors or chief executives or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") at 30th June, 2001.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the interests disclosed above in respect of the directors, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and none of the directors or their spouses or children under the age of eighteen had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

At 30th June, 2001, details of the interests representing 10% or more of issued share capital of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance are as follows:

Name of shareholder	Notes	Number of shares held in the Company	
		Direct interest	Deemed interest
East Marton Group Limited		275,928,500	–
Angkasa Marketing (Singapore) Pte Limited (“Angkasa”)	1	75,000,000	–
Ambang Jaya Sdn. Bhd. (“Ambang”)	1	166,615,000	–
Amsteel Corporation Berhad (“Amsteel”)	1	–	241,615,000
Mr. Cheng Heng Jem	2	–	241,615,000

Notes:

1. Ambang and Angkasa are wholly-owned subsidiaries of Amsteel which is deemed by the SDI Ordinance to be interested in those shares of the Company beneficially owned by Ambang and Angkasa respectively.
2. Mr. Cheng Heng Jem is, by virtue of section 8 of the SDI Ordinance, deemed to be interested in the Company's shares in which Amsteel is interested.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company at 30th June, 2001.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 41 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Dr. Meng Xiaosu is the Chairman of China National Real Estate Development Group Company (“CRED China”) which is a state-owned real estate enterprise in the People's Republic of China (the “PRC”) engaging in property development and real estate management and related businesses. He is also a director in various member companies of CRED China. Other than his directorship in CRED China, he is not regarded to be interested in any competing business of the Group.

Save as disclosed above, at 30th June, 2001, none of the directors had any interests in competing business of the Group which was required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

There was only one member in the audit committee of the Company during the period from 19th March, 2001 to 6th April, 2001 due to decease of a former independent non-executive director of the Company. Ms. Huang Kai Chiun, Dorothy was appointed on 7th April, 2001 as an independent non-executive director of the Company to meet the requirement of having at least two independent non-executive directors under the Listing Rules. She was also appointed as a member of the audit committee on the same date.

Saved as disclosed above, the Company has complied throughout the year ended 30th June, 2001 with the "Code of Best Practice" as set out in Appendix 14 of the Listing Rules.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events of the Group are set out in note 43 to the financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu acted as auditors of the Company in respect of the financial statements for the years ended 30th June, 2000 and 2001, and Messrs. Ernst & Young acted as auditors of the Company in respect of the financial statements for the year ended 30th June, 1999. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Thomson Lee
Vice Chairman
12th November, 2001