

eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

INTERIM REPORT

Interim Report 2004



RESULTS

The Board of Directors (“Directors”) of eCyberChina Holdings Limited (the “Company”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2003.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | Six months ended | |
|--|------|------------------|-------------|
| | | 2003 | 2002 |
| | | (unaudited) | (unaudited) |
| | Note | HK\$'000 | HK\$'000 |
| Turnover | 3 | 5,387 | 7,804 |
| Direct costs | | (3,213) | (5,358) |
| Gross profit | | 2,174 | 2,446 |
| Other operating income | | 175 | 75 |
| Allowance for properties held for sale | | – | (12,400) |
| Administrative and operating expenses | | (5,212) | (13,557) |
| Loss from operations | 4 | (2,863) | (23,436) |
| Finance costs | | (3,812) | (5,623) |
| Share of results of associates | | – | (5,112) |
| Loss before taxation | | (6,675) | (34,171) |
| Taxation | 5 | – | – |
| Loss for the period | | (6,675) | (34,171) |
| Minority Interest | | – | 886 |
| Loss attributable to shareholders | | (6,675) | (33,285) |
| Loss per share | | | |
| Basic | 7 | (HK\$0.002) | (HK\$0.013) |

CONDENSED CONSOLIDATED BALANCE SHEET*As at 31 December 2003*

| | Note | 31.12.2003 (unaudited) HK\$'000 | 30.6.2003 (audited) HK\$'000 |
|---|------|---------------------------------------|------------------------------------|
| Non-Current Assets | | | |
| Investment properties | 8 | 62,000 | 62,000 |
| Property, plant and equipment | | 1,213 | 1,537 |
| Deposit paid for the purchase of investment properties | | – | – |
| Interests in associates | | – | – |
| Interests in a jointly controlled entity | | – | – |
| | | <u>63,213</u> | <u>63,537</u> |
| Current Assets | | | |
| Inventories | | 397 | 787 |
| Properties held for sale | | 71,500 | 71,500 |
| Trade and other receivables | 9 | 3,194 | 2,678 |
| Amount due from associates | | – | 1,045 |
| Bank balances and cash | | 1,048 | 144 |
| | | <u>76,139</u> | <u>76,154</u> |
| Current Liabilities | | | |
| Deposit received on disposal of properties held for sale | | 25,757 | 25,757 |
| Trade and other payables | 10 | 25,667 | 22,772 |
| Obligations under finance leases – due within one year | | 137 | 203 |
| Bank and other borrowings – due within one year | 11 | 73,143 | 69,629 |
| | | <u>124,704</u> | <u>118,361</u> |
| Net Current Liabilities | | <u>(48,565)</u> | <u>(42,207)</u> |
| | | <u>14,648</u> | <u>21,330</u> |
| Capital and Reserves | | | |
| Share capital | 14 | 573,500 | 573,500 |
| Reserves | | (558,891) | (552,216) |
| | | <u>14,609</u> | <u>21,284</u> |
| Minority interest | | – | – |
| | | <u>14,609</u> | <u>21,284</u> |
| Non-Current Liabilities | | | |
| Obligations under finance leases – due after one year | | 39 | 46 |
| | | <u>14,648</u> | <u>21,330</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2003*

| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Other Reserve <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|--|--------------------------|
| At 1 July 2002 | 516,700 | 103,257 | - | (561,794) | 58,163 |
| Issue of shares for acquisition of an associate | 56,800 | - | (51,688) | - | 5,112 |
| Loss attributable to shareholders | - | - | - | (33,285) | (33,285) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2002 | 573,500 | 103,257 | (51,688) | (595,079) | 29,990 |
| Loss attributable to shareholders | - | - | - | (8,706) | (8,706) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2003 | 573,500 | 103,257 | (51,688) | (603,785) | 21,284 |
| Loss attributable to shareholders | - | - | - | (6,675) | (6,675) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2003 | <u>573,500</u> | <u>103,257</u> | <u>(51,688)</u> | <u>(610,460)</u> | <u>14,609</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 31 December 2003*

| | For the six months ended 31 December | |
|--|---|-------------|
| | 2003 | 2002 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | (3,759) | (13,435) |
| Net cash from investing activities | 1,222 | 1,317 |
| Net cash from financing activities | 5,542 | 11,670 |
| | <hr/> | <hr/> |
| Net increase(decrease) in cash and cash equivalents | 3,005 | (448) |
| Cash and cash equivalents at 1 July | (1,957) | (2,171) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 31 December | 1,048 | (2,619) |
| | <hr/> | <hr/> |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investments properties.

In the opinion of the directors, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2003, except as described below.

SSAP 12: Income Taxes

In the current period, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognized in respect of timing difference arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit with limited exceptions. The adoption of SSAP 12 (revised) had no material effect on the results for the current period.

3. SEGMENT INFORMATION

Business segments

The Group is currently operating into two business segments, property investment and manufacturing and trading of equipment and accessories for broadband and cable television.

Turnover of the Group represents net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances and property rental income during the period.

3. SEGMENT INFORMATION (continued)

Segment information about these businesses is presented below:

Six months ended 31 December 2003

| | Property Investment <i>HK\$'000</i> | Manufacturing and trading <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|--------------------------------|---|---|---------------------------------|
| Turnover | <u>1,641</u> | <u>3,746</u> | <u>5,387</u> |
| RESULTS | | | |
| Segment results | <u>1,587</u> | <u>(583)</u> | 1,004 |
| Unallocated corporate income | | | 114 |
| Unallocated corporate expenses | | | <u>(3,981)</u> |
| LOSS FROM OPERATIONS | | | <u>(2,863)</u> |

Six months ended 31 December 2002

| | Property Investment <i>HK\$'000</i> | Manufacturing and trading <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|--------------------------------|---|---|---------------------------------|
| Turnover | <u>3,198</u> | <u>4,606</u> | <u>7,804</u> |
| RESULTS | | | |
| Segment results | <u>(11,903)</u> | <u>(3,376)</u> | (15,279) |
| Unallocated corporate income | | | 75 |
| Unallocated corporate expenses | | | <u>(8,232)</u> |
| LOSS FROM OPERATIONS | | | <u>(23,436)</u> |

Geographical segment

The following table provides an analysis of the Group sales by geographical market irrespective of the origin of the services:

| | 2003 <i>HK\$'000</i> | 2002 <i>HK\$'000</i> |
|--------------------------|-------------------------|-------------------------|
| PRC, excluding Hong Kong | <u>3,746</u> | 6,162 |
| Hong Kong | <u>1,641</u> | <u>1,642</u> |
| | <u>5,387</u> | <u>7,804</u> |

4. LOSS FROM OPERATIONS

| | 2003 <i>HK\$'000</i> | 2002 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Loss from operations has been arrived at after charging (crediting): | | |
| Staff costs, including directors' remuneration: | 601 | 2,722 |
| Depreciation and amortisation of property, plant and equipment | 307 | 844 |

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the companies comprising the Group did not have any assessable profit for the both periods.

The Group had no significant unprovided deferred taxation for the period or at the balance sheet date.

6. INTERIM DIVIDEND

The Board of Directors does not recommend to declare any interim dividend for the six months ended 31 December 2003 (2002: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of approximately HK\$6,675,000 (2002: HK\$33,285,000) and on the weighted average number of 2,867,500,000 (2002: 2,568,771,233) shares in issue throughout the period.

No diluted loss per share has been presented because the exercise of the Company's outstanding share options would have an anti-dilutive effect on loss per share for the six months ended 31 December 2003 and 2002.

8. MOVEMENTS IN INVESTMENT PROPERTIES

At 31 December 2003, the directors have considered the carrying amount of the Group's investment properties and have estimated that the carrying amount does not differ significantly from that would be determined using fair values at that date. Accordingly, the same valuation as at 30 June 2003 has been adopted by the directors for those properties and included in the interim financial report.

9. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to 90 days to its trade customers. For rental income, payment in advance is normally required.

The aged analysis of trade receivable is stated as follows:

| | 31.12.2003 (unaudited) <i>HK\$'000</i> | 30.6.2003 (audited) <i>HK\$'000</i> |
|---------------|--|---|
| 0 to 60 days | 1,012 | 590 |
| 61 to 90 days | 376 | 42 |
| Over 90 days | <u>1,192</u> | <u>1,321</u> |
| | <u>2,580</u> | <u>1,953</u> |

10. TRADE PAYABLES

The aged analysis of trade payables is as follows:

| | 31.12.2003 (unaudited) <i>HK\$'000</i> | 30.6.2003 (audited) <i>HK\$'000</i> |
|---------------|--|---|
| 0 to 60 days | 171 | 241 |
| 61 to 90 days | 152 | 118 |
| Over 90 days | <u>780</u> | <u>966</u> |
| | <u>1,103</u> | <u>1,325</u> |

11. BANK AND OTHER BORROWING

During the period, the Group obtained new bank and import loans in the amount of approximately HK\$12,196,000 and made repayment of approximately HK\$6,581,000. The new loans bear interest at prevailing market rates and repayable in one to five years.

12. CONTINGENT LIABILITIES

| | 31.12.2003 (unaudited) HK\$'000 | 30.6.2003 (audited) HK\$'000 |
|---|--|------------------------------------|
| Guarantees given to banks and a financial institution in respect of facilities granted to | | |
| – subsidiaries | – | – |
| – a related company (<i>Note</i>) | 4,610 | 4,610 |
| | 4,610 | 4,610 |

Note: A leasing facility amounting to approximately HK\$4.61 million (30.6.2003: HK\$4.61 million) granted by a leasing company to a former related company, is secured by a corporate guarantee provided by the Company. A counter-indemnity from that former related company of the same amount was obtained by the Company. Dr. Meng Xiaosu, a former director of the Company, is also a director of the former related company.

In addition, pursuant to an agreement entered into by the Company, two of its subsidiaries and two third parties in February 2003, the Group had disposed of a subsidiary, World Giant Limited (“World Giant”), a company engaged in property investment in the PRC. In this connection, the Company has undertaken to indemnify World Giant for, among others, any increase in the liabilities of World Giant as a result of any claim for taxation arising from any transactions effected on or before the completion date of the above disposal. In October 2004, World Giant received a payment request from the PRC tax authority in respect of PRC property taxes relating to the property held by World Giant in the aggregate amount of approximately HK\$8 million, including the late payment surcharge levied by the tax authorities, of which approximately HK\$6.1 million was in respect of transactions on or before the completion date. The existing management of World Giant has indicated to the Directors that the amount in respect of transactions on or before the completion date should be paid by the Company. However, the Directors are of the opinion that as such amount has been fully accrued in the accounts of the World Giant at the time of disposal, the Company has no obligation to pay the above taxes. Accordingly the Directors are currently discussing with the existing management of World Giant on this matter and consider that the outcome of this discussion will not have a material adverse effect on the financial position of the Company or the Group.

13. PLEDGE OF ASSETS

At the balance sheet date, certain assets of the Group with the following net book values have been pledged to secure borrowings granted to the Group:

| | 31.12.2003 (unaudited) HK\$'000 | 30.6.2003 (audited) HK\$'000 |
|------------------------------|--|------------------------------------|
| Investment properties | 62,000 | 62,000 |
| Leasehold land and buildings | 553 | 601 |
| | <u>62,553</u> | <u>62,601</u> |

14. SHARE CAPITAL

| | Number of ordinary shares <i>'000</i> | Amount HK\$'000 |
|--|---|---------------------------|
| Authorised: | | |
| At 1 July 2002, 31 December 2002 and 30 June 2003 | <u>4,000,000</u> | <u>800,000</u> |
| Issued and fully paid: | | |
| At 1 July 2002 | 2,583,500 | 516,700 |
| Issue of shares for acquisition of an associate (<i>Note i</i>) | <u>284,000</u> | <u>56,800</u> |
| At 31 December 2002, 30 June 2003 and 31 December 2003 | <u>2,867,500</u> | <u>573,500</u> |

Note:

- i. On 5 September 2002, 284,000,000 new shares of HK\$0.2 each of the Company were issued to an independent third party at par, representing a premium of 1,011% to the closing price of HK\$0.018 per the Company's shares as quoted on the Stock Exchange on 31 July 2002, the latest date prior to the suspension in trading of the Company's shares on the Stock Exchange, as the consideration for the acquisition of a 49% equity interest in Masterful Resources Limited.

15. SHARE OPTION SCHEME

Share option scheme adopted in 1999

Pursuant to the share option scheme (the “1999 Scheme”) adopted by the Company on 19 July 1999, the board of directors of the Company may grant options to any directors, officers or employees of the Company or of any of its subsidiaries (the “Participants”) to subscribe for shares in the Company at any price which is not less than the nominal value of the shares nor 80% of the average closing price of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options. The maximum number of shares in respect of which options may be granted under the 1999 Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

Share option scheme adopted in 2002

On 25 July 2002, the share option scheme adopted by the Company on 19 July 1999 was terminated and replaced by a new share option scheme (the “2002 Scheme”) pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on the same day. In accordance with the 2002 Scheme, the board of directors of the Company may grant options to any employees, directors, shareholders, suppliers, customers of the Group and any other person or company who has contributed or may contribute to the development and growth of the Group to subscribe for shares in the Company at any price which is at least the highest of (i) of the closing price of the shares of the Company on the date of the grant of the options; (ii) the average closing price of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of the shares of the Company. The maximum number of shares in respect of which options may be granted under the 2002 Scheme shall not exceed 10% of the shares in issue as at the adoption date of the 2002 Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted to each eligible person under the 2002 Scheme in any twelve months period must not exceed 1% of the shares in issue at the date of such grant unless approved by the shareholders in general meeting.

No option has been granted since the adoption of the 2002 Scheme.

15. SHARE OPTION SCHEME (continued)

Details of the movements of the options under the 1999 Scheme during the period under review and the outstanding options at 31 December 2003 are as follows:

| Exercise price HK\$ | Month of grant | Number of options | | | | |
|------------------------|----------------|-------------------------------------|--|--|-------------------------------------|---|
| | | Outstanding as at 1 July 2002 | Granted during the year ended 30 June 2003 | Surrendered by Option holders during the year ended 30 June 2003 | Outstanding as at 1 July 2003 | Outstanding as at 31 December 2003 |
| 0.200 | June 2001 | 86,300,000 | - | (86,150,000) | 150,000 | 150,000 |
| 0.200 | July 2001 | 36,225,000 | - | (36,125,000) | 100,000 | 100,000 |
| 0.202 | May 2002 | 76,505,000 | - | (50,670,000) | 25,835,000 | 25,835,000 |
| 0.200 | July 2002 | - | 15,520,000 | (15,520,000) | - | - |
| | | <u>199,030,000</u> | <u>15,520,000</u> | <u>(188,465,000)</u> | <u>26,085,000</u> | <u>26,085,000</u> |

There was no exercise, nor surrender of share options during the period under review.

16. CONNECTED TRANSACTIONS

During the interim reporting period, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

A corporation to which a director of 珠海再創通信技術有限公司 (“珠海再創”), a non-wholly owned subsidiary of the Company, had an interest and a director of 珠海再創 made advances to 珠海再創 for working capital purposes. The advances are unsecured and have no fixed repayment term and bear interest at approximately 0.53% per month. The Group accrued interest of approximately HK\$103,321 on such advances during the period.

17. POST BALANCE SHEET EVENTS

The following significant events occurred subsequent to the balance sheet date:

On 30 August 2004, a provisional agreement was entered into between the Company and an independent third party under which that party agreed to subscribe for a convertible note in the principal amount of HK\$30 million to be issued by the Company. The convertible note gave the holder thereof the right to convert the principal amount into approximately 75% of the issued share capital of the Company following a proposed capital reduction exercise of the Company. On 26th August, 2004, the potential investor paid a refundable deposit of HK\$2.5 million to the Company in connection with the above proposed subscription. Another HK\$2.5 million deposit will be paid upon signing of the formal agreement. The above agreement is conditional upon, among other things, the relevant approvals being obtained from the High Court of Hong Kong, the relevant Hong Kong regulatory authorities and the Company's shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Operation Review

The Group had the turnover of approximately HK\$5.4 million for the six months ended 31 December 2003 (2002: HK\$7.8 million), which was mainly attributable to the rental incomes from the investment properties and operations in trading and manufacturing media equipment and peripherals in the People's Republic of China (the "PRC").

Turnover from operations in retailing and manufacturing state-of-art technology in the PRC was steady during the period under review. Such operations in the PRC had been successfully accredited the agency of technological products by several prestigious European, American and Japanese corporations in the PRC and was embarking a new business by provision of comprehensive after-sale services in various provinces in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity, Financial Resources and Capital Structure

As at 31 December 2003, the gearing ratio of the Group rapidly increased to 502% (30 June 2003: 328%). It was computed on the base of the aggregate interests bearing loans, which comprise of bank borrowings, loans, overdraft, other borrowings and obligations under hire purchase contracts and finance lease, divided by the amount of shareholders' equity.

As at 31 December 2003, the Group had short-term loans and overdraft facilities with banks and financial institutions approximately amounting to HK\$73 million (30 June 2003: HK\$70 million). The loans were at interests of prevailing commercial lending rates.

All of the Group's bank balances and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, risk in exchange rate fluctuation would be immaterial. Thus, the Group does not use any hedges.

Other matters

There were no significant changes in the Group's employee remuneration and benefit policies, future plans, significant investment held, or charges on the Group's assets since the most recent published annual report. The management is not aware of any seasonal or cyclical factors that affect the interim results of the Group.

Prospects

The Mainland-Hong Kong Closer Economic Partnership Arrangement (CEPA) took effect on 1 January 2004. CEPA aims at attracting investments to and providing a preferential market in Hong Kong for easier access to markets either in the PRC or Hong Kong. Economic in Hong Kong is shown rebounding from the outbreak of the deadly SARS and blooming. The management is optimistic that the Group's rental incomes from the investment property would be going up gradually.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

In view of the worldwide economic downturn, the Company had already sharpened its competitive edge. The Group will continuously adopt stringent cost control measures and strive to enhance the market penetration of the high technology products to generate plausible stable and recurring incomes to the Group. To well-diversify the business portfolio of the Group, the Group will explore any new emerging potential business for more steady incomes.

DIRECTORS' INTERESTS IN SECURITIES

Details of the Company's share option scheme are set out in Note 17 to the Condensed Financial Statements.

As at 31 December 2003, the following directors of the Company had personal interests in share options granted under the 1999 Scheme to subscribe for shares in the Company as follows:

| Name of director | Number of Share Options Outstanding at 1 July 2003 | Exercisable period | Exercisable price per share HK\$ | Number of Share Options Outstanding at 31 December 2003 |
|------------------|---|----------------------------|---|--|
| Mr. Lu Liang | 25,835,000 | 24 May 2002 to 23 May 2012 | 0.202 | 25,835,000 |

No share option was granted to, exercised or surrendered by the directors of the Company during the six months ended 31 December 2003.

Mr. Lu Liang, a director of the Company, holds 50% equity interest in Etrade Century Limited, an associate of the Group.

Save as disclosed above, none of directors, chief executives nor their associates, had any interests or short positions in any shares, underlying shares or rights to subscribe for the securities of the Company as at 31 December 2003.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Other than the interests disclosed above in respect of the directors of the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under the age of eighteen, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2003, the register of substantial shareholders maintained by the Company under Part XV of the Securities and Futures Ordinance showed that the following persons had an interest of 5% or more in the Company's issued share capital:

| Name of shareholder | Note | Number of ordinary shares of the Company held | | Percentage of shareholding |
|---|------|--|--------------------|-------------------------------|
| | | Direct interest | Deemed interest | |
| Ventures Victory Limited | | 227,325,000 | | 9.67% |
| East Marton Group Limited | | 275,928,500 | | 9.62% |
| KGI Securities Co., Limited | 1 | | 275,928,500 | 9.62% |
| Absolute Rich Assets Limited ("Absolute Rich") | 2 | 99,830,000 | | 3.48% |
| Precise Time International Limited ("Precise Time") | 2 | 61,880,000 | | 2.16% |
| Success Pacific Enterprises Limited ("Success") | 2 | 99,830,000 | | 3.48% |
| Mr. Li Jian Min | 2 | | 261,540,000 | 9.12% |
| Ambang Jaya Sdn. Bhd. ("Ambang") | 3 | 166,615,000 | | 5.81% |
| Angkasa Marketing (Singapore) Pte Limited ("Angkasa") | 3 | 75,000,000 | | 2.62% |
| Amsteel Corporation Berhad ("Amsteel") | 3 | | 241,615,000 | 8.43% |
| Mr. Cheng Heng Jem | 4 | 241,615,000 | | 8.43% |
| Asia Tele-net and Technology Corporation Limited ("Asia Tele-net") | 5 | | 180,030,000 | 6.28% |
| ATNT Global Investments Co. Limited ("ATNT Global") | 5 | 180,030,000 | | 6.28% |
| Cyber Relationship Limited ("Cyber") | 6 | 175,000,000 | | 6.10% |
| China National Real Estate Development Group Company | 6 | | 175,000,000 | 6.10% |
| Kargill High Growth Fund | | 165,000,000 | | 5.75% |

SUBSTANTIAL SHAREHOLDERS (continued)*Note:*

1. KGI Securities Co., Limited is deemed to be interested in the Company's shares held by Global Treasure Investments Limited, its indirect subsidiary, by means of holding indirect and direct controlling interests in Richpoint Company Limited, KG Investments Holdings Limited, KGI International Holdings Limited and KGI Limited.
2. Mr. Li Jian Min is deemed to be interested in the Company's shares in which Absolute Rich, Precise Time and Success are interested.
3. Ambang and Angkasa are wholly-owned subsidiaries of Amsteel which is deemed to be interested in those shares of the Company beneficially owned by Ambang and Angkasa respectively.
4. Mr. Cheng Heng Jem is deemed to be interested in the Company's shares in which Amsteel is interested.
5. ATNT Global is a wholly-owned subsidiary of Asia Tele-net which is deemed to be interested in those shares of the Company beneficially owned by ATNT Global.
6. Cyber is a wholly-owned subsidiary of China National Real Estate Development Group Company which is deemed to be interested in those shares of the Company beneficially owned by Cyber.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the issued share capital of the Company at 31 December 2003.

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the six months ended 31 December 2003.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not in compliance with the Code of Best Practice as set out in Appendix 14 of The Rules Governing The Listing of Securities on the Stock Exchange for any part of the six months ended 31 December 2003 except the delay in publishing the results.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed auditing, internal controls and financial report matters including a review of the unaudited interim accounts for the six months ended 31 December 2003.

By Order of the Board
eCyberChina Holdings Limited
NG YAN
Director

Hong Kong, 26 November 2004

As at the date of this report, the Board of Directors of the Company comprises four executive Directors, namely Mr. Lu Liang, Mr. Ng Yan, Mr. Tao Wei Ming and Mr. Tsang Kar Tong, and three Independent Non-executive Directors, namely Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Ms. Lyn Yee Chen, Jean.