

Auditors' Report



Deloitte.
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TO THE MEMBERS OF

eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 18 to 58 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

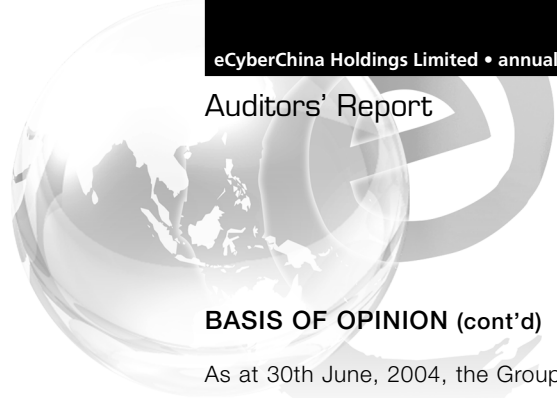
It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants except that the scope of our work was limited as set out below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited.



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BASIS OF OPINION (cont'd)

As at 30th June, 2004, the Group held a 20.28% equity interest in a jointly controlled entity incorporated in the People's Republic of China (the "PRC"), 中房集團華東置業股份有限公司 (China Real Estate Development Group Huadong Properties Company Limited) ("CRED Huadong"), with a nil carrying amount. We were unable to obtain sufficient reliable financial information in respect of CRED Huadong to assess whether there is any material misstatement of this carrying amount. Any adjustment to the carrying amount of the interest in CRED Huadong would affect the Group's net assets as at 30th June, 2004 and its loss for the year then ended.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Fundamental uncertainty relating to the ownership of properties held for sale

In forming our opinion, we have considered the adequacy of disclosures made in note 18 to the financial statements which explain the uncertainty regarding the ownership of the Group's properties held for sale included in the consolidated balance sheet as at 30th June, 2004 at net realisable value of HK\$71.5 million. The Directors are continuing to negotiate with the vendor for the transfer of legal title of the properties to the Group. However, after seeking opinion from a PRC law firm, the Directors are of the view that the Group's rights to the properties are legally enforceable and they are currently considering taking legal action to enforce the Group's rights. Although the outcome of this matter cannot be determined with reasonable certainty at this time, the Directors remain confident that the Group will be able to obtain legal title to the properties. We consider that appropriate disclosures have been made. However, in view of the extent of the uncertainty relating to the Group's ownership of the properties, we disclaim our opinion in this respect.

Fundamental uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements which explain that the Directors have been taking steps to improve the financial position of the Group including:

- (a) the extension of the repayment dates of borrowings of approximately HK\$33 million as agreed by the relevant creditors;
- (b) continuing negotiations with the vendor of the properties held for sale for the transfer of the title of the properties to the Group as referred to above;
- (c) the successful extension of the completion date for the disposal of the properties referred to in (b) to a prospective purchaser;
- (d) continuing negotiations with the prospective purchaser to complete the disposal of the properties referred to in (b); and
- (e) the negotiations with a potential investor for the subscription of a convertible note of HK\$30 million to be issued by the Company.

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BASIS OF OPINION (cont'd)

Provided that the proposed transactions (b), (d) and (e) referred to in the preceding paragraph can be successfully completed, the Directors are satisfied that the Group will have sufficient working capital to meet in full its financial obligations as they fall due for the foreseeable future. The financial statements do not include any adjustments that would result from a failure to complete the above proposed transactions or to obtain other funding. We consider that the fundamental uncertainty has been adequately disclosed in the financial statements. However, in view of the extent of the uncertainty relating to the successful completion of these transactions, we disclaim our opinion in this respect.

DISCLAIMER OF OPINION

Because of the fundamental uncertainties relating to the ownership of properties held for sale and relating to the going concern basis and because of the limitation in the scope of work described in the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2004 and of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the Companies Ordinance.

In respect alone of the limitation on our work relating to investment in a jointly controlled entity, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

7th February, 2005