



# Chairman's Statement

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On behalf of the board of directors (the "Board"), I am pleased to present to the shareholders the annual report of eCyberChina Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 30 June 2005.

## RESULTS

During the year under review, the Group's turnover was HK\$4.95 million, representing a decrease of 23.3% as compared to the last year of HK\$6.45 million. Profit attributable to shareholders was HK\$11.5 million (2004: loss of HK\$5.2 million), the profit was recorded due to the revaluation increase of investment properties and properties held for sale of HK\$33 million (2004: HK\$16 million).

The Group resolved not to declare any dividend for the year ended 30 June 2005 (2004: Nil).

## BUSINESS REVIEW

The substantial shareholders (the "Shareholders") and the management of the Group (the "Management") have, at their best endeavor, proactively brought into life various measures and motion plans to enhance the economical and functional capabilities of the Group in the past 18 months by (i) contributing by way of injection into the Group; (ii) engaging well recognised professionals to improve the internal controls of the Group; (iii) actively seeking profitable business opportunities along existing lines of business to enhance the value of the Group for the short and medium term and (iv) by providing finance in order to buy time so that eventually the property located at 30/F Wu Chung House, No 213 Queen's Road East, Hong Kong was sold at a relatively favourable price of HK\$104 million at an appropriate time when the Hong Kong property market was experiencing a booming period.

## FUTURE PROSPECT

The Management has successfully secured a property consultancy contract with a reputable property developer in October 2005 (the "Contract"), which has been under negotiation since July 2005 and will generate approximately of HK\$20 million revenue per annum for the Group, while several similar projects have been under negotiation simultaneously. The Management is confident that more contracts of similar nature and fee structure will be secured within the coming 3 to 6 months. As a result, the cashflow of the Group will be improved significantly.

Apart from putting their best effort to bring profit to the Group, the Management has been working towards the trimming of operating expenses of the Group in order to minimize any possibility of unnecessary outflow of resources, which may include the cessation or disposal of some loss making business of the Group. Prior to making any decision, the Management would, with its best effort, conduct a thorough and precise assessment of those loss-making projects in hand.

## COMMENTS ON THE AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2005 OF THE GROUP

The Board is aware that the auditors of the Group, CCIF CPA Limited has formed disclaimer of opinion on the state of affairs of the Group as at 30 June 2005. Our response to the above disclaimer opinion is as follows.



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## **Fundamental uncertainty relating to the ownership of properties held for sale**

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”) confirmed in its board meeting dated 21 October 2005 that the legal title of the properties held for sale in PRC will be transferred to the Group. CRED Huadong also confirmed in writing to the Group on 24 October 2005 that the registration of transferring the legal title of the properties held for sale will be completed on or before mid-November 2005. The Group has obtained the legal opinion of PRC lawyers which states that the Group has a legal title in respect of the ownership of properties held for sale. The Group has already filed the registration forms relating to the legal title of the properties held for sale to the relevant PRC government department on 25 October 2005.

In view of the above development of the ownership of properties held for sale, the Management is of the opinion that the Group has good title as to the ownership of properties held for sale.

## **Fundamental uncertainty relating to the going concern basis**

Based on the fact that (i) the dispute relating to the ownership of properties held for sale has been resolved; (ii) HK\$5 million has been received by the Group as a result of entering the sale and purchase agreement for the disposal of 30/F Wu Chung Building 213 Queen's Road East Hong Kong at approximately HK\$104 million dated 4 October 2005; (iii) a standby facilities letter of HK\$30 million from Wah Kin Investments Limited dated 26 October 2005, which a well recognised bank has confirmed that Wah Kin Investments Limited is able to invest such amount to the Group subject to certain conditions on 10 May 2005; and (iv) the property management consultancy contract entered into by the Group dated 19 August 2005, as mentioned above, Management is of the opinion that the Group will have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future. The Group, therefore should not have any going concern issue in the coming 2 years.

## **APPRECIATION**

Finally, I would like to express my sincerest thanks and appreciation to all my colleagues and staff for their loyalty and dedicated support to the Group during the year.

On behalf of the Board

**Ho Chi Wing**

*Chairman*

Hong Kong, 27 October 2005