

Auditors' Report



CCIF

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TO THE SHAREHOLDERS 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 19 to 56 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 judgements 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 as follows.



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BASIS OF OPINION (cont'd)

The consolidated balance sheet as at 30 June 2004 included an interest of 20.28% 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. The former auditors were unable to assess whether there was any material misstatement of this carrying amount. During the year, the Company disposed of its subsidiary, Huadong Share Investments Limited ("Huadong Share") which held the equity interest of CRED Huadong. Accordingly, we were unable to satisfy ourselves that the gain on such a disposal was fairly stated in the consolidated financial statements for the year ended 30 June 2005. Any adjustments relating thereto would have a consequential effect on the results of the Group for the current year and the related disclosures thereof in the financial statements.

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 19 to the financial statements which explained the uncertainty regarding the ownership of the Group's properties held for sale included in the consolidated balance sheet as at 30 June 2005 at net realisable value of HK\$78.2 million. The directors are continuing to arrange for the transfer of legal title of the properties to the Group and the vendor had signed the application form for processing the transfer of legal title of the properties. Although the outcome of this matter cannot be determined with certainty at this time, the directors are 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) continuing arrangement for the transfer of the title of the properties held for sale to the Group as referred to above;
- (b) the successful extension of the completion date for the disposal of the properties referred to in (a) to a prospective purchaser;
- (c) continuing negotiations with the prospective purchaser to complete the disposal of the properties referred to in (a); and
- (d) the successful completion of the disposal of the investment properties of the Group as described in note 37(b) to the financial statements.



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BASIS OF OPINION (cont'd)

Provided that the proposed transactions (a), (c) and (d) 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 steps, 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 30 June 2005 and of the profit 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 in Huadong Share, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 27 October 2005

Chan Wai Dune, Charles
Practising Certificate Number P00712