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eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

**VERY SUBSTANTIAL ACQUISITION,
TERMINATION OF THE DEED OF SETTLEMENT AND THE
SUBSCRIPTION AGREEMENT**

The Board announces that the Company's wholly owned subsidiary, First Union Limited ("FUL") entered into a Sale and Purchase Agreement ("Agreement") on 5th March 2007, pursuant to which FUL agreed to purchase the Property from the Vendor through a company to be formed by FUL in the PRC ("the New Company") for a consideration of RMB58,000,000 (equivalent to approximately HK\$59,334,000 (based upon the exchange rate of RMB/HKD at 1.023 at 5th March 2007)).

The Transaction constitutes a very substantial acquisition for the Company under the Listing Rules. As such, the Transaction is subject to approval by the Shareholders at the EGM.

An EGM will be held to consider and, if thought fit, approve the Transaction. A notice of the EGM will be contained in a circular to be dispatched to the Shareholders in connection therewith.

In the announcement dated 20th February 2006, it was announced that the Company had entered into a Deed of Settlement and a Subscription Agreement with the Creditor for settlement of the Indebtedness. The circular to shareholders of the Company containing information relating to the Deed of Settlement, the Subscription Agreement, the proposed increase in Authorized Share Capital, and the proposed Amendments to the Articles of Association and the Notice of Special General Meeting ("the Related Actions") as announced on 20th February 2006 was delayed to a date on or before 10th April 2006 which was announced on 10th March 2006. Subsequently, the Deed of Settlement and the Subscription Agreement fell through. Therefore, it is no longer necessary to carry out the Related Actions as contemplated and announced in the announcements dated 20th February 2006 and 10th March 2006.

By a decision of the Listing Appeals Committee of 12th March 2007, the Resumption Proposal of the Company as revised and submitted to the Stock Exchange on 3rd April 2006 and supplemented by subsequent submissions was allowed subject to compliance of the conditions imposed by the Stock Exchange.

THE AGREEMENT

- (1) **Date:** 5th March 2007
- (2) **Parties:**
Purchaser: FUL, a wholly owned subsidiary of the Company incorporated under the laws of Hong Kong.

- Vendor: 內蒙古眾維房地產開發有限責任公司 (Huhehaote Zhongwei Estate Development Company Limited), a company incorporated in the PRC with limited liability.
- (3) **Property:** Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre situated at No.139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, PRC. The Property sits on land size of 8,721.4 square meters and has total construction area of 19,831.54 square meters all of which have been let out to retail shops selling mainly household furniture and merchandise of household purposes.
- (4) **Consideration:**
The total consideration for the Parties shall be RMB58,000,000 (equivalent to approximately HK\$59,334,000 (based upon the exchange rate at 1.023 as at 5th March 2007)).
- (5) **Payment Terms:**
The Purchaser shall pay the Consideration to the Vendor according to the following schedule:
- | | |
|---|----------------------------------|
| Within 30 days from the date of signing the Agreement | HK\$3,000,000 |
| On Completion | HK\$10,000,000 |
| Within 2 years from the Completion Date | the balance of the Consideration |
- (6) **Conditions:**
- (i) the Purchaser shall, upon signing the Agreement, form the New Company in the PRC to hold the Property. The Vendor shall endeavour to obtain all necessary consents and approvals from the relevant authorities in the PRC for the purpose of establishing the New Company and transferring the Vendor's ownership in the Property to the New Company;
 - (ii) the Vendor shall, before 16th March 2007, provide to the Purchaser written warranties and representations on the financial conditions, title, legality and management of the Property;
The Purchaser shall conduct due diligence on the financial conditions, title, legality and management of the Property and confirm in writing its satisfaction of such due diligence;
 - (iii) the Purchaser shall as soon as possible hold the EGM to approve the Transaction;
 - (iv) the Vendor shall
 - (a) possess all legal documentations in relation to the Property;
 - (b) not sign any sale and purchase agreement with any third party with respect to the Property upon the signing of the Agreement;
 - (c) provide the Purchaser with all the legal documentations on the Property and any other documents in relation thereof to facilitate the transfer of ownership;
 - (d) possess title to the Property and right prior to Completion and warrant that the Property is free from encumbrances. The Vendor warrants that all outstanding management fees, water bills, electricity bills, gas bills, and heat (air conditioning) charges will be settled prior to Completion;
 - (v) the Purchaser shall:
 - (a) timely pay all taxes and charges in connection with the purchase of the Property;
 - (b) upon Completion and the completion of the title transfer procedures, own the title and the right to use the Property.
- (7) **Completion:**
Completion shall be within 60 days from the date of signing of the Agreement but shall not be later than 31st July 2007.
- (8) **Breach and Indemnity:**
Any non-compliance of any terms in this Agreement is a breach of this Agreement. The Party in breach of this Agreement shall pay the other Party an indemnity of RMB300,000.
- (9) **Force Majeure:**
If at any time prior to the Completion, there shall occur any material adverse changes in national, or international financial, political and military conditions, or an event of force majeure including an act of God, war, mutiny, epidemic, strike, etc., or events happened on the Parties which have an adverse effect on the transfer of the Property, then the Parties shall have a right to terminate the Agreement in writing in which event everything contained therein shall be null and void and shall have no legal effect.

(10) **Mediation and Arbitration:**

In case of dispute between the Parties during the performance of this Agreement, the Parties shall try to negotiate with each other. If no agreement is reached by negotiation, the dispute may be resolved by way of:

- (i) submission to arbitration conducted by the arbitration board; or
- (ii) initiating legal proceedings in a People's Court with jurisdiction.

(11) **Governing Laws:**

The Agreement is legally binding upon the Parties according to the PRC laws.

IRREVOCABLE GUARANTEE

On 5th March 2007, the Vendor provided to the Purchaser a separate irrevocable guarantee to guarantee that the annual rental income generated from the Property shall not be less than RMB9,000,000 and the net profit shall not be less than RMB4,000,000. The irrevocable guarantee is valid from the date of signing the irrevocable guarantee up to 27th February 2010.

SUPPLEMENTAL AGREEMENT

On 5th March 2007, the Parties entered into a supplemental agreement in which the Vendor agreed to grant FUL a first right of refusal for FUL to jointly develop a property project ("the Project") on the Land together with the Vendor ("the Joint Venture"). As far as the Board is aware, the Vendor has a present intention to develop the Land into a large scale residential complex together with commercial buildings which will provide in total of construction area of 172,800 square meters of which 28,100 square meters is for commercial purpose. The residential buildings include villas houses, multi-story residential buildings and service apartments. Upon completion of the Project, there will be multi-story car parks with around 1,027 car parking spaces and the ratio of landscaping can amount up to 40% of the land under the development. The Project and the Joint Venture is at a conceptual stage and might or might not proceed. Further announcement will be made by the Company as and when appropriate in relation to the Project and the Joint Venture.

INFORMATION ON THE VENDOR

The Vendor is a limited company incorporated in the PRC and, as far as the Board is aware, its major business is property development.

INFORMATION OF THE PURCHASER

The Purchaser is a wholly owned subsidiary of the Company. The principal business of the Purchaser is general investment.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's and its subsidiaries' principal activities consist of property investment. The Company has received a considerable sum of cash from the disposal of its Hong Kong property in 2006. Since the sale of the Hong Kong property, the Company has concentrated its efforts on sourcing projects to strengthen its assets and revenue. Based on the information provided by the Vendor, the Board is informed that the Property has generated income of around RMB9,168,400 in the financial year of 2006 (equivalent to approximately HK\$9,222,494 (based upon the exchange rate of RMB/HKD at 1.0059 at 30th December 2006)). After deducting the outgoings, disbursements, taxes and charges from the rental income, the Property has generated a net profit of around RMB3,409,100 in 2006 (equivalent to approximately HK\$3,429,214 (based upon the exchange rate of RMB/HKD at 1.0059 at 30th December 2006)). In the financial year of 2005, the rental income generated from the Property was around RMB8,893,300 (equivalent to approximately HK\$8,630,948 (based upon the exchange rate of RMB/HKD at 0.9705 at 31st December 2005)) and the net profit after deduction of all relevant costs and taxes was around RMB3,306,827 (equivalent to approximately HK\$3,209,276 (based upon the exchange rate of RMB/HKD at 0.9705 at 31st December 2005)). The Consideration of the Property is determined with reference to the income generated by the Property in the past years and the Vendor's guarantee on the profit which the Company shall make from the acquisition of the Property. Given the general upward trend of the property market in the PRC, the Company expects that the Transaction would not only add synergy to the business portfolio of the Group, but also represents an opportunity for the Group to expand its assets base and diversify its investment portfolio. It is considered that the Property will add to the Company's portfolio with valuable tangible assets. In addition, as the Property is currently rented out, it will therefore provide the Company with a stable stream of income. It is expected that the consideration for the Transaction will be funded by external loan and the Company's internal resources. The preparation of a valuation report for the Property and a PRC legal opinion confirming the legality of the Transaction under the PRC laws are undergoing.

The directors of the Company are of the view that the terms of the Agreement were negotiated on an arm's length and are on normal commercial terms and are fair and reasonable. The directors of the Company consider that the Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

According to the relevant tests as required under the Listing Rules, this Transaction will constitute a very substantial acquisition for the Company under the Listing Rules. Further details of the Transaction will be included in the circular to be dispatched to the Shareholders as soon as practicable.

Having made all reasonable enquiries, to the best knowledge, information and belief of the Directors, the Vendor, and its ultimate beneficial owner(s) is/are not connected person(s) and is/are third party independent of and not connected with the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates. The Vendor, its ultimate beneficial owner(s) and their respective associates are not interested in any shares in the Company.

TERMINATION OF THE DEED OF SETTLEMENT AND THE SUBSCRIPTION AGREEMENT

On 20th February 2006, the Company and the Creditor entered into a Deed of Settlement whereby the Creditor irrevocably agreed that the Indebtedness of HK\$29,878,965.33 owed by Noble City to the Creditor shall be settled partially to the extent of HK\$20,000,000 by the issuance of the Preference Shares by the Company to the Creditor. In consideration of the Creditor agreeing to settle to the extent of HK\$20,000,000 of the Indebtedness pursuant to the Deed of Settlement, the Company entered into the Subscription Agreement with the Creditor on 20th February 2006. Pursuant to the Subscription Agreement, the Company agreed to issue and the Creditor agreed to subscribe for the Preference Shares.

Reference is made to the announcements of the Company dated 20th February 2006 and 10th March 2006 wherein the public was informed of the terms and conditions in the Deed of Settlement and the Subscription Agreement entered into between the Company and the Creditor. The Board hereby announces that the Deed of Settlement and the Subscription Agreement fell through subsequent to the announcement dated 10th March 2006. Therefore, the general meeting for approving the increase in authorized share capital, the issue of the Preference Shares by the Company and the transaction contemplated in the Deed of Settlement and the Subscription Agreement respectively by ordinary resolutions nor the special resolution in general meeting for approval of amendments to the Articles of Association of the Company and the transaction contemplated in and pursuant to the Deed of Settlement and the Subscription Agreement respectively and the dispatch of the Notice of Special General Meeting and the Circular to the Shareholders as announced in the announcements dated 20th February 2006 and 10th March 2006 are no longer necessary.

NO INVITATION FOR SECURITIES

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe the Securities.

EXTRAORDINARY MEETING AND CIRCULAR

The EGM of the Company will be convened as soon as practicable at which an ordinary resolution to approve the Transaction will be proposed. No Shareholders will be required to abstain from voting at the EGM.

A circular containing, among other things, details of the Agreement, an independent valuation of the Property and a notice of the EGM to be convened will be dispatched to shareholders of the Company as soon as practicable.

RESUMPTION PROPOSAL

Trading in the Securities has been suspended since 9:30 a.m. on 30th June 2003. On 11th August 2004, the Stock Exchange has announced that the Company has been put into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on the same day. It was further announced that the Company was given a final six months for the submission of a valid resumption proposal to the Stock Exchange, i.e. by 10th February 2005. The Company submitted the Resumption Proposal on 27th January 2005. The Listing Committee decided on 17th March 2005 that the Resumption Proposal was not a valid resumption proposal and the listing of the Securities should be cancelled. The Company requested for a review of the decision of the Listing Committee. At the review hearing held on 26th October 2005, the Listing (Review) Committee of the Stock Exchange upheld the decision of the Listing Committee of 17th March 2005 that the Resumption Proposal was not a valid resumption proposal.

The Company made an application to appeal against the decision of the Listing (Review) Committee and submitted a revised Resumption Proposal to the Stock Exchange on 3rd April 2006.

The revised Resumption Proposal at that time would entail the following:–

- (i) a capital reorganization involving a consolidation and reduction of share capital of the Company; and
- (ii) a licensed broker underwriting a rights issue in the sum of HK\$100 million so that the Company would have a strong cash flow to develop its businesses.

The Listing Appeals Committee heard the appeal on 20th April 2006 but had not made any decision. As the then Chairman of the Listing Appeals Committee had retired, the Company applied for a fresh hearing in relation to the appeal which was heard on 9th March 2007 (the “Review Hearing”). The Company made submission for the Review Hearing to the Listing Appeals Committee and updated the Listing Appeals Committee with the recent events of the Company including the Transaction, the Irrevocable Guarantee and the Supplemental Agreement as stated in this Announcement.

The Listing Appeals Committee gave its decision on 12th March 2007. It concurred with the decisions of the Listing Committee and the Listing (Review) Committee that the Resumption Proposal was not a valid resumption proposal. Nevertheless, having considered all submissions (both written and oral) presented by the Company for the purposes of the Review Hearing, the Appeals Committee allowed the revised Resumption Proposal (as supplemented by subsequent submissions) to proceed subject to compliance with the following conditions within 6 months from 12th March 2007:–

- (1) shareholders’ approval being obtained for the Transaction;
- (2) completion of the Transaction by the Company;
- (3) completion of the proposed fund raising exercise by the Company to yield HK\$100 million (net); and
- (4) entering into a service contract between the Company and its director, Mr. David Lee, for a term of not less than 2 years.

In the event that the Company is unable to satisfy any of the above conditions, the Stock Exchange will proceed to cancel the listing of the Company’s securities. The Listing Division of the Stock Exchange may at its own absolute discretion extend the deadline for the Company to satisfy the conditions set out above in the event of unforeseen circumstances.

Further details about the proposed fund raising exercise as contemplated by the Company in order to yield HK\$100 million (net) will be announced as and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, terms and expressions defined in the announcement of the Company dated 20th February 2006 have the same meanings when used in this announcement.

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| “Agreement” | the Sale and Purchase Agreement dated 5th March 2007 |
| “Board” | the board of Directors |
| “Business day” | a day (other than Saturday) on which banks are generally open for business in Hong Kong |
| “Company” | eCyberChina Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability |
| “Completion” | completion of the acquisition of the Property |
| “Creditor” | Telemarket Assets Limited, a company incorporated in British Virgin Islands with limited liabilities, a third party independent of and not connected with the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates |
| “EGM” | the extraordinary general meeting of the Company |
| “Group” | The Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “the Indebtedness” | an amount of HK\$29,878,965.33 (inclusive of principal, interest, fees, costs or otherwise) owed by the Noble City to the Creditor pursuant to two loan agreements dated 1st March 2001 and 1st December 2001 |
| “the Land” | a piece of land of the size of 78,400 square meters situated beside Dong Er Huan Road West, Hohhot City, Inner Mongolia, PRC |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Parties” | the Vendor and the Purchaser, each referred to as a Party |
| “Property” | Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre situated at No.139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, PRC |
| “PRC” | the People’s Republic of China excluding Hong Kong and Macau |
| “Purchaser” | First Union Limited, a wholly owned subsidiary of the Company incorporated under the laws of Hong Kong |
| “RMB” | the lawful currency of the PRC |
| “Securities” | the securities of the Company |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Transaction” | the acquisition of the Property by the Purchaser |
| “Vendor” | Huhehaote Zhongwei Estate Development Company Limited with the registered address at No.139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, PRC |

By Order of the Board
eCyberChina Holdings Limited
Ho Chi Wing
Director

Hong Kong, 13th March 2007

As at the date of this announcement, the Executive Directors of the Company are Mr. Ho Chi Wing, Mr. Lu Liang, Mr. Ng Yan, Mr. Tao Wei Ming and Mr. Lee Tsung Hei David Chris, and the Independent Non-executive Directors of the Company are Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander, and Mr. Law Tai Yan.

“Please also refer to the published version of this announcement in The Standard.”