THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **eCyberChina Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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: 00254)

VERY SUBSTANTIAL ACQUISITION OF PROPERTY

A notice convening an EGM of the shareholders of eCyberChina Holdings Limited to be held at Unicorn Room, Basement 2, The Charterhouse, 209–219 Wanchai Road, Wanchai, Hong Kong on Friday, 29th June 2007 at 10:00 a.m. is set out on pages 110 to 111 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's registered office, Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

Hong Kong, 12th June 2007

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In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

"Announcement"	the announcement dated 13th April 2007 made by the Company in relating to, amongst other things, the Transaction
"Agreement"	the sale and purchase agreement entered into between the Purchaser and the Vendor on 5th March 2007 in relation to the Transaction
"Agreement 1"	the sale and purchase agreement entered into on 5th December 2005 between Huadong Properties, a nominee of Welchem Development Limited as vendor and Nissin Dental Products (Quen Shan) Co., Ltd (日進齒科材料(昆山)有限公司) as purchaser on 5th December 2005 in relation to the sale of and purchase of Unit 907, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai, PRC for a consideration of RMB3,430,080.00
"Agreement 2"	the sale and purchase agreement entered into on 6th December 2005 between Huadong Properties, a nominee of Welchem Development Limited as vendor and Lin Shan Yu (林珊如) as purchaser on 6th December 2005 in relation to the sale of and purchase of Unit 901, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai, PRC for a consideration of RMB3,430,080.00
"Agreement 3"	the sale and purchase agreement entered into on 6th December 2005 between Huadong Properties, a nominee of Welchem Development Limited as vendor and Wang Shu Chi & Li Shu Lung (黃書誌及李叔龍) as purchasers on 6th December 2005 in relation to the sale of and purchase of Unit 903, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai, PRC for a consideration of RMB3,302,820.00
"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Company"	eCyberChina Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange

"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Completion/Completion Date"	on or before 31st July 2007
"Consideration"	the aggregate consideration of RMB58,000,000 (equivalent to approximately HKD59,334,000 (based upon the exchange rate of RMB/HKD at 1.023 as at 5th March 2007)) for the Transaction
"Director(s)"	the director(s) (including executive directors, non-executive directors and independent non-executive directors) of the Company
"Disposal"	the proposed disposal of Office Units (comprising Units 01-10) on the Thirtieth Floor of Wu Chung House, No. 213 Queen's Road East, Hong Kong by First Union Limited to Transmart Investment Limited pursuant to the provisional agreement of 7th September 2005 and the formal sale and purchase agreement entered on 4th October 2005 which constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules for a consideration of HK$104,000,000. The disposal of Office Units had been completed on 19th May 2006
"EGM"	the extraordinary general meeting of the Company to be convened Unicorn Room, Basement 2, The Charterhouse, 209–219 Wanchai Road, Wanchai, Hong Kong on Friday, 29th June 2007 at 10:00 a.m. to approve, amongst other things, the Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group after completion of the Transaction
"FUL/Purchaser"	First Union Limited, a wholly owned subsidiary of the Company incorporated under the laws of Hong Kong
"Group"	the Company and its subsidiaries
"High Court"	High Court of the Hong Kong Special Administrative Region
"HK$/HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Third Party(ies)"	a third party who is not a connected person (as defined under the Listing Rules) of the Company and independent of and not connected with the Company, any of the directors, chief executives or substantial shareholders of the Company or any or its subsidiaries or their respective associates
"Irrevocable Guarantee"	the irrevocable guarantee provided by the Vendor to the Purchaser dated 5th March 2007
"Joint Venture"	the joint venture to be established for the development of the Land under the Supplemental Agreement
"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 to be developed into a residential complex by the Purchaser and the Vendor under the Supplemental Agreement
"Latest Practicable Date"	7th June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
the "New Company"	a company to be formed by the Purchaser in the PRC pursuant to the Agreement
"Parties"	the Vendor and the Purchaser, each referred to as a Party
"PRC"	the People's Republic of China, excluding, for the purpose of this circular, Hong Kong
"Project"	the project to develop a property on the Land jointly by the Parties under the Supplemental Agreement
"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 situates 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

"the Purchasers"	(i) Lin Shan Yu (林珊如), (ii) Wang Shu Chi & Li Shu Lung (黄書誌及李叔龍) and (iii) Nissin Dental Products (Quen Shan) Co., Ltd (日進齒科材料（昆山）有限公司), a company incorporated in the PRC with limited liability who are Independent Third Parties
"Resumption Proposal"	the resumption proposal of the Company dated 27th January 2005
"Review Hearing"	the appeal hearing concerning the listing status of the Company being heard on 9th March 2007 before the Listing Appeals Committee of the Stock Exchange
"RMB"	the lawful currency of the PRC
"Shareholders"	shareholders of the Company
"Shares"	existing shares of nominal value of HKD0.2 each in the share capital in the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement entered between the Vendor and the Purchaser dated 5th March 2007
"Transaction"	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Agreement
"Transmart Investment Limited"	Transmart Investment Limited, a limited liability company incorporated in Hong Kong, which and whose ultimate beneficial owner(s) and their respective associates (as defined in the Listing Rules) are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its connected persons
"Valuer"	RHL Appraisal Ltd.

"Vendor"	Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司), a company incorporated in the PRC with limited liability, which and whose ultimate beneficial owner(s) and their respective associates (as defined in the Listing Rules) are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its connected persons
"Welchem Development Limited"	Welchem Development Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

eCyberChina Holdings Limited
光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00254)

Executive Directors:
Mr. Ho Chi Wing *(Chairman)*
Mr. Lee Tsung Hei David Chris
Mr. Lu Liang
Mr. Ng Yan
Mr. Tao Wei Ming

Independent Non-executive Directors:
Mr. Cheng Sheung Hing
Mr. Cheng Kwong Choi, Alexander
Mr. Law Tai Yan

Registered Office:
Unit 2508, 25th Floor
Harbour Centre
No. 25 Harbour Road
Wanchai, Hong Kong

Hong Kong, 12th June 2007

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION OF PROPERTY

1. INTRODUCTION

By an announcement dated 13th March 2007, the Board announced that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor on 5th March 2007 in relation to the acquisition of the Property for an aggregate consideration of RMB58,000,000 (equivalent to approximately HKD59,334,000 (based upon the exchange rate of RMB/HKD at 1.023 as at 5th March 2007)).

After considering all relevant size tests, the Transaction constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to shareholders' approval pursuant to Rule 14.49 of the Listing Rules.

Pursuant to the Listing Rules, any Shareholder with a material interest in the Transaction and his associates will abstain from voting at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder nor the Directors have a material interest in the Transaction. No Shareholder is required to abstain from voting to approve the Transaction at the EGM.

The purpose of this circular is to give you, amongst other things, further information regarding the Transaction. This circular also contains a notice of EGM which shall be convened for the purpose of considering and, if thought fit, approving the resolution in relation to the Transaction.

2. 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: Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司), 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 situates on land size of 8,721.4 square meters and has total construction area of 19,831.54 square meters. All gross floor area available for lease, of approximately 15,824.35 m were 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 HKD59,334,000 (based upon the exchange rate at 1.023 as at 5th March 2007)) and will be paid by the Company in cash.

(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	HKD3,000,000
On Completion	HKD10,000,000
Within 2 years from the Completion Date	the balance of the Consideration

The first installment of the Consideration being HKD3,000,000 has been paid on 4th April 2007.

HKD10,000,000 will be paid by the Company's internal resources which included HK$1.6 million cash, HK$3.8 million in financial assets and $16 million accounts receivables. The Company will rely on future fund raising activities to be carried out by way of open offer in August 2007 to satisfy the balance of the Consideration payable within 2 years from the Completion Date.

The date of the exchange rate adopted for calculating the remaining balance of the Consideration payable within 2 years from the Completion Date should be on the date which Completion takes place.

(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.

As at the Latest Practicable Date, other than the conditions (ii) and (iv), none of the above conditions had been fulfilled.

A PRC legal opinion relating to the title and ownership of the Property of the Vendor and other related matters has been obtained by the Company.

The Property is currently subject to a mortgage. It is the mutual understanding between the Vendor and the Purchaser that the Vendor will arrange for the discharge of the mortgage prior to Completion even though it is not a pre-condition for the Completion. The Company is now liaising with the Vendor regarding the progress of discharging the mortgage.

(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.

As it has been more than 60 days from the date of signing of the Agreement up to the date which an EGM may be held for the purpose of approving the Transaction, it has been further clarified in the announcement of the Company dated 21st May 2007 that the Completion should be on a date on or before 31st July 2007 which is not in conflict with the content of the Agreement as contemplated at the date of signing. The Vendor has agreed that the Completion shall be on a date not later than 31st July 2007. Therefore, the Completion shall be on a date not 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.

3. 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.

4. 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 to jointly develop the Project on the Land together with the Vendor. 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 not proceed. Further announcement will be made by the Company as and when appropriate in relation to the Project and the Joint Venture.

5. INFORMATION OF 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 in Inner Mongolia, the PRC.

6. INFORMATION OF THE PURCHASER

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

7. INFORMATION OF THE PROPERTY

According to the Building Ownership Certificate, the Property was completed in May 2005. Based on the tenancy agreements provided by the Vendor, the Company understands that the Property was leased out as early as 2005. The general duration of the existing lease agreements of the Property are 12 months. The market value of the Property is estimated to be of RMB69,100,000 as at 15th March 2007. Reference is made to Appendix II to this Circular for valuation and further details of the tenancy arrangements.

8. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group's 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 which was prepared according to the PRC accounting practice, the Board is informed that the Property has generated income of around RMB9,168,400 in the financial year of 2006 (equivalent to approximately HKD9,222,494 (based upon the exchange rate of RMB/HKD at 1.0059 as 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 HKD3,429,214 (based upon the exchange rate of RMB/HKD at 1.0059 as 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 HKD8,630,948 (based upon the exchange rate of RMB/HKD at 0.9705 as at 31st December 2005)) and the net profit after deduction of all relevant costs and taxes was around RMB3,306,827 (equivalent to approximately HKD3,209,276 (based upon the exchange rate of RMB/HKD at 0.9705 as at 31st December 2005)). The amount of rental income of RMB9,168,400 and RMB8,893,300 represented the total sum of rental in relation to the whole period of tenancy agreements paid by the tenants in advance in 2006 and 2005 respectively.

The reporting accountants prepared the profit and loss statement for the Property for 2006 as shown in Appendix IV based on Hong Kong accounting standard. According to Hong Kong accounting standard, the reporting accountants recognised the rental income for the year 2006 on a straight-line basis. The figure provided by the Vendor represented the income received by the Vendor in 2006. The gross and net rental income of the Property for 2006 as disclosed in Appendix IV to this circular – Financial Information of the Property, are around RMB6,565,000 before deducting the administrative and operating expenses for the Property, disbursements, taxes and charges from the rental and RMB1,592,000 after the said deductions which was prepared according to the accounting standard in Hong Kong. The expenses for the Property include the Vendor's expenditures to hire staff to advertise and promote the Property to the public; entertain and meet new tenants; manage and ensure the Property is clean and safe; provide utilities and maintenance supports and safeguard to the Property.

The Company is required under Rule 14.69(4)(b)(i) of the Listing Rules, to disclose a profit and loss statement and valuation (where available) for the years 2005 and 2006 on the identifiable net income stream and valuation in relation to the Property, which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. However, the Board found that it was not practicable for the Company to obtain the necessary information to identify the net income stream of the Property in 2005. The information in relation of the income stream of the Property in 2006 was prepared as disclosed in Appendix IV to the Circular.

The reason for the unavailability of the information for 2005 is due to the different accounting practice between the PRC and Hong Kong and misplacement of tenancy agreements by the Vendor which are beyond control of the Company. The Vendor is a group company. The rental income and expenses in relation to the Property was prepared and incorporated into the group's accounts. Due to the different accounting practice in the PRC and Hong Kong, it is necessary for the reporting accountants to ascertain the rental income of the Property during the financial year 2006 with reference to each of the tenancy agreements reached between the Vendor and the tenants of the Property. The Vendor has informed the Company that some of the tenancy agreements relevant for the financial year 2005 were misplaced and not available for inspection. Therefore, it is not practicable for the Company to provide the information for the financial year 2005 pursuant to Rule 14.69(4)(b)(i).

Despite the above, the Board considers that the omission of the information with respect to the income stream of the Property in 2005 is immaterial for the Company to decide to proceed with the Transaction. The Board, when entering into the Transaction, considered the situation of the Property and market information in relation thereto as at the date when the decision to acquire the Property was made as well as other information projecting the future income to be generated by the Property. The rental income received by the Vendor in 2005 is no longer the valid information indicating the income generating situation of the Property as at the date of signing of the Agreement with the existence of the rental income information for 2006. According to the information provided by the Vendor, all lease agreements in 2005 had already expired as at the Latest Practicable Date.

The Vendor has confirmed that approximately 94% of the Property has been occupied as at the date of signing of the Agreement. Based on the tenancy agreements for 2006 provided by the Vendor, the total amount of rental in cash received in 2006 was over RMB9 million and with potential to grow. These are amongst the relevant factors for the Board to consider and decide to enter into the Transaction. The Consideration of the Property was determined with reference to the income generated by the Property in the year 2006 and the Vendor's guarantee on the profit which the Company shall make from the acquisition of the Property.

On the other hand, the Company has also instructed independent valuer to go to Inner Mongolia to evaluate the value of the Property. Information in this respect has been prepared and disclosed in Appendix II to the Circular. The Company has also arranged the reporting accountants and its directors to have an onsite visit to the Property and inspect the relevant documents on the spot. Measures had been taken by the Company to ensure that the Shareholders have other independent sources of advices on the market value of the Property and the financial information with respect to the Property in addition to the information as provided by the Vendor. The Company has applied to the Stock Exchange and granted a waiver from strict compliance of Rule 14.69(4)(b)(i).

Upon Completion, the Vendor is required to transfer to the Purchaser the deposits and advance rental payment received from the tenants attributed to the part of the tenancy after the Completion Date. Based on the information provided by the Vendor, the amount of deposit and advance rental received from the tenants up to 22nd March 2007 were RMB416,000 and RMB5,229,754 respectively. Therefore, part of the RMB9,168,400 generated income in 2006 according to the Vendor's accounts will be brought forward to be the income of the Purchaser in 2007.

Based on the calculation that over RMB9 million cash were received by the Vendor in 2006, and the favourable general market tendency towards a growing market, the Board is confident that the gross rental to be received for 2007 can amount to a sum comparable or higher than that guaranteed by the Vendor. The Board's belief is supported by the fact that 49 tenancy agreements out of 128 signed in 2006 which were expired on or before 22nd March, 2007 have been renewed for another year. The Board is confident that the assumption is reasonable and did not take into consideration of new tenants when making the assumption.

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.

9. FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion of the transaction, the total assets and total liabilities of the Group will increase. Assets increased due to capitalization of the Property. Liabilities increased because of accruals were made for the balance of the Property price which will be due for payment two years after completion. The Property is expected to strengthen the revenue stream and enhance the earnings of the Group.

10. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The core business of the Company is property development and investment in Hong Kong and the PRC.

Since the property at Wu Chung Mansion was sold and completed in May 2006, the Group has not made any investment in Hong Kong because of the property price raised to a very high level. Based on the principles of high sell and low buy, it is not justified to buy property in Hong Kong at this level. The Group focuses its resources and change its direction to the property market in PRC.

The turnover of the Group for this year was totally relied on the rental and sales generated from the property in Shanghai. The gross profit was insufficient to cover the administrative expenses of the Group. The management expects this situation will be improved when the Transaction is completed in July this year, and if the trading stock of our Company is resumed on the Stock Exchange.

The management kept the administration expenses in the lowest level and had reduced more than 50% compared with the same period last year.

The finance costs were also greatly reduced when all mortgages were paid off after the property in Wu Chung Mansion were sold and completed in May 2006.

The Company is of the view that the PRC will remain to be the fastest growing economic region in the world within the next few decades. More and more business opportunities relevant to the Company's existing operation and investments are envisaged. Given the rising average personal income in the PRC, the Board expects that the demand for good quality dwellings will rise rapidly in the next several years. The acquisition of the Property in Inner Mongolia is the Company initial footstep for developing the business in the vast property market in the PRC. The Company has also obtained a first right of refusal from the Vendor to jointly develop the Project, including a large scale residential complex by way of the Supplemental Agreement mentioned above. The Project is at a conceptual stage and might not proceed.

With the existing operational level, the Board will closely monitor and minimize the daily operating expenses so as to reach the maximum level of profit for the Company.

The Company is expecting a fund raising exercise by way of open offer in August 2007. With the additional financial resources, the Board will consider paying off the unsecured loan of the Group so as to eliminate the high finance costs. This arrangement will improve the cash position and general financial position of the Group as a whole.

The Company is also expecting a capital reorganisation of the Group as announced by the Company on 21st May 2007 preceding to the abovementioned open offer.

With the additional financial resources, the Board may also consider allocating part of the fund for other business opportunities which will bring in steady income stream for the Company.

11. 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.

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.

12. RECOMMENDATIONS

Based on the due diligence conducted by the reporting accountants, the Directors and the valuation report prepared by the Valuer, the Board is of the opinion that the Consideration and the terms of the Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interest of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Agreement and all the transactions contemplated thereunder.

13. EGM

Set out on pages 110 to 111 is a notice convening the EGM to be held at Unicorn Room, Basement 2, The Charterhouse, 209–219 Wanchai Road, Wanchai, Hong Kong on Friday, 29th June 2007 at 10:00 a.m. at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed. If you are not able to attend and/or vote at the EGM in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's registered office at Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

14. PROCEDURES ON DEMANDING A POLL

Pursuant to the Articles of Association of the Company, a poll may be (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

(i) the Chairman of the meeting; or

(ii) at least three shareholders present in person or by proxy for the time being entitled to vote at the meeting; or

(iii) any shareholder or shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders have the right to vote at the meeting; or

(iv) a shareholder or shareholders present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

15. 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 announced that the Company was 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 issued by the Company 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 HKD100 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 the Announcement dated 13th March 2007.

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 Listing 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 HKD100 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.

16. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I – Property Valuation on the Group's properties, Appendix II – Property valuation on the Property, Appendix III – Financial information of the Group, Appendix IV – Financial Information of the Property, Appendix V – Unaudited pro forma financial information on the Enlarged Group and Appendix VI – General Information to this circular.

Yours faithfully,
For and on behalf of
eCyberChina Holdings Limited
Ho Chi Wing
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation of the property interest held by the Group as at 15th March 2007.

永利行評值顧問有限公司 | RHL Appraisal Ltd
Surveying Practices – Corporate Valuation and Property Consultancy
License No.: C-015672

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12th June 2007

The Board of Directors
eCyberChina Holdings Limited
Unit 2508, 25th Floor
Harbour Centre
No. 25 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions to value the properties in which eCyberChina Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in Hong Kong and the People's Republic of China (the "PRC"); we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 15th March 2007 (the "date of valuation").

BASIS OF VALUATION

Our valuation of the property interests represents their "Market Value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

METHODS OF VALUATION

We have valued the property interests by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions available in the relevant markets.

For the property interest in Group I which is subject to tenancies, we have also adopted the investment method by taking into account the net rental income of the property derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which is then capitalized into the value at an appropriate capitalization rate.

VALUATION ASSUMPTIONS

As the property interests are held under long term land use rights and/or Government Leases, we have assumed that the owner(s) has free and uninterrupted rights to use the property interests for the whole of the unexpired term of their respective land use rights and/or Government Leases without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale subject to the existing tenancies.

Our valuation has been made on the assumption that the seller sells the property interests on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

VALUATION CONSIDERATIONS

We have attributed no commercial value to the property interest in Group II which is leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1st January 2005.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have been, in some instances, provided by the Group with extracts of the title documents including the Shanghai Certificates of Real Estate Ownership and official plans relating to the property interest in the PRC and have caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong property. Where possible, we have searched the original documents to verify the existing title to the property interest in the PRC and any material encumbrances that might be attached to the property interest or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company's PRC legal adviser – China Law Office (中國法律律師事務所), concerning the validity of the Group's title to the property interest in the PRC.

EXCHANGE RATE

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (HK$). The exchange rate adopted in our valuations is approximately HK$1 = RMB0.992 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau	**Shirley Y. F. Yeung**
FHKIS AAPI RPS(GP)	*B.Sc. MHKIS MRICS*
Managing Director	*Associate Director*

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 16 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as an eligible real estate appraiser in the PRC.

Ms. Shirley Y. F. Yeung is a Chartered Surveyor with over 8 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Yeung is a member of The Royal Institution of Chartered Surveyors as well as a member of the Hong Kong Institute of Surveyors.

SUMMARY OF VALUE

GROUP I – PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT IN THE PRC

No.	Property	Market Value in existing state as at 15th March 2007
1.	Units 904, 905, 906 and 912 on 9th Floor Shengai Plaza No. 88 Caoxi North Road Xuhui District Shanghai The PRC	HK$17,200,000
	Sub-total:	HK$17,200,000

GROUP II – PROPERTY INTEREST LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Market Value in existing state as at 15th March 2007
2.	Unit 2508, 25th Floor Harbour Centre No. 25 Harbour Road Wanchai Hong Kong	No commercial value
	Sub-total:	Nil
	Total:	**HK$17,200,000**

VALUATION CERTIFICATE

GROUP I – PROPERTY INTEREST HELD BY THE GROUP FOR INVESTMENT IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 15th March 2007
1.	Units 904, 905, 906 and 912 on 9th Floor Shengai Plaza No. 88 Caoxi North Road Xuhui District Shanghai The PRC	The property comprises four office units on level 9 of a 27-storey office which was completed in about 2003. The total gross floor area of the property is approximately 773.60 square meters. The land use rights of the subject development were granted for a term of 50 years expiring on 7th August 2046 for composite uses.	The property is currently subject to three tenancies (Please refer to Notes 2 to 4 below for details).	HK$17,200,000 (HONG KONG DOLLARS SEVENTEEN MILLION TWO HUNDRED THOUSAND ONLY)

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership, Hu Fang Di Shi Zi (1999) Di No. 100102 issued by the Shanghai Housing and Land Resources Administration Bureau dated 14th June 1999, the land use rights of the subject development were granted to China Real Estate Development Group Huadong Properties Company Limited (中房集團華東置業股份有限公司) for a term of 50 years expiring on 7th August 2046 for composite uses.

2. Pursuant to four Shanghai City Commodity House Sale and Purchase Contract entered into between China Real Estate Development Group Huadong Properties Company Limited (中房集團華東置業股份有限公司) and Welchem Development Limited (華綽發展有限公司) all dated 26th October 2005 and four Letters of Notary all dated 28th October 2005, the total consideration of the property was RMB10,913,097.2.

3. Pursuant to four Shanghai Certificates of Real Estate Ownership issued by the Shanghai Housing and Land Resources Administration Bureau all dated 12th December 2005, the land use rights of the property and the building ownership rights of the property with a total gross floor area of 773.60 square meters were granted to Welchem Development Limited (華綽發展有限公司) for office uses with details as follows:

Unit	Certificate No.	Gross Floor Area *(sq.m.)*
904	Hu Fang Di Xu Zi (2005) Di No. 035235	239.88
905	Hu Fang Di Xu Zi (2005) Di No. 035236	53.96
906	Hu Fang Di Xu Zi (2005) Di No. 035237	239.88
912	Hu Fang Di Xu Zi (2005) Di No. 035241	239.88
	TOTAL:	**773.60**

4. Pursuant to a tenancy agreement entered into between Welchem Development Limited (華綽發展有限公司) (the "lessor") and Shanghai Millennium International Trading and Development Company Limited (上海美利丰國際貿易有限公司) (the "lessee 1") dated 8th March 2006, Units 904 and 905 of the property with a total gross floor area of 293.84 square meters were leased to lessee 1 for a term of 2 years commencing on 1st April 2006 and expiring on 31st March 2008 at a monthly rent of RMB33,963 exclusive of management fees, water, electrictiy, gas, communications, utilities and other charges.

5. Pursuant to a pre-lease agreement and its supplementary agreement dated 6th April 2006 entered into between the lessor and Zhang Li yuan (張麗媛) (the "lessee 2"), Unit 906 of the property with a gross floor area of 239.88 square meters was leased to lessee 2 for a term of 2 years commencing on 15th May 2006 and expiring on 14th May 2008 at a monthly rent of RMB27,726 exclusive of management fees, water, electricity, gas, communications, utilities and other charges.

6. Pursuant to another pre-lease agreement and its supplementary agreement dated 22nd December 2005 entered into between the lessor and Shanghai Yingpei Business Consulting Company Limited (上海英培商務咨詢有限公司) (the "lessee 3"), Unit 912 of the property with a gross floor area of 239.88 square meters, comprising part of the tenanted portion (Units 910, 911 and 912 with a total gross floor area of 533.72 square meters), was leased to lessee 3 for a term of 3 years commencing on 10th January 2006 and expiring on 9th January 2009 at a monthly rent of RMB64,935 subject to a rental increase of 7% commencing on 9th January 2008 exclusive of management fees, water, electricity, gas, communications, utilities and other charges.

7. Welchem Development Limited (華綽發展有限公司) is a wholly-owned subsidiary of the Company.

8. The major certificates and of the property are summarized as follows:

i. Shanghai Certificates of Real Estate Ownership	Yes

9. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal advisers China Law Office (中國法律律師事務所), which contains, *inter alia*, the following:

   (i) Welchem Development Limited (華綽發展有限公司) legally owns the land use rights and building ownership rights of the property and is entitled to freely use, lease, mortgage and transfer the ownership rights of the property;

   (ii) The tenancy agreement and pre-lease agreements are legal, valid and binding;

   (iii) Welchem Development Limited (華綽發展有限公司) has the rights to lease the property to the lessees; and

   (iv) The tenancies are yet to be registered with the relevant Real Estate Bureau. The relevant authority may order the parties to complete the registration before a specified date and may impose penalty. However non-registration of the tenancies may not affect the binding power of the tenancies to the parties.

VALUATION CERTIFICATE

GROUP II – PROPERTY INTEREST LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 15th March 2007
2.	Unit 2508, 25th Floor Harbour Centre No. 25 Harbour Road Wanchai Hong Kong	The property comprises an office unit on level 25 of a 25-storey office building erected on a 8-storey commercial podium with two basement levels. The subject development was completed in about 1983. The saleable area of the property is approximately 1,064 square feet. The property is leased by the Company from an independent third party for a term of 2 years commencing on 6th April 2006 and expiring on 5th April 2008 at a monthly rent of HK$35,640 exclusive of Government rent, Government rates, management fees, air-conditioning charges and all utilities charges subject to a rent free period of 2 months.	The property is currently occupied for office purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement entered into between Kelon Electric Appliances Company Limited (the "lessor") and eCyberChina Holdings Limited (the "lessee") dated 6th April 2006, the property was leased to the lessee for a term of 2 years commencing on 6th April 2006 and expiring on 5th April 2008 at a monthly rent of HK$35,640 exclusive of Government rent, Government rates, management fees, air-conditioning charges and all utilities charges subject to a rent free period of 2 months during 6th April 2006 and 5th June 2006.

2. The registered owner of the property is Kelon Electric Appliances Company Limited vide Memorial No. UB5624406 dated 15th April 1993.

3. The subject development is subject to a Deed of Mutual Covenant and Management Agreement in favour of Xipho Development Company Limited registered vide Memorial No. UB2661358 dated 25th October 1984.

4. The subject development is subject to an Occupation Permit No. H176/83 registered vide Memorial No. UB3006215 dated 28th October 1983.

5. The subject development is subject to a Sub-deed of Mutual Covenant registered vide Memorial No. UB3598488 dated 2nd December 1987.

6. As stipulated in the Second Schedule to the tenancy agreement as mentioned in Note 1, the property is subject to a Mortgage in favour of Xiamen International Bank – Zhuhai Branch (the "mortgagee") and the mortgagee has given consent for the lessor to lease the property.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation of the property interest to be acquired by the Group as at 15th March 2007.

永利行評值顧問有限公司 | RHL Appraisal Ltd
Surveying Practices – Corporate Valuation and Property Consultancy
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12th June 2007

The Board of Directors
eCyberChina Holdings Limited
Unit 2508, 25th Floor
Harbour Centre
No. 25 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

Re: Valuation of Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre, No. 139 Dongku West Street, Xincheng District, Hohhot City, Inner Mongolia, the PRC

INSTRUCTIONS

In accordance with your instructions to value the captioned property which eCyberChina Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") propose to acquire in the People's Republic of China (the "PRC"); we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 15th March 2007 (the "date of valuation").

BASIS OF VALUATION

Our valuation of the property interest represents its "Market Value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

METHODS OF VALUATION

We have valued the property interest by the direct comparison approach assuming sale of the property interest in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions available in the relevant market.

In addition, as the property interest is subject to tenancies, we have also adopted the investment method by taking into account the net rental income of the property derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which is then capitalized into the value at an appropriate capitalization rate.

VALUATION ASSUMPTIONS

As the property interest is held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interest for the whole of the unexpired term of the land use rights without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale subject to the existing tenancies.

Our valuation has been made on the assumption that the seller sells the property interest on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 of and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1st January 2005.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interest but have assumed that the site areas shown on the documents and official site plan handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have been shown copies of various title documents including State-owned Land Use Rights Certificate, Building Ownership Certificate and official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrances that might be attached to the property interest or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal adviser – Zong Heng Attorneys at Law (縱橫律師事務所), concerning the validity of the vendor's title to the property interest.

EXCHANGE RATE

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (HK$). The exchange rate adopted in our valuations is approximately HK$1 = RMB0.992 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau	**Shirley Y. F. Yeung**
FHKIS AAPI RPS(GP)	*B.Sc. MHKIS MRICS*
Managing Director	*Associate Director*

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 16 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as an eligible real estate appraiser in the PRC.

Ms. Shirley Y. F. Yeung is a Chartered Surveyor with over 8 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Yeung is a member of The Royal Institution of Chartered Surveyors as well as a member of the Hong Kong Institute of Surveyors.

SUMMARY OF VALUE

INVESTMENT PROPERTY TO BE ACQUIRED BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 15th March 2007
1.	Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre No. 139 Dongku West Street Xincheng District Hohhot City Inner Mongolia The PRC	RMB69,100,000
	TOTAL:	**RMB69,100,000**

VALUATION CERTIFICATE

INVESTMENT PROPERTY TO BE ACQUIRED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 15th March 2007 *RMB*
1.	Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre No. 139 Dongku West Street Xincheng District Hohhot City Inner Mongolia The PRC	The property comprises a 5-storey retail/commercial building completed in about May 2005. The total gross floor area of the property is approximately 19,831.54 square meters. The land use rights of the property were granted for a term of expiring on 17th January 2044 for commercial uses.	As per the information provided by the vendor, as at the valuation date, portion of the property comprising a total gross floor area of approximately 15,824.35 square meters has been leased under 146 tenancies. The current total monthly rent is approximately RMB696,400 exclusive of management fee and utilities fee. 129 out of the 146 tenancies have a term of 1 year while the remaining tenancies have a term ranging from 11 months to 36 months. The latest date of expiry of all the tenancies would be 16th October 2008.	RMB69,100,000 (RENMINBI SIXTY NINE MILLION ONE HUNDRED THOUSAND ONLY)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Hu Guo Yong (2004) Zi Di No. 0044 issued by the People's Government of Hohhot City dated 11th February 2004, the land use rights of the property with a site area of 8,721.40 square meters were granted to Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) for a term expiring on 17th January 2044 for commercial uses.

2. Pursuant to a Building Ownership Certificate – Hu Fang Quan Zheng Xin Cheng Qu Zi Di No. 2005018199 issued by the Real Estate Administration Bureau of Hohhot City, the building ownership rights of the property with a total gross floor area of 19,831.54 square meters were legally vested in Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) for commercial uses.

3. Pursuant to a Building Other Rights Certificate – Hu Fang Xin Cheng Qu Ta Zi Di No. 2006057143 issued by the Real Estate Administration Bureau of Hohhot City, the building ownership rights of the property with a gross floor area of 19,831.54 square meters were subject to a mortgage in favour of Hohhot City Commercial Bank, Daxue Branch (呼和浩特市商業銀行股份有限公司大學路支行) for a term commencing on 21st December 2006 and expiring on 30th November 2007.

4. Pursuant to a Land Other Rights Certificate – Hu Di Ta Xiang (2006) Di No. 187 dated 28th December 2006, the land use rights of the property with a site area of 8,721.40 square meters were subject to a mortgage in favour of Hohhot City Commercial Bank, Daxue Road Branch (呼和浩特市商業銀行股份有限公司大學路支行) for a term commencing on 21st December 2006 and expiring on 30th November 2007.

5. The major certificates and of the property are summarized as follows:

i.	State-owned Land Use Rights Certificate	Yes
ii.	Building Ownership Certificate	Yes

6. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal advisers Zong Heng Attorneys at Law (縱橫律師事務所), which contains, *inter alia*, the following:

   (i) Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) legally owns the land use rights and the building ownership rights of the property and is entitled to freely dispose the property to the Group;

   (ii) Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) should inform Hohhot City Commercial Bank, Daxue Road Branch (呼和浩特市商業銀行股份有限公司大學路支行) regarding the transfer of the ownership rights of the property; and

   (iii) Hohhot City Commercial Bank, Daxue Road Branch (呼和浩特市商業銀行股份有限公司大學路支行) have the mortgage rights over the property shall the mortgage has not been discharged during the transfer of the property.

I. FINANCIAL INFORMATION OF THE GROUP

1. Consolidated Income Statement

The following is a summary of the audited consolidated results of the Group for the three years ended 30th June 2004, 30th June 2005, 30th June 2006 and unaudited interim results for the six months ended 31st December 2006 extracted from the published financial statements for the Group:

	Year ended 30th June			Six months ended 31st December
	2004	**2005**	**2006**	**2006**
	(Audited)	(Audited)	(Audited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	6,445	4,953	43,337	5,744
Direct costs	(1,936)	(857)	(41,183)	(5,680)
Gross profit	4,509	4,096	2,154	64
Other income	1,211	101	3,567	1,336
Reversal of write-down related to Properties Held For Sale		–	5,206	264
Revaluation increase of Investment Property	16,000	33,054	–	–
Written back provision for bad and doubtful	–	1,719	–	–
Provision for bad and doubtful debts	(1,116)	–	–	–
Loss from Properties Held For Sale written off	–	–	(23,905)	–
Loss on disposal of Investment Property	–	–	(4,000)	–
Loss on investments	–	–	–	(1,312)
Administrative and general expenses	(11,476)	(12,617)	(13,978)	(3,527)
Profit/(loss) from operations	9,128	26,353	(30,956)	(3,175)
Finance costs	(9,341)	(9,020)	(10,092)	(2,527)
Gain on disposal of subsidiaries	–	–	54	–
Gain/(loss) on disposal of associate	–	–	–	–
Provisions (made)/reversal				
– Guarantee related to former related company	(5,000)	–	5,000	–
– Idemnity related to former subsidiary	–	(5,800)	5,800	–
Profit/(loss) before tax	(5,213)	11,533	(30,194)	(5,702)
Income tax		–	(938)	–
Profit/(loss) for the year from continuing operations	(5,213)	11,533	(31,132)	(5,702)
Discontinued operation				
Profit/(loss) for the year from discontinued operating	0	0	7,137	–
Profit/(loss) for the year	(5,213)	11,533	(23,995)	(5,702)
Attributable to:				
Equity shareholders of the Company	(5,213)	11,533	(23,995)	(5,702)
Minority interest	–	–	–	–
Earning/(loss) per share:				
From continuing operations				
– Basic *(HK$)*	(0.002)	0.004	(0.110)	(0.002)

2. Consolidated Balance Sheet

The following is a summary of the audited consolidated assets and liabilities of the Group for the three years ended 30th June 2004, 30th June 2005, 30th June 2006 and unaudited interim results for the six months ended 31st December 2006 extracted from the published financial statements of the Group:

	As at 30th June			As at 31st December
	2004	**2005**	**2006**	**2006**
	(Audited)	(Audited)	(Audited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Investment properties	78,000	108,000	–	–
Property, plant and equipment	965	456	318	269
Deposit paid for the purchase of investment properties	–	160	–	–
Interest in associates	–	–	–	–
Interest in a jointly controlled entity	–	–	–	–
	78,965	108,616	318	269
CURRENT ASSETS				
Inventories	300	342	0	–
Properties held for sale	71,500	78,229	18,450	13,636
Financial assets	–	–	10,978	3,794
Trade and other receivables	2,336	1,283	482	16,272
Cash and bank balances	440	455	17,263	1,636
	74,576	80,309	47,173	35,338
CURRENT LIABILITIES				
Financial liabilities	–	–	871	–
Deposit received on disposal of properties held for sale	25,757	25,757	–	–
Trade and other payables	31,521	34,970	4,605	4,238
Obligations under finance leases – Due within one year	32	21	7	–
Bank and other borrowings – Due within one year	48,596	18,973	1,523	1,523
	105,906	79,721	7,006	5,761
NET CURRENT ASSETS	(31,330)	588	40,167	29,577
TOTAL ASSETS LESS CURRENT LIABILITIES	47,635	109,204	40,485	29,846
NON-CURRENT LIABILITIES				
Other payables	–	11,467	11,781	6,844
Obligations under finance leases – Due after one year	28	7	–	–
Bank and other borrowings – Due after one year	31,536	66,451	21,420	21,420
	31,564	77,925	33,201	28,264
NET ASSETS	16,071	31,279	7,284	1,582
CAPITAL AND RESERVES				
Share capital	573,500	573,500	573,500	573,500
Reserves	(557,429)	(542,221)	(566,216)	(571,918)
TOTAL EQUITY	16,071	31,279	7,284	1,582

3. Consolidated Cash Flow Statement

The following is a summary of the audited consolidated cash flow of the Group for three years ended 30th June 2004, 30th June 2005, 30th June 2006 and unaudited interim results for the six months ended 31st December 2006 extracted from the published financial statements of the Group:

	Year ended 30th June			Six months ended 31st December
	2004	**2005**	**2006**	**2006**
	(Audited)	(Audited)	(Audited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the year	9,128	20,553	(23,995)	(5,702)
Adjustments for:				
Accruals reversed		0	(3,280)	–
Gain on disposal of property, plant and equipment	8	0	(687)	–
Impairment losses for trade receivables reversed		(1,719)	(1,425)	–
Write-down of properties held for sale reversed		0	(5,206)	(264)
Revaluation increase of investment property	(16,000)	(33,054)		
Loss on disposal of investment property		0	4,000	–
Depreciation	577	310	93	49
Amortisation of lease payments for land helf for own use				
Finance costs	9,341	9,020	10,206	–
Income tax			938	–
Gain on disposal of discontinued operation			(4,936)	–
Gain on disposal of subsidiaries			(54)	–
Provision for bad and doubtful debts	1,116			
Provision for loss arising from guarantee related to former related company reversed			(5,000)	–
Provision for loss arising from indemnity related to former related subsidiary reversed			(5,800)	–
Operating cash flows before changes in working capital	4,170	(4,890)	(35,146)	(5,917)
Decrease/(increase) in inventories	487	(42)	183	–
Decrease/(increase) in properties held for sale			64,985	5,078
Decrease/(increase) in trade and other receivables	(774)	2,819	(1,188)	(15,789)
Increase/(decrease) in deposit received on disposal of properties held for sale			(25,757)	–
Increase/(decrease) in trade and other payables	2,343	9,637	(14,965)	(368)

	Year ended 30th June			Six months ended 31st December
	2004	**2005**	**2006**	**2006**
	(Audited)	(Audited)	(Audited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash used in operations	6,226	7,524	(11,888)	(16,996)
Interests and charges paid on bank and other loans	(14,390)	(12,761)	(10,204)	(2,527)
Taxes paid			(938)	–
Net cash used in operating activities	(8,164)	(5,237)	(23,030)	(19,523)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment			1,157	–
Proceeds from disposal of investment property			104,000	–
Repayment from an associate	1,045			–
Payment to purchase property, plant and equipment	(13)	(8)	(326)	–
Disposal of subsidiaries			(232)	–
Net cash generated from/(used in) investing activities	1,032	(8)	104,599	0
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank and other loans	50,444	9,429	1,047	–
Payment of bank and other loans	(40,726)	(4,137)	(55,678)	(2,410)
Payment of finance lease liabilities	(189)	(32)	(23)	(7)
Net cash generated from/(used in) financing activities	9,529	5,260	(54,654)	(2,417)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,397	15	26,915	(21,940)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(1,957)	440	455	27,370
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	440	455	27,370	5,430
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank deposits	440	455	17,263	1,636
Financial assets		0	10,978	3,794
Financial liabilities		0	(871)	0
	440	455	27,370	5,430

4. Consolidated Statement of Changes in Equity

The following is a summary of the audited consolidated statement of changes in equity of the Group for three years ended 30th June 2004, 30th June 2005, 30th June 2006 and unaudited interim results for the six months ended 31st December 2006 extracted from the published financial statements of the Group:

	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1st July 2003 (audited)	573,500	103,257	(51,688)	(603,785)	21,284
Loss for the year				(5,213)	(5,213)
At 30th June 2004 and 1st July 2004 (audited)	573,500	103,257	(51,688)	(608,998)	16,071
– prior period adjustment			51,688	(51,688)	0
– as restated	573,500	103,257	0	(660,686)	16,071
Profit for the year				15,208	15,208
At 30th June 2005 and 1st July 2005 (audited)	573,500	103,257	0	(645,478)	31,279
Loss for the year				(23,995)	(23,995)
At 30th June 2006 and 1st July 2006 (audited)	573,500	103,257	0	(669,473)	7,284
Loss for the period				(5,702)	(5,702)
At 31st December 2006 (unaudited)	573,500	103,257	0	(675,175)	1,582

5. Notes to the condensed consolidated financial statements

For the six months ended 31st December 2006

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). However, the trading of the Company's shares on the Stock Exchange has been suspended since 30th June 2003. On 11th August 2004, the Company has been put into the third stage of 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 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 applications 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 right 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 held 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 in relation to a wholly owned subsidiary of the Company, First Union Limited (FUL), acquiring a shopping arcade in Inner Mongolia, the Irrevocable Guarantee and the Supplementary Agreement in which the Vendor agreed to grant the FUL, a first right of refusal for FUL to jointly develop a property project on the Land together with the Vendor.

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.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited 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 "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed financial statements have been prepared under the historical cost basis, except for certain properties, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June 2006.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1st January 2006. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these unaudited condensed interim financial statements.

The Group has not early adopted the standards and interpretations that have been issued but are not yet effective. The adoption of such standards will not result in substantial changes to the Group's accounting policies.

3. SEGMENT INFORMATION

Business segments

Since the property in Hong Kong was sold and completed in May 2006, and discontinued the business of manufacturing and trading of equipment and accessories for boardband and cable television in January 2006, the Group is only operating property investment in PRC.

Turnover of the Group represents net amounts received and receivable for the sale of properties and rental income generated from the properties in PRC during the period.

4. LOSS FROM OPERATIONS

	For the six months ended 31st December	
	2006	**2005**
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging:		
Allowance for bad and doubtful debts and obsolete stocks	–	49
Staff costs, including directors' remuneration	530	1,000
Depreciation and amortisation of property, plant and Equipment	49	58

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 current and the past periods.

6. INTERIM DIVIDEND

The Board of Directors does not recommend to declare any interim dividend for the six months ended 31st December 2006 (2005: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of approximately HK$5,702,038 (2005: HK$18,416,386) and on the weighted average number of 2,867,500,000 (2005: 2,867,500,000) shares in issue throughout the period.

No diluted loss per share has been presented because the trading of the Company's shares on the Stock Exchange has been suspended since 30th June 2003 and there is no market price of the Company's shares during the six months ended 31st December 2006 and 31st December 2005 and the Directors considered there is no appropriate basis to ascertain the fair value of the Company's shares.

8. PROPERTIES HELD FOR SALE

	THE GROUP	
	31.12.2006	**30.06.2006**
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Properties held for sale at net realisable value in PRC	13,636	19,722

9. OTHER PAYABLES

	31.12.2006	**30.6.2006**
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Amount due for payment:		
Within 1 year	4,238	4,605
After 1 year within 5 years	6,844	11,781
	11,082	16,386

10. OTHER LOANS

	31.12.2006	**30.6.2006**
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Amount due for payment:		
Within 1 year	1,523	1,523
After 1 year but within 5 years	21,420	21,420
	22,943	22,943

These loans are unsecured.

11. SHARE CAPITAL

	Number of ordinary shares	**Amount**
	'000	*HK$'000*
Authorised:		
At 1st July 2006 and 31st December 2006	4,000,000	800,000
Issued and fully paid:		
At 1st July 2006 and 31st December 2006	2,867,500	573,500

12. SHARE OPTION SCHEME

Share option scheme adopted in 1999

Pursuant to the share option scheme (the "1999 Scheme") adopted by the Company on 19th 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 25th July 2002, the share option scheme adopted by the Company on 19th 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.

Details of the movements of the options under the 1999 Scheme during the period under review and the outstanding options at 31st December 2005 are as follows:

		Number of options					
Exercise Price *HK$*	Month of grant	Outstanding as at 1st July 2003	Granted during the year ended 30th June 2004	Surrendered by Option holders during the year ended 30th June 2004	Outstanding as at 30th June 2004	Surrendered by Option holders during the year ended 30th June 2005	Outstanding as at 30th June 2005 and 31st December 2005
0.200	July 2001	100,000	–	–	100,000	–	100,000
0.202	May 2002	25,835,000	–	–	25,835,000	–	25,835,000
		25,935,000	–	–	25,935,000	–	25,935,000

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

Details of the share options held by Directors under the 1999 Scheme included in the above table are as follows:

Exercise price *HK$*	Month of grant	Outstanding as at 30th June 2006 and 31st December 2006
0.202	May 2002	25,835,000

Details of the specific categories of options under the 1999 Scheme are as follows:

Exercise price *HK$*	Month of grant	Exercise period
0.200	July 2001	11/07/2001 to 10/07/2011
0.202	May 2002	24/05/2002 to 23/05/2012

13. POST BALANCE SHEET EVENTS

On 5th March 2007, the Company's wholly owned subsidiary, First Union Limited (FUL), entered into a Sale and Purchase Agreement with the Vendor to purchase a shopping arcade in Huhehaote, Inner Mongolia at the consideration of RMB58 million. The Parties also 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 on the Land together with the Vendor.

2. REPORT OF THE AUDITORS FOR THE FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30TH JUNE 2006

The following is the report of Patrick Ng & Company for the year ended 30th June 2006 as extracted from the annual report of the Company for the year ended 30th June 2006 ("2006 Annual Report"). The page reference in this report are the same as those in the 2006 Annual Report. The audited financial statements together with the relevant notes to the financial statements of the Group as extracted from the 2006 Annual Report are also set out below.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
eCyberChina Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 22 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong 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 Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 the Group, consistently applied and adequately disclosed.

We planned and performed 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. 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.

Opinion

In our opinion the financial statements give a true and fair view, in all material respects, of the state of affairs of the Group and the Company as at 30th June 2006 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PATRICK NG & COMPANY
Certified Public Accountants
Hong Kong, 25th October 2006

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June 2006

	Notes	2006 HK$'000	2005 HK$'000 (restated)
CONTINUING OPERATIONS			
TURNOVER	5	43,337	3,600
DIRECT COSTS		(41,183)	(91)
GROSS PROFIT		2,154	3,509
OTHER INCOME	5	3,567	83
REVERSAL OF WRITE-DOWN RELATED TO PROPERTIES HELD FOR SALE		5,206	6,729
REVALUATION INCREASE OF INVESTMENT PROPERTY		–	30,000
LOSS FROM PROPERTIES HELD FOR SALE WRITTEN OFF		(23,905)	–
LOSS ON DISPOSAL OF INVESTMENT PROPERTY		(4,000)	–
ADMINISTRATIVE AND GENERAL EXPENSES		(13,978)	(10,287)
PROFIT/(LOSS) FROM OPERATIONS	7	(30,956)	30,034
FINANCE COSTS	8	(10,092)	(8,734)
GAIN ON DISPOSAL OF SUBSIDIARIES	12(b)	54	–
GAIN/(LOSS) ON DISPOSAL OF ASSOCIATE	13	–	–
REVERSAL OF PROVISIONS			
– Guarantee related to former related company		5,000	–
– Indemnity related to former subsidiary		5,800	–
LOSS FROM INDEMNITY RELATED TO FORMER SUBSIDIARY		–	(5,800)
PROFIT/(LOSS) BEFORE TAX		(30,194)	15,500
INCOME TAX	10	(938)	–
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(31,132)	15,500
DISCONTINUED OPERATION			
Profit/(loss) for the year from discontinued operation	11	7,137	(292)
PROFIT/(LOSS) FOR THE YEAR		(23,995)	15,208
Attributable to:			
Equity shareholders of the Company		(23,995)	15,208
Minority interest		–	–
		(23,995)	15,208
		HK cents	*HK cents*
Earnings/(loss) per share :			
From continuing and discontinued operations			
– Basic	14	(0.08)	0.05
From continuing operations			
– Basic	14	(0.11)	0.05

CONSOLIDATED BALANCE SHEET

For the year ended 30th June 2006

	Notes	2006 HK$'000	2005 HK$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	15	318	456
Prepaid lease payments	16	–	160
Investment property	17	–	108,000
Deposit paid for purchase of investment property	18	–	–
Interests in associate	20	–	–
		318	108,616
CURRENT ASSETS			
Inventories	22	–	342
Properties held for sale	23	18,450	78,229
Financial assets	24	10,978	–
Trade and other receivables	25	482	1,283
Cash and bank deposits	26	17,263	455
		47,173	80,309
CURRENT LIABILITIES			
Financial liabilities	24	871	–
Deposit received on disposal of properties held for sale	27	–	25,757
Trade and other payables	28	4,605	34,970
Obligations under finance leases	29	7	21
Bank and other loans	30	1,523	18,973
		(7,006)	(79,721)
NET CURRENT ASSETS		40,167	588
TOTAL ASSETS LESS CURRENT LIABILITIES		40,485	109,204
NON-CURRENT LIABILITIES			
Other payables	28	11,781	11,467
Obligations under finance leases	29	–	7
Bank and other loans	30	21,420	66,451
		(33,201)	(77,925)
NET ASSETS		7,284	31,279
CAPITAL AND RESERVES			
Share capital	32	573,500	573,500
Reserves	33	(566,216)	(542,221)
TOTAL EQUITY		7,284	31,279

BALANCE SHEET
As at 30th June 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	26	–
Investments in subsidiaries	19	–	–
Amount due from subsidiaries	21	55,969	58,526
		55,995	58,526
CURRENT ASSETS			
Trade and other receivables	25	321	171
Cash and bank deposits	26	40	16
		361	187
CURRENT LIABILITIES			
Trade and other payables	28	3,284	26,725
Bank and other loans	30	1,523	10,922
		(4,807)	(37,647)
NET CURRENT LIABILITIES		(4,446)	(37,460)
TOTAL ASSETS LESS CURRENT LIABILITIES		51,549	21,066
NON-CURRENT LIABILITIES			
Bank and other loans	30	–	8,993
		–	(8,993)
NET ASSETS		51,549	12,073
CAPITAL AND RESERVES			
Share capital	32	573,500	573,500
Reserves	33	(521,951)	(561,427)
TOTAL EQUITY		51,549	12,073

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30th June 2006

	Share capital	Share premium	Other reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st July 2004					
– as previously reported	573,500	103,257	(51,688)	(608,998)	16,071
– prior period adjustment *(note)*	–	–	51,688	(51,688)	–
– as restated	573,500	103,257	–	(660,686)	16,071
Profit for the year	–	–	–	15,208	15,208
At 30th June 2005 and 1st July 2005	573,500	103,257	–	(645,748)	31,279
Loss for the year	–	–	–	(23,995)	(23,995)
At 30th June 2006	573,500	103,257	–	(669,473)	7,284

Note: Prior period adjustment represented loss arising from the disposal of an associate acquired during the financial year ended 30th June 2003 and disposed of during the financial year ended 30th June 2004.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30th June 2006

	Notes	2006 HK$'000	2005 HK$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		(23,995)	15,208
Adjustments for:			
Accruals reversed		(3,280)	–
Gain on disposal of property, plant and equipment		(687)	–
Impairment losses for trade receivables reversed		(1,425)	(1,719)
Write-down of properties held for sale reversed		(5,206)	(6,729)
Revaluation increase of investment property		–	(30,000)
Loss on disposal of investment property		4,000	–
Depreciation		93	263
Amortisation of lease payments for land held for own use		–	47
Finance costs	*8*	10,206	9,020
Income tax	*10*	938	–
Gain on disposal of discontinued operation	*11*	(4,936)	–
Gain on disposal of subsidiaries	*12(b)*	(54)	–
Provision for loss arising from guarantee related to former related company reversed		(5,000)	–
Provision for loss arising from indemnity related to former subsidiary reversed		(5,800)	–
Operating cash flows before changes in working capital		(35,146)	(13,910)
Decrease/(increase) in inventories		183	(42)
Decrease/(increase) in properties held for sale		64,985	–
Decrease/(increase) in trade and other receivables		(1,188)	2,819
Increase/(decrease) in deposit received on disposal of properties held for sale		(25,757)	–
Increase/(decrease) in trade and other payables		(14,965)	9,637
Cash used in operations		(11,888)	(1,496)
Interests and charges paid on bank and other loans		(10,204)	(3,733)
Taxes paid		(938)	–
Net cash used in operating activities		(23,030)	(5,229)

	Notes	2006 HK$'000	2005 HK$'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,157	–
Proceeds from disposal of investment property		104,000	–
Payment to purchase property, plant and equipment		(326)	(8)
Disposal of subsidiaries	*12(a)*	(232)	–
Net cash generated from/(used in) investing activities		104,599	(8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other loans		1,047	9,429
Payment of bank and other loans		(55,678)	(4,137)
Payment of finance lease liabilities		(23)	(40)
Net cash generated from/(used in) financing activities		(54,654)	5,252
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,915	15
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		455	440
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		27,370	455
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank deposits		17,263	455
Financial assets		10,978	–
Financial liabilities		(871)	–
		27,370	455

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June 2006

1. GENERAL INFORMATION

The Company is a public listed company incorporated in Hong Kong with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading of the Company's shares on the Stock Exchange has been suspended since 30th June 2003. The Company has been placed in the third stage of delisting procedures and subjected to review hearing for resumption of trading in the Company's shares on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are located at Room 2508, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was involved in the following principal activities:

Property investment	–	properties in Hong Kong and the People's Republic of China for leasing and trading
Manufacturing and trading	–	equipment and accessories for boardband and cable television (discontinued with effect from 1st January 2006)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1st January 2005. These new and revised Standards and Interpretations which are applicable to the Group's operations are set out below:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenues
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 15	Operating Leases – Incentives
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HK(SIC)-Int 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The adoption of these new and revised Standards and Interpretations had no material effect on the amounts disclosed in the financial statements. The impact of changes in the Group's accounting policies is discussed below:

(a) HKAS 17 Leases

(i) Owner-occupied leasehold land

The Group has land use rights in the People's Republic of China other than Hong Kong (the "PRC") with buildings erected thereon for manufacturing purposes. In previous years, these property interests were included in property, plant and equipment at cost less accumulated depreciation and any accumulated impairment losses. In accordance with HKAS 17 these leasehold interests are classified as prepaid lease payments under operating leases, and are carried at cost and amortised over the lease term on a straight-line basis. In the absence of any transitional rules in HKAS 17, the change in accounting policy has been applied retrospectively.

As a result of the change in accounting policy, the carrying amounts of these leasehold interests of HK$0.254 million at 1st July 2004 and HK$0.207 million at 30th June 2005 have been reclassified as prepaid lease payments and the carrying amounts of property, plant and equipment at 1st July 2004 and 30th June 2005 are reduced by HK$0.254 million and HK$0.207 million respectively.

(ii) Initial direct costs incurred in relation to operating lease receivables

HKAS 17 requires initial direct costs incurred by a lessor in negotiating and arranging an operating lease to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Prior to the adoption of HKAS 17, the Group recognised such costs as an expense in the income statement in the period in which they were incurred. The change in accounting policy has been applied retrospectively.

The Group did not incur significant initial direct costs on negotiating and arranging leases.

(b) HKAS 40 Investment Property

HKAS 40 requires an investment property to be accounted for using the cost model or the fair value model. The Group elected to use the fair value model to account for its investment property, which requires gains or losses arising from changes in the fair value of investment property to be recognised directly in profit or loss for the year in which they arise. In previous years, investment property under the predecessor standard, Statement of Standard Accounting Practice 13, were measured at open market value, with revaluation surpluses or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, in which case the excess of the revaluation deficit over the balance on the investment property revaluation reserve was charged to profit or loss. Where a deficit had previously been charged to profit or loss and a revaluation surplus subsequently arose, that increase was credited to profit or loss to the extent of the deficit previously charged. The Group has applied the relevant transitional rules in HKAS 40 and elected to apply HKAS 40 retrospectively.

As a result of the change in accounting policy, the investment property revaluation reserve of HK$3.675 million at 1st July 2005 has been transferred to the Group's accumulated losses. Income and profit for 2005 has been increased by HK$3.675 million accordingly.

(c) HKFRS 2 Share-based Payment

HKFRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of HKFRS 2, the Group did not recognise the financial effect of share-based payments until such payments were settled. In accordance with the transitional provisions of HKRFS 2, HKFRS 2 has been applied retrospectively to all grants of equity instruments after 7th November 2002 that were unvested as of 1st January 2005, and to liabilities for share-based transactions existing at 1st January 2005.

The Group has no option granted after 7th November 2002.

(d) HK(SIC)-Int 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

In previous years, the deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor interpretation. HK(SIC)-Int 21 removes the presumption that the carrying amount of investment property is to be recovered through sale. Therefore, the deferred tax consequence of the investment property is now assessed on the basis that reflects the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC)-Int 21, the change in accounting policy has been applied retrospectively.

The change in accounting policy did not affect the total net deferred tax effect recognised at both 1st July 2004 and 30th June 2005 as shown in note 31.

The Group has not applied the following new and revised Standards or Interpretations that have been issued but are not yet effective:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Capital Disclosures	1st January 2007
HKAS 39 Amendment	The Fair Value Option	1st January 2006
HKFRS 7	Financial Instruments: Disclosures	1st January 2007
HKFRS-Int 4	Determining whether an Arrangement contains a Lease	1st January 2006

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis, except for investment property and financial instruments, which are measured at fair value, as explained in the principal accounting policies set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Investments in subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the company, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

In the Company's balance sheet, investments in subsidiaries are stated at cost less any impairment losses, unless the investment is classified as held for sale.

(d) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(e) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

(f) Goodwill

(i) Capitalised goodwill arising on acquisitions prior to 1st January 2005

For previously capitalised goodwill arising on acquisitions prior to 1st January 2005, the Group has discontinued amortisation from 1st January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired.

(ii) Capitalised goodwill arising on acquisitions on or after 1st January 2005

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

(iii) Impairment testing on capitalised goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" above.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Income arising from sales of properties is recognised when title has passed.

Income arising from sales of financial instruments is recognised on completion of transfer of risks and rewards of ownership to the transferee and title has passed.

Income arising from sales of goods is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the shareholder's right to receive payment is established.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(i) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

Provision for profit sharing and bonus payments due wholly within twelve months after balance sheet date is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Retirement benefit costs

The Group's contributions to defined contribution retirement scheme(s) set up pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme(s)") for all qualifying employees are expensed as incurred. The Group's contributions as employer vest fully with the employees when contributed into the MPF Scheme(s).

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The principal annual rates are as follows:

Buildings	5%
Leasehold improvements	10% or over the terms of the relevant leases, if shorter
Furniture, fixtures and equipment	9% to 20%
Motor vehicles	9% to 20%
Computer equipment	9% to 20%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss for the period in which the asset is derecognised.

(n) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

(o) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure and other direct costs attributable to bring the properties to their present location and condition. Net realisable value represents the estimated sales proceeds, based on prevailing market conditions, less any further costs expected to be incurred on disposal.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(r) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(ii) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iv) *Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(v) *Bank borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

(vi) *Convertible loan notes*

Convertible loan notes that consist of a liability and an equity components are regarded as compound instruments. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loan note into equity of the Group, is included in equity (capital reserves).

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

(vii) *Trade payables*

Trade payables are subsequently measured at amortised cost, using the effective interest rate method.

(viii) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(ix) *Derivative financial instruments*

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments for speculation are recognised in profit or loss as they arise.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Related parties

A party is considered to be related to the Group if:

(i) The party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;

(ii) The party is an associate;

(iii) The party is a jointly controlled entity;

(iv) The party is a member of the key management personnel of the Group or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv); or

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides, with directly or indirectly, any individual referred to in (iv) or (v).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may effect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(b) Estimation uncertainty

The Group also makes estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to properties held for sale and trade and other receivables.

The Group's management determines the net realisable value of properties held for sale based on the valuation made by independent valuer at each balance sheet date.

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgments and estimates. Management reassesses the provision at each balance sheet date.

5. REVENUE

(a) An analysis of the Group's turnover for the year is as follows:

	2006 *HK$'000*	2005 *HK$'000*
Continuing operations:		
Sales of properties	39,370	–
Property rental income	3,967	3,600
	43,337	3,600
Discontinued operation:		
Sales of equipment and accessories for broadband and cable television	2,136	1,353
	45,473	4,953

(b) An analysis of the Group's other income for the year is as follows:

	2006 *HK$'000*	2005 *HK$'000*
Accruals reversed	3,280	–
Bank interest income	47	–
Net investment gain from dealing in financial instruments	107	–
Other interest income	22	–
Sundry income	111	83
	3,567	83

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

The following continuing operations are the basis on which the Group reports its primary segment information. There are no sales or other transactions between the business segments.

2006
Income statement

	Property investment *HK$'000*	Total for continuing operations *HK$'000*
Revenue	43,337	43,337
Segment results from continuing operations	(24,361)	(24,361)
Unallocated corporate income		14,421
Unallocated corporate expenses		(10,162)
Finance costs		(10,092)
Loss for the year		(30,194)

Other information

	Property investment *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Capital expenditure	–	326	326
Depreciation	–	93	93

Balance sheet

	Property investment *HK$'000*	**Total** *HK$'000*
Assets:		
Segment assets	18,612	18,612
Unallocated corporate assets		28,879
Total assets		47,491
Liabilities:		
Segment liabilities	320	320
Unallocated corporate liabilities		39,887
Total liabilities		40,207

2005

Income statement

	Property investment *HK$'000*	**Total for continuing operations** *HK$'000*
Revenue	3,600	3,600
Segment results from continuing operations	40,115	40,115
Unallocated corporate income		83
Unallocated corporate expenses		(15,964)
Finance costs		(8,734)
Profit for the year		15,500

Other information

	Property investment *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Capital expenditure	–	–	–
Depreciation	–	17	17

Balance sheet

	Property investment *HK$'000*	Total for continuing operations *HK$'000*
Assets:		
Segment assets	186,933	186,933
Unallocated corporate assets		373
Total assets		187,306
Liabilities:		
Segment liabilities	27,374	27,374
Unallocated corporate liabilities		121,517
Total liabilities		148,891

(b) Geographical segments

The Group's operations are located in Hong Kong and elsewhere in the People's Republic of China (the "PRC"). The Group's property investment is carried out in Hong Kong and the PRC. Manufacturing and trading of equipment and accessories for broardband and cable television is carried out in the PRC.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services.

	Turnover by geographical market					
	Continuing operations		Discontinued operation		Total	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	3,402	3,600	–	–	3,402	3,600
PRC, other than Hong Kong	39,935	–	2,136	1,353	42,071	1,353
	43,337	3,600	2,136	1,353	45,473	4,953

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	28,879	109,077	326	–
PRC, other than Hong Kong	18,612	79,848	–	8
	47,491	188,925	326	8

7. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations has been arrived at after charging:

	2006	2005
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries and other benefits	1,252	1,616
Retirement scheme contributions	51	91
	1,303	1,707
Auditors' remuneration	397	320
Depreciation	93	263
Amortisation of lease payments for land held for own use	–	47
Net investment loss from dealing in foreign currencies	65	–
Operating lease charges for land and buildings	631	827

8. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on other loans and advances	8,499	7,783	–	–	8,499	7,783
Interest and charges on bank loans and advances	1,591	943	114	286	1,705	1,229
Interest on finance leases	2	8	–	–	2	8
	10,092	8,734	114	286	10,206	9,020

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

The emoluments paid or payable to each of the 8 (2005: 11) directors were as follows:

2006

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Ho Chi Wing	–	96	4	100
Lu Liang	–	–	–	–
Ng Yan	38	–	–	38
Tao Wei Ming	17	–	–	17
Lee Tsung Hei, David Chris	–	–	–	–
Independent non-executive directors:				
Cheng Sheung Hing	–	–	–	–
Cheng Kwong Choi, Alexander	36	–	–	36
Law Tai Yan	39	–	–	39
	130	96	4	230

2005

	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Lu Liang	–	25	–	25
Ng Yan	–	35	–	35
Tao Wei Ming	–	–	–	–
Ho Chi Wing	–	17	–	17
Tsang Kar Tong	–	214	11	225
Ho Yuk Ming, Hugo	–	–	–	–
Independent non-executive directors:				
Cheng Sheung Hing	–	–	–	–
Cheng Kwong Choi, Alexander	36	–	–	36
Law Tai Yan	8	–	–	8
Mui Chok Wah	3	–	–	3
Lyn Yee Chen, Jean	3	–	–	3
	50	291	11	352

(ii) Employees' emoluments

During the year, the 5 highest paid individuals included 1 (2005: 1) director, details of whose emoluments are set out above. The emoluments of the remaining 4 (2005: 4) highest paid individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	598	736
Retirement scheme contributions	23	35
	621	771

Emoluments of the non-director highest paid individuals fell within the following bands:

	Number of individuals	
	2006	2005
HK$0 to HK$1,000,000	4	4

10. INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:						
Hong Kong	–	–	–	–	–	–
Other jurisdictions	938	–	–	–	938	–
	938	–	–	–	938	–
Deferred tax *(note 31)*	–	–	–	–	–	–
Income tax expense for the year	938	–	–	–	938	–

Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit/(loss) as follows:

	2006		**2005**	
	HK$'000	%	*HK$'000*	%
Profit/(loss) before tax:				
Continuing operations	(30,194)		15,500	
Discontinued operation	7,137		(292)	
	(23,057)		15,208	
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	(4,034)	(17.5)	2,661	17.5
Tax effect of income that are not assessable in determining taxable profit	(1,022)	(4.4)	(6,427)	(42.3)
Tax effect of expenses that are not deductible in determining taxable profit	2,525	11.1	3,146	20.7
Tax effect of utilisation of tax losses not previously recognised	(2,302)	(10.0)	–	–
Tax effect of other temporary differences not previously recognised	(8)	(0.1)	(337)	(2.2)
Tax effect of additional tax losses not recognised	795	3.4	1,002	6.6
Tax effect of non-allowable offshore loss	4,046	17.5	–	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	938	4.1	(45)	(0.3)
Tax expense and effective tax rate for the year	938	4.1	–	–

11. DISCONTINUED OPERATION

On 1st January 2006, the Group disposed of Grandright Technology Limited, which carried out the Group's manufacturing and trading activities in respect of equipment and accessories for broadband and cable television. The disposal was effected in order to cut down the Group's continuing liabilities incurred from the deficit and unforeseeable prospect of the business.

The profit/(loss) for the year from the discontinued operation is analysed as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Profit/(loss) of manufacturing and trading operation in respect of equipment and accessories for broadband and cable television	2,201	(292)
Gain on disposal of manufacturing and trading operation in respect of equipment and accessories for broadband and cable television *(note 12(a))*	4,936	–
	7,137	(292)

The results of the manufacturing and trading operation in respect of equipment and accessories for broadband and cable television for the period from 1st July 2005 to 1st January 2006 are as follows:

	Period ended 1/1/2006 *HK$'000*	**Year ended 30/6/2005** *HK$'000*
Revenue	4,787	3,090
Direct costs	(1,156)	(766)
Distribution costs	(317)	(796)
Administrative expenses	(999)	(1,534)
Finance costs	(114)	(286)
Profit/(loss) for the period/year	2,201	(292)

No tax charge or credit arose on gain on disposal of manufacturing and trading operation in respect of equipment and accessories for broadband and cable television.

12. DISPOSAL OF SUBSIDIARIES

(a) As referred to in note 11, on 1st January 2006 the Group discontinued its operation in respect of the manufacturing and trading of equipment and accessories for broadband and cable television at the time of the disposal of its subsidiary, Grandright Technology Limited.

The consolidated net liabilities of Grandright Technology Limited at the date of disposal and at 30th June 2005 were as follows:

	1/1/2006 *HK$'000*	**30/6/2005** *HK$'000*
Property, plant and equipment	108	371
Prepaid lease payments	–	207
Inventories	159	342
Trade and other receivables	3,367	598
Cash and bank deposits	233	101
Trade and other payables	(1,266)	(1,952)
Bank and other loans	(7,536)	(6,803)
	(4,935)	(7,136)
Gain on disposal	4,936	
Total consideration	1	
Satisfied by:		
Cash	1	
Net cash inflow/(outflow) arising on disposal:		
Cash consideration received	1	
Cash and cash equivalents disposed of	(233)	
	(232)	

The impact of Grandright Technology Limited on the Group's results in the current and prior periods is disclosed in note 11.

(b) On 30th June 2006, the Group disposed of some other subsidiaries without operations. The net liabilities of those subsidiaries at the date of disposal and at 30th June 2005 were as follows:

	30/6/2006	**30/6/2005**
	HK$'000	*HK$'000*
Trade and other payables	(54)	(54)
Gain on disposal	54	
Total consideration	–	
Net cash inflow/(outflow) arising on disposal	–	

13. DISPOSAL OF ASSOCIATE

On 30th June 2006, the Group disposed of its interest in an inactive associate, CRED.net Limited 中國房地產網有限公司, as follows:

	30/6/2006	**30/6/2005**
	HK$'000	*HK$'000*
Share of net assets	–	–
Gain/(loss) on disposal	–	
Total consideration	–	
Net cash inflow/(outflow) arising on disposal	–	

CRED.net Limited（中國房地產網有限公司）had been struck off from the BVI Government Register with effect from 1st November 2003.

14. EARNINGS/(LOSS) PER SHARE

The basis earnings/(loss) per share is calculated based on the loss attributable to shareholders of HK$23.995 million (2005: profit attributable to shareholders of HK$15.208 million) and the weighted average number of 2,867,500,000 (2005: 2,867,500,000) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30th June 2006 and 30th June 2005 has not been disclosed as the potential shares arising from the exercise of the Company's share options would decrease the loss per share of the Group for the year and is regarded as anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Computer equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
At 1st July 2004	937	538	853	1,035	249	3,612
Additions	–	–	8	–	–	8
Disposals	–	–	(1)	–	(16)	(17)
At 30th June 2005 and 1st July 2005	937	538	860	1,035	233	3,603
Additions	–	–	–	290	36	326
Disposal of subsidiary	(937)	(538)	(708)	(213)	(226)	(2,622)
At 30th June 2006	–	–	152	1,112	43	1,307
Accumulated depreciation and impairment losses:						
At 1st July 2004	684	404	622	1,020	171	2,901
Charge for the year	47	71	102	10	33	263
Eliminated on disposals	–	–	(1)	–	(16)	(17)
At 30th June 2005 and 1st July 2005	731	475	723	1,030	188	3,147
Charge for the year	–	–	16	73	4	93
Eliminated on disposal of subsidiary	(731)	(475)	(652)	(209)	(184)	(2,251)
At 30th June 2006	–	–	87	894	8	989
Carrying amount:						
At 30th June 2006	–	–	65	218	35	318
At 30th June 2005	206	63	137	5	45	456

The carrying amount of the Group's furniture, fixtures and equipment includes an amount of HK$0.044 million (2005: HK$0.052 million) in respect of assets held under finance leases.

The Company

	Computer equipment *HK$'000*	Total *HK$'000*
Cost:		
At 1st July 2004	–	–
Additions/disposals	–	–
At 30th June 2005 and 1st July 2005	–	–
Additions	27	27
At 30th June 2006	27	27
Accumulated depreciation and impairment losses:		
At 1st July 2005	–	–
Charge for the year	–	–
At 30th June 2005 and 1st July 2005	–	–
Charge for the year	1	1
At 30th June 2006	1	1
Carrying amount:		
At 30th June 2006	26	26
At 30th June 2005	–	–

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2006 *HK$'000*	**2005** *HK$'000*
Leasehold land outside Hong Kong in the People's Republic of China:		
Medium-term lease	–	207
Analysed for reporting purposes as:		
Current portion (included in trade and other receivables)	–	47
Non-current portion	–	160
	–	207

17. INVESTMENT PROPERTY

	2006	2005
	HK$'000	*HK$'000*
Fair value of investment property	–	108,000
At beginning of the year	108,000	78,000
Increase in fair value	–	30,000
Disposal	(108,000)	–
At end of the year	–	108,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The investment property shown above comprises of leasehold land in Hong Kong held under medium-term lease.

The fair value of the Group's investment property at 30th June 2005 had been arrived at on the basis of a valuation carried out at that date by Dudley Surveyers Limited, an independent firm of professional valuers not connected with the Group.

The Group had pledged all of its investment property to secure certain loans granted to the Group from a bank and other parties. Those loans were fully settled upon disposal of the investment property during the year.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to HK$3.402 million (2005: HK$3.600 million). Direct operating expenses arising on the investment property in the period amounted to HK$0.103 million (2005: HK$0.091 million).

There was no significant initial direct costs to be deferred in both years.

18. DEPOSIT PAID FOR PURCHASE OF INVESTMENT PROPERTY

	2006	2005
	HK$'000	*HK$'000*
Deposit paid for acquisition of investment properties in the People's Republic of China	–	–

Deposit paid represents payment of consideration for the acquisition of certain investment properties situated in Beijing, the People's Republic of China.

Impairment losses were recognised in previous years in respect of the deposit paid for the acquisition of investment properties as the relevant vendor, China Real Estate Development Group Huadong Properties Company Limited 中房集團華東置業股份有限公司 ("CRED"), a former jointly controlled entity of the Group, had pledged the relevant properties for certain credit facilities granted to CRED. The Group had not been able to obtain legal title to these properties notwithstanding the full payment of consideration. An indemnity was granted by CIL Holdings Limited ("CILH") against all claims, losses, costs and expenses incurred in connection with various matters relating to these properties including, but not limited to, the legal impediment relating to the obtaining and transferring of the legal title of these properties. However, the directors were not certain whether the indemnity would be honoured by CILH. The recoverable amount of the deposit was therefore estimated to be negligible.

An agreement dated 30th August 2005 had been signed between World Joy Limited ("World Joy"), the purchaser of those investment properties in Beijing and a subsidiary in the Group, and CRED under which World Joy agreed to waive the deposit on condition that legal title of other properties in Shanghai purchased by Welchem Development Limited ("Welchem"), another subsidiary in the Group, was successfully obtained from CRED. Legal title of those other properties in Shanghai had then been obtained by Welchem during the year; the deposit was therefore waived and written off.

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1	175
Impairment losses recognised	(1)	(175)
	–	–

Details of principal subsidiaries as at 30th June 2006, which materially affected the Group's results or net assets, are set out in note 41.

20. INTEREST IN ASSOCIATE

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Share of net assets	–	–

Details of the Group's associate are as follows:

Name of associate	Place of incorporation/operation	Attributable percentage of shares held		Principal activity
		2006	**2005**	
CRED.net Limited	British Virgin Islands/ People's Republic of China	–	20%	Inactive

The Group ceased to include the share of post-acquisition loss of the associate in the consolidated income statement when the share of post-acquisition loss exceeded the carrying amount of the investment in associate as the Group had no commitment to provide financial support to the associate.

The Group's interest in associate was disposed of on 30th June 2006 as mentioned in note 13.

21. AMOUNT DUE FROM SUBSIDIARIES

	The Company	
	2006	**2005**
	HK$'000	*HK$'000*
Amount due from subsidiaries	190,014	472,622
Impairment losses recognised	(134,045)	(414,096)
	55,969	58,526

The amount is unsecured and non-interest bearing. The Company has agreed not to demand repayment within 1 year after the balance sheet date and the amount is therefore classified as a non-current asset.

22. INVENTORIES

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Raw materials	–	18
Work-in-progress	–	89
Finished goods	–	235
	–	342

An analysis of the amount of inventories recognised as an expense for the year is as follows:

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Carrying amount of inventories sold	1,107	766
Write-down in respect of obsolete inventories	49	–
	1,156	766

23. PROPERTIES HELD FOR SALE

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Properties in the People's Republic of China for sale, at net realisable value	18,450	78,229

An analysis of the amount of properties held for sale recognised as expenses for the year is as follows:

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Carrying amount of properties sold	41,080	–
Carrying amount of properties written off	23,905	–

An analysis of the amount of reversmal of write-down in respect of properties held for sale recognised as an income for the year is as follows:

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Write-down in respect of properties reversed	5,206	6,729

The properties were purchased by Welchem Development Limited ("Welchem"), a subsidiary in the Group, from China Real Estate Development Group Huadong Properties Company Limited 中房集團華東置業股份有限公司 ("CRED"), a former jointly controlled entity of the Group. Owing to certain disputes with CRED, the legal title to the properties had not been transferred to Welchem although the purchase consideration was fully settled by Welchem. In previous year, the Group started negotiation with CRED to expedite the transfer of legal title of the properties to Welchem, with the assistance of an independent third party (the "Purchaser") from whom a total sum of deposit of HK$25.757 million had been received by Welchem for sale of certain properties to the Purchaser. The transfer of legal title of the properties was completed during the year. Welchem was unable to obtain legal title to certain properties with a total carrying amount of HK$23.905 million recognised as a loss for the year. The Purchaser took up the properties as per a supplementary agreement entered into between Welchem and the Purchaser on 16th August 2005 utilising the said deposit of HK$25.757 million as part of the consideration resulting in a loss on disposal of HK$4.861 million.

24. FINANCIAL ASSETS AND LIABILITIES

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Financial assets, at fair value:		
Deposits with stockbroker – general	6,955	–
– options	4,023	–
	10,978	–

HK$2.516 million of the options deposit has been blocked as margin.

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Financial liabilities, at fair value:		
Options	871	–

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	–	2,731	–	–
Other receivables, deposits and prepayments	482	949	321	171
Prepaid lease payments	–	47	–	–
	482	3,727	321	171
Impairment losses recognised:				
Trade receivables	–	(2,444)	–	–
	482	1,283	321	171

The aging analysis of trade receivables is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 3 months	–	287	–	–
Over 3 months	–	2,444	–	–
	–	2,731	–	–

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

26. CASH AND BANK DEPOSITS

Cash and bank deposits comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value.

27. DEPOSIT RECEIVED ON DISPOSAL OF PROPERTIES HELD FOR SALE

	The Group	
	2006	**2005**
	HK$'000	*HK$'000*
Deposit received on disposal of properties held for sale	–	25,757

The deposit represented amount received from an independent third party (the "Purchaser") for sale of certain properties to the Purchaser and was utilised as part of the consideration on completion of sale during the year as mentioned in note 23.

28. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	417	–	–
Other payables, deposits and accruals	16,386	35,220	3,284	15,925
Provisions	–	10,800	–	10,800
	16,386	46,437	3,284	26,725
Amount due for payment:				
Within 1 year	4,605	34,970	3,284	26,725
After 1 year	11,781	11,467	–	–
	16,386	46,437	3,284	26,725

The aging analysis of trade payables is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 3 months	–	38	–	–
Over 3 months	–	379	–	–
	–	417	–	–

The directors consider that the carrying amount of trade and other payables approximates their fair value.

29. OBLIGATIONS UNDER FINANCE LEASES

At the balance sheet date, the Group's total future minimum lease payments under finance leases is as follows:

	2006		
	Present value	**Finance charges**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Office equipment:			
Within 1 year	7	1	8
After 1 year but within 5 years	–	–	–
	7	1	8

	2005		
	Present value	**Finance charges**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Office equipment:			
Within 1 year	21	1	22
After 1 year but within 5 years	7	1	8
	28	2	30

30. BANK AND OTHER LOANS

	The Group		**The Company**	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans – secured	–	26,966	–	–
Other loans – secured	–	27,493	–	17,492
– unsecured	22,943	30,965	1,523	2,423
	22,943	85,424	1,523	19,915
Amount due for payment:				
Within 1 year	1,523	18,973	1,523	10,922
After 1 year but within 5 years	21,420	66,451	–	8,993
	22,943	85,424	1,523	19,915

The loans bear interest at prevailing market rates.

31. DEFERRED TAX

The Group

The major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years are summarised below:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st July 2004	705	(705)	–
Charge/(credit) to income statement for the year	2,875	(2,875)	–
At 30th June 2005 and 1st July 2005	3,580	(3,580)	–
Charge/(credit) to income statement for the year	(3,580)	3,580	–
At 30th June 2006	–	–	–

At 30th June 2006, the Group has unused tax losses of approximately HK$65.882 million (2004: HK$83.424 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits streams.

No provision for deferred tax liabilities has been made as the Group had no material taxable temporary differences at 30th June 2006.

The Company

At 30th June 2006, the Company had unused tax losses of approximately HK$11.873 million (2005: HK$22.829 million) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

No provision for deferred tax liabilities has been made as the Company had no material taxable temporary differences at 30th June 2006.

32. SHARE CAPITAL

	Number of shares		Amount	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.2 each				
– At beginning and end of the year	4,000,000	4,000,000	800,000	800,000
Issued and fully paid:				
Ordinary shares of HK$0.2 each				
– At beginning and end of the year	2,867,500	2,867,500	573,500	573,500

33. RESERVES

The Group

	Share premium *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1st July 2004				
– as previously reported	103,257	(51,688)	(608,998)	(557,429)
– prior period adjustment *(note (a))*	–	51,688	(51,688)	–
– as restated	103,257	–	(660,686)	(557,429)
Profit for the year	–	–	15,208	15,208
At 30th June 2005 and 1st July 2005	103,257	–	(645,478)	(542,221)
Loss for the year	–	–	(23,995)	(23,995)
At 30th June 2006	103,257	–	(669,473)	(556,216)

The Company

	Share premium *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1st July 2004				
– as previously reported	103,257	(51,688)	(605,748)	(554,179)
– prior period adjustment *(note (a))*	–	51,688	(51,688)	–
– as restated	103,257	–	(657,436)	(554,179)
Loss for the year	–	–	(7,248)	(7,248)
At 30th June 2005 and 1st July 2005	103,257	–	(664,684)	(561,427)
Profit for the year	–	–	39,476	39,476
At 30th June 2006	103,257	–	(625,208)	(521,951)

Notes:

(a) Prior period adjustment represented loss arising from the disposal of an associate acquired during the financial year ended 30th June 2003 and disposed of during the financial year ended 30th June 2004.

(b) At the balance sheet date, the Company had no reserves available for distribution to shareholders (2005: Nil).

34. SHARES OPTION SCHEMES

Share option scheme adopted in 1999

Pursuant to the share option scheme adopted by the Company on 19th July 1999 (the "1999 Scheme"), the board of directors of the Company may grant options to any directors, officers or employees of the Company or 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 5 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 25th July 2002, the share option scheme adopted by the Company on 19th 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) 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 5 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 12 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.

Details of the Company's share options held by the Participants under the 1999 Scheme and movements in such holdings during the year are as follows:

Exercise price	Date of grant	Outstanding at 1st July 2004	Number of options Outstanding at 30th June 2005 and 1st July 2005	Outstanding at 30th June 2006
HK$				
0.200	3rd July 2001	100,000	100,000	100,000
0.202	24th May 2002	25,835,000	25,835,000	25,835,000
		25,935,000	25,935,000	25,935,000

Details of the share options held by directors under the 1999 Scheme included in the above table are as follows:

Exercise price	Date of grant	Outstanding at 30th June 2005	Outstanding at 30th June 2006
HK$			
0.202	24th May 2002	25,835,000	25,835,000

Details of the specific categories of options under the 1999 Scheme are as follows:

Exercise price *HK$*	Date of grant	Exercisable period
0.200	3rd July 2001	03/07/2001 to 02/07/2011
0.202	24th May 2002	24/05/2002 to 23/05/2012

35. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had contingent liabilities as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Possible claims in respect of provisions reversed during the year arising from:				
Guarantee related to former related company	5,000	–	5,000	–
Indemnity related to former subsidiary *(note 39(b))*	5,800	–	5,800	–
	10,800	–	10,800	–

36. COMMITMENTS

(a) Capital commitments

The Group had no capital commitment at the balance sheet date (2005: Nil).

(b) Operating lease commitments

At the balance sheet date, the total future minimum lease payments under non-cancelable operating leases are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Properties:				
Within 1 year	884	469	392	324
After 1 year but within 5 years	540	167	300	–
	1,424	636	692	324

37. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee.

Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions at HK$1,000 or 5% of the relevant payroll costs, whichever is the lower, to the scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees of the Group's subsidiary in the People's Republic of China are members of a state-managed retirement benefit scheme operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total contributions payable to the retirement benefit schemes by the Group at rates specified in the rules of the schemes and charged to profit or loss for the year is HK$0.051 million (2005: HK$0.091 million).

38. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Group had no material transactions with other related parties during both years.

39. LITIGATION

The Group had the following material claims:

(a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings approximately HK$1.6 million together with the interest thereon. As the Company had never borrowed money from that individual third party, the directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an Amended Writ of Summons was served on the Company by the lender of the Group (the "2nd Plaintiff") to clarify that the individual third party acted as an agent of the 2nd Plaintiff. The directors have instructed the lawyer of the Company to handle this matter. The loan advanced by the 2nd Plaintiff has been fully accrued in the financial statements. As at 30th June 2006, the amount has not yet been settled.

(b) According to an agreement entered into by the Company, two of its subsidiaries and two independent third parties in February 2003, the Group had disposed of a subsidiary, World Gaint Limited ("World Giant"), a company engaged in property investment in the People's Republic of China (the "PRC"). In this connection, the Company has undertaken to indemnify World Gaint 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$5.8 million was related to 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. In February 2005, a Writ of Summons was served on the Company demanding the payment of approximately HK$5.8 million. However, such amounts are covered by the amount accrued in the accounts of World Gaint at the time of disposal. Accordingly, in the opinion of the directors and having obtained an opinion from the Company's lawyer, the Group or the Company has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved has been shown as contingent liabilities as at 30th June 2006 in note 35.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating and investing activities.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operation of the Group, no major hedging activities are undertaken by management.

The most significant financial risks to which the Group is exposed to are as follows:

(a) Foreign exchange risk

The Group has adopted the Hong Kong dollar as its functional and presentation currency. The Group has subsidiaries operated in the People's Republic of China (the "PRC") and is therefore exposed to foreign exchange risk. However, in view of the stable currency policies adopted by the PRC government, the directors consider that the foreign exchange risk is insignificant.

The Group currently does not have a foreign exchange rate hedging policy in respect of commercial transactions denominated in foreign currencies. However, the directors monitor exchange rate exposure and will consider hedging significant exchange rate exposure should the need arise.

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

At the balance sheet date, the Group had no significant concentration of credit risk.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 30th June 2006 are as follows:

	Place of incorporation/ operation	Paid up capital	Issued and class of shares	Attributable percentage of shares held		Principal activities
				Directly	Indirectly	
First Union Limited 壹聯有限公司	Hong Kong	HK$2	Ordinary	100%	–	Property investment
Noble City (Asia) Limited 港匯(亞洲)有限公司	Hong Kong	HK$2	Ordinary	100%	–	Investment holding
Welchem Development Limited 華綽發展有限公司	Hong Kong/ People's Republic of China	HK$2	Ordinary	–	100%	Property investment
World Joy Limited 華緻有限公司	Hong Kong/ People's Republic of China	HK$2	Ordinary	–	100%	Property investment
Konmate Investment Limited 廣美投資有限公司	Hong Kong	HK$2	Ordinary	100%	–	Inactive
Konwide Development Limited 廣偉發展有限公司	Hong Kong	HK$2	Ordinary	100%	–	Inactive

II. OTHERS

1. Indebtedness

At the close of business on 31st March 2007, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of the Circular, the Group had:

(a) Outstanding borrowings in the sum of approximately HK$31.1 million which comprised unsecured loans of approximately HK$1.6 million payable to an independent third party as disclosed in the section headed "Litigation" in Appendix VI to this circular and unsecured loans and interests payable of approximately HK$29.5 million paybale to other independent non-financial institution.

(b) Contingent liabilities

– Approximately HK$5 million in relation to a claim in 2004 against the Company as a guarantor in respect of a leasing facility granted by a leasing company to a former related company.

– Approximately HK$5.8 million in relation to an undertaking to indemnify a former subsidiary in respect of any increase in liabilities as a result of taxation arising from transactions effected on or before the completion date of the disposal of that subsidiary by the Company. Details are disclosed in the section headed "Litigation" in Appendix VI to this circular.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and the balance of consideration for acquisition of the Property payable of approximately HK$46,334,000 on completion of the Agreement, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31st March 2007.

Foreign currency amounts have been translated at the approximate exchange rates prevailing at the close of business on 31st March 2007.

To the best understanding and knowledge of the Directors, the Directors confirm that there are no material changes to the indebtedness position of the Enlarged Group since 31st March 2007 up to the Latest Practicable Date.

2. Working Captial

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances and based on the expected cash flows and the internal resources of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for the next 12 months from the date of the Circular after completion of the acquisition of the Property.

3. Material Changes

Subsequent to the last published audited accounts of the Company (which was contained in the annual report of the Company for the year ended 30th June 2006), the Directors were not aware, as at the Latest Practicable Date, of any material changes in the financial or trading position or prospects of the Group.

4. Management Discussion and Analysis

The following is a record of Management Discussion and Analysis of the Group for the past three years ended 30th June 2004, 30th June 2005 and 30th June 2006 extracted from the published financial statements for the Group for reference.

Year ended 30th June 2004

Turnover

The turnover of the Group for the year ended 30th June 2004 was mainly attributable to the rental income from the investment properties and operations in trading and manufacturing media equipment and peripherals in the PRC.

Business Review

Post Severe Acute Respiratory Syndrome ("SARS"), Hong Kong property market revived rapidly. The property prices rose more than 30% from the mid-2003. The Group's investment portfolio also benefited from the property revaluation of recording a gain of HK$16 million. The Group's loss on operation in trading and manufacturing segment reported with marked improvement on allowance on bad and doubtful debts and administrative expenses. As a result, the Group suffered a loss of HK$1.7 million for an operation in trading and manufacturing media equipment and peripherals.

With the office market revived upward, investment properties had generated stable rental incomes to the Group.

The Group's staffs and daily administration costs had been trimmed down sharply to HK$11.5 million by a decrease of 53.9% as compared to HK$24.9 million of the year 2003.

Prospect

The Mainland-Hong Kong Closer Economic Partnership Arrangement ("CEPA") took effect on 1st 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. Economy in the PRC and Hong Kong was rebounding from the outbreak of the deadly SARS and blooming. The management anticipated the Group would record further gain on property revaluation from the rising real estate market in its Hong Kong investment portfolio. The management has been optimistic that the Group's rental incomes from the investment properties would be creeping up gradually.

Due to the Group enjoying harmonious relationship with PRC corporations, the management expected the Group would benefit from the lucrative investment opportunities in the PRC.

Because of the uncertainty of the interest rates, the Group had already sharpened its competitive edge. The Group continued 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.

The Group would be engaged continuously in debt restructuring and capital reduction to make the financial position of the Group more healthy through active negotiations with financial institutions or creditors for flexible repayment terms or an extension of the debt repayment.

Liquidity and financial resources

As at 30th June 2004, the gearing ratio of the Group increased to 481% (2003: 328%). It was computed on the basis of the aggregate interests bearing loans, which comprise of bank borrowings, loans, overdraft, other borrowings and obligations under finance lease, divided by the amount of shareholders' equity.

As at 30th June 2004, the Group had short-term loans and overdraft borrowings with banks and financial institutions approximately amounting to HK$49 million (2003: HK$73 million) and long-term borrowings approximately amounted to HK$32 million (2003: nil). 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 and Renminbi, risk in exchange rate fluctuation would be immaterial. Thus, the Group did not use any hedges.

Short-term loans, amounting to approximately HK$5.5 million in aggregate, were advanced to the Group by several independent third parties subsequent to the year under review. The management believed such loans advancements would improve the Group's liquidity.

Contingent liabilities

As at 30th June 2004, a leasing facility amounting to approximately HK$4.61 million (2003: HK$4.61 million) granted by a leasing company to a former related company was secured by a corporate guarantee provided by the Company. Subsequent to the balance sheet date, a claim against the Company as a guarantor was received for the outstanding principal together with the accrued interest of approximately HK$5 million due by the former related company up to 31st December 2004. Although a counter-indemnity from that former related company was obtained by the Company, it was not certain whether the counter-indemnity would be honoured. Accordingly, the full amount of claim had been accrued and included in trade and other payables at the balance sheet date.

In addition, pursuant to an agreement entered into by the Company, two of its subsidiaries and two independent 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 had 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$5.8 million was in respect of transactions on or before the completion date. The existing management of World Giant had indicated to the Directors that the amount in respect of transactions on or before the completion date should be paid by the Company. In January 2005, World Giant lodged a claim against the subsidiary of the Company demanding the payment of approximately HK$5.8 million. However, such amounts were fully covered by the amount accrued in the accounts of the World Giant at the time of disposal. Accordingly, in the opinion of the directors and having obtained from the Company's lawyer, the Group or the Company had no obligation to pay the above taxes.

Properties portfolio

The Group's properties portfolio were valued at approximately HK$78 million (2003: HK$62 million) at 30th June 2004 by AA Property Services Limited ("AA Property") on an open market value existing use basis.

- Property owned in Hong Kong: Revaluation surplus of approximately HK$16 million (2003: HK$1.1 million revaluation surplus) had been credited to the consolidated income statement due to increment in values.

- Properties held for sale in the PRC: There was no decrease or increase in revaluation. (2003: HK$12.4 million revaluation deficits).

Charge on group assets

The Group's properties portfolio, excluding the property held for sale in the PRC, were pledged to secure facilities amounting to HK$78.5 million in aggregate (2003: HK$62.6 million) to certain financial institutions.

Staff and remuneration policies

The Group had about 40 staffs during the year under review. Staffs were rewarded in link of their individual performance, the Group's performance and the prevailing market salary rate. Staffs with outstanding performance would be granted share option.

Material acquisition or disposal

During the year of 2005, the Group disposed of Sky Citi-Link ATNT (Holdings) Limited, an associate of the Group prior to the disposal, for a cash consideration of HK$100,001.

Year ended 30th June 2005

Business Review

During the year ended 30th June 2005, the Group was principally engaged in property investment, trading and manufacturing of equipment and accessories for broadband and cable television. As the local economy gradually recovered during the year, demand for high grade office had maintained an upward trend.

Investment properties, Trading and Manufacturing

The property segment contributed appropriately 72.7% or HK$3,600,000 to the Group's turnover, (2004: approximately 47.9% or HK$3,089,000). The income from trading and manufacturing was approximately HK$1,353,000 (2004: HK$3,356,000), representing a decrease of approximately of 59.7%, which was due to the keen competition in terms of design and technology of equipment and accessories for broadband and cable television.

Gross profit

The gross profit margin of the group was approximately 82.7% (2004: 70.0%). The increase in the gross profit margin was mainly due to the increase in the rental income and decrease in the trading and manufacturing activity.

Gain on property revaluation

Benefited from the growth of the Hong Kong property market during the year 2005 under review, profits from this segment increased by 106.6% to HK$33,054,000 (2004: HK$16,000,000). Investment properties, all of which were located in Hong Kong, provided a steady income of the Group and were 100% leased as at 30th June 2005.

Net profit (loss)

The Group's net profit attributable to shareholders for the financial year ended 30th June 2005 was approximately HK$11,533,000 (2004: loss of HK$5,213,000).

Expenses

Administrative and other operating expenses amount to HK$12,617,000 (2004: HK$11,476,000). The increase in amount was mainly due to the additional legal and professional fee incurred as compared with 2004.

Total finance costs came up to approximately HK$9,020,000 (2004: HK$9,341,000). The decrease in amount was mainly due to the decrease in loan arrangement fee as compared with 2004.

During the year ended 30th June 2005, HK$1,719,000 (2004: provision of HK$1,116,000 made) of provision for bad and doubtful debts has been written back.

HK$5,800,000 (2004: Nil) represented loss arising from an indemnity granted in respect of liabilities (the "indemnity") of a former subsidiary, World Giant Limited. But, in the opinion of the Board and having obtained an opinion from the then Company's lawyer, the Group had no obligation to pay such indemnity. For the prudence sake, the amount involved had been fully accounted for in the income statement.

Dividend

The Board of Directors resolved not to declare any dividend in respect of the year ended 30th June 2005 (2004: Nil).

Future plans and prospects

In view of the current improved property market conditions in Hong Kong, the Group had entered into a provisional agreement and a sale and purchase formal agreement on the 7th September 2005 and 4th October 2005 respectively (the "Agreement") for the disposal of the property located at the Units 1-10 on the 30 floor of Wu Chung House, No. 213 Queen's Road East, Hong Kong (the "Property") (the "Disposal") for a consideration of HK$104,000,000. The transaction should be subject to the approval of the shareholders of the Company at the extraordinary general meeting held on 29th November 2005. The Directors consider that the Disposal represents a good opportunity for the Company to realise the Property at a reasonable price.

In light of rapid recovering of local and China property market, the Group will expand its business from property investment to other related business, including but not limited to property management consulting business.

Liquidity and financial resources

As at 30th June 2005, the gearing ratio of the Group decreased to 264% (2004: 481%). It was computed on the basis of the aggregate interests bearing loans, which comprise of bank borrowings, loans, overdraft, other borrowings and obligations under finance lease, divided by the amount of shareholders' equity.

As at 30th June 2005, the Group had short-term loans and overdraft borrowings with banks and financial institutions approximately amounted to HK$19 million (2004: HK$49 million) and long-term borrowings approximately amount to HK$66 million (2004: HK$32 million). The loans were charged with interests at prevailing commercial lending rates.

All of the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange rate fluctuation would therefore be immaterial. Thus, there was no need for any foreign exchange hedging arrangement.

Properties portfolio

The Group's properties portfolio were valued at approximately HK$186 million (2004: HK$150 million) at 30th June 2005 by Dudley Surveyors Limited ("Dudley Surveyors") on an open market value existing use basis.

– Property owned in Hong Kong : Revaluation surplus of approximately HK$26.3 million (2004: HK$16 million revaluation surplus) had been credited to the consolidated income statement due to the appreciation in value and approximately HK$3.7 million (2004: Nil) had been credited to investment properties revaluation reserve.

– Properties held for sales in PRC: Revaluation surplus of approximate HK$6.7 million (2004: Nil) had been credited to the consolidated income statement due to the appreciation in value.

Charge on group assets

The Group's properties portfolio, excluding the property held for sales in the PRC, amounting to HK$108 million in aggregate (2004: HK$78 million) were pledged to secure facilities to certain financial institutions, which will be discharged upon the completion of the Disposal.

Working capital

The Directors were of the opinion that, with the internally generated resources and revenue together with the expected net proceeds from the Disposal, the group had sufficient working capital to meet its working capital requirements for the years from 2005 to 2007.

Staff policy

The group had about 40 employees during the year under review. A comprehensive and competitive remuneration, retirement scheme and benefit package had been provided to its employees. Discretionary bonus was offered to the group's staff depending on their performance. The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the local government. The subsidiary was required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme was to make the specified contributions. The group had adopted a provident fund scheme, as required under the mandatory provident fund schemes ordinance, for its employees in Hong Kong.

Audit committee

The consolidated financial statements had been audited by the auditors of the Company and had been reviewed by the Audit Committee of the Company.

Corporate governance

The independent non-executive director, Ms. Lyn Yee Chen, Jean, had retired on 30th December 2004. On 20th April 2005, Mr. Law Tai Yan was appointed as independent non-executive director and the member of audit committee of the Company so as to comply with 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

Saved as disclosed above, the Company had complied throughout the year ended 30th June 2005 with the "Code of Best Practice" as set out in Appendix 14 of the then Listing Rules.

Model code for securities transactions by directors of listed issues

The Company adopted the model code set out in Appendix 10 to the then Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company had confirmed, following specific enquiry by the Company, that they had compiled with the required standard set out in the model code throughout the year ended 30th June 2005.

Purchase, sale or redemption of shares

The Company had not redeemed any of its ordinary shares during the year ended 30th June 2005. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's ordinary shares during the period.

Year ended 30th June 2006

Business Review

During the year ended 30th June 2006, the Group was principally engaged in property investment, manufacturing and trading of equipments and accessories for broadband and cable television. The subsidiary company in Zhuhai accumulated a loss of over RMB7 million since the investment was launched in 2001. The management did not foresee any prospect of this business and disposed the subsidiary to a third party in January 2006.

Turnover

The total turnover for the year was approximately HK$43 million, which was totally contributed from the property segment.

Gross profit

The gross profit of the group was approximately HK$2.1 million (2005: HK$3.5 million).

Net loss

The Group's net loss for the year was approximately HK$24 million (2005: net profit HK$15.2 million).

Increase on property revaluation

On the closing date of this financial year, the Group's properties at Charity Plaza in Shanghai were valued at HK$18.45 million, representing an increase of HK$5.2 million.

Loss Arising From Settlement Of Dispute Over The Properties in Shanghai Held For Sale

The dispute of the property in Shanghai held for sale by our subsidiary namely Welchem Development Limited, was settled during the year of 2006, the loss represented those amount written off the book value of such properties in Shanghai.

Expenses

Administrative and other operating expenses amounted to HK$13,978,000 (2005: HK$10,287,000). The increase was due mainly to additional legal and professional fees incurred for the resumption proposal, and obtained the legal title in respect of the ownership of the properties in Shanghai.

Total finance costs were HK$10,092,000 (2005: HK$8,734,000). The increase in amount was mainly due to the increase in interest rates during the year of 2006.

Reversal of provisions

Provision of HK$5 million was made in 2004 in respect of a guarantee issued in connection with a purchase made by a former related company. No claim was received in the past two years of 2005 and 2006.

Provision of HK$5.8 million was made in 2005 in respect of an indemnity which was granted in respect of liabilities of a former subsidiary. An opinion was obtained from the Company's lawyer that the Group had no obligation to pay such indemnity.

The directors were in the opinion of that the above two provisions were no longer required and reversed in the financial year 2006.

Liquidity and financial resources

As at 30th June 2006, the gearing rate of the Group increased to 315% (2005: 264%). It was computed on the basis of the aggregate interest bearing loans, which comprise short and long term loans, divided by the amount of shareholders' equity.

As at 30th June 2006, the Group had short-term loan approximately amounted to HK$1.5 million (2005: HK$19 million) and long-term borrowings amounted to HK$21.4 million (2005: HK$66 million). The loans were charged with interests at prevailing commercial lending rates.

All of the Group's bank balances and borrowings were denominated in Hong Kong dollars.

Charge on group assets

As at 30th June 2006, the Group had no property pledged to any financial institutions.

Working capital

After the disposal of the properties in Hong Kong and in Shanghai, the Directors were in the opinion that the Group had sufficient working capital to meet its working capital requirements for coming two years 2007 and 2008.

Staff policy

There was no change on the staff policy during the year under review. A comprehensive and competitive remuneration retirement scheme and benefits package had been offered to its employees. Discretionary bonus was offered to the Group's staff depending on their performance. The only obligation of the Group with respect to the retirement benefit scheme was to make the specified contribution. The Group had adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

The following is the text of a report, prepared solely for the purpose of inclusion in this circular.

PATRICK NG & COMPANY

Certified Public Accountants
20/F., Hong Kong Trade Centre
161-167 Des Voeux Road
Central, Hong Kong

12th June 2007

The Directors
eCyberChina Holdings Limited

Dear Sirs,

We set out below our report on the available profit and loss statement (the "Financial Information") of the property known as Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre situated at No. 139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, The People's Republic of China (the "Property") for the year ended 31st December 2006 (the "Relevant Period") for inclusion in the circular issued by eCyberChina Holdings Limited (the "Company") dated 12th June 2007 (the "Circular") in connection with the acquisition of the Property by the Company.

We have been engaged to review the Financial Information, which were prepared on basis consistent with the accounting policies of the Company, for the Relevant Period to ensure that it has been properly compiled and derived from the underlying books and records, in accordance with the requirements as set out in Rule 14.69(4)(b)(i) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such audit or review assurance on the Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary to provide us with sufficient evidence to give reasonable assurance that the Financial Information has been properly compiled on basis consistent with the accounting policies of the Company.

In our opinion, on the basis of presentation set out in note 1 of section A relating to Basis of Presentation of Financial Information below, the Financial Information for the Relevant Period has been properly compiled and derived from the underlying books and records.

Yours faithfully

PATRICK NG & COMPANY
Certified Public Accountants
Hong Kong

(A) FINANCIAL INFORMATION

Profit and Loss Statement

	Note	Year ended 31st December 2006 RMB'000
Revenue		
Gross rental income		6,565
Other income	3	25
		6,590
Direct costs	4	(211)
Expenses		
Administrative and general expenses	5	(4,671)
Operating profit before tax		1,708
Income tax expense	6	(116)
Net income		1,592

Notes to Financial Information

1. Basis of presentation of Financial Information

The Financial Information has been presented in accordance with the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The measurement basis used is the historical cost basis.

2. Significant accounting policies

a. Revenue recognition

Property operating lease income is measured at the fair value of the consideration received or receivable and is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Sundry income, which included compensation received, sale of scrap materials, service charges received and unclaimed payables written off, is recognised when the amount receivable is confirmed and the amount payable is reversed.

b. Taxation

Income tax expense represents the sum of the PRC tax currently payable.

The PRC tax currently payable is calculated using applicable tax rate(s) on taxable profit for the year. Taxable profit may differ from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

3. Other income

	RMB'000
Bank interest income	1
Sundry income	24
	25

4. Direct costs

	RMB'000
PRC land use tax and real estate tax	211

5. Administrative and general expenses

	RMB'000
Administration and operation expenses	390
Advertising	389
Entertainment	87
Insurance	65
Repairs, maintenance and renovation expenses	824
Salaries	588
Travelling	49
Utility and other expenses	2,173
Welfare	106
	4,671

The expenses include the Vendor's expenditure to hire staff to advertise and promote the Property to the public; entertain and meet new tenants; manage and ensure the Property is clean and safe; provide utilities and maintenance supports and safeguard to the Property.

6. Income tax expense

	RMB'000
PRC business tax and income tax	116

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Patrick Ng & Company, in respect of the unaudited pro forma financial information on the Enlarged Group as set out in this Appendix to this circular.

PATRICK NG & COMPANY

Certified Public Accountants
20/F., Hong Kong Trade Centre
161-167 Des Voeux Road
Central, Hong Kong

12th June 2007

The Directors
eCyberChina Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of eCyberChina Holdings Limited (the "Company") and its subsidiaries (the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed acquisition of the property known as Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre situated at No. 139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, The People's Republic of China (the "Property") might have affected the relevant financial information in respect of the Group for inclusion in Appendix V to the circular of the Company dated 12th June 2007 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 99 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the financial position of the Group as at 31st December 2006 or at any future date; or

– the results of the Group for the year ended 30th June 2006 or for any future periods.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully

PATRICK NG & COMPANY
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

I. INTRODUCTION

1. Unaudited Pro Forma Net Assets Statement on the Enlarged Group

The unaudited pro forma net assets statement on the Enlarged Group was prepared to demonstrate the effect of the acquisition of the Property (the "Transaction") on the consolidated net assets of the Group as if the Transaction had been completed as at 31st December 2006 based on the unaudited condensed consolidated balance sheet of the Group as at 31st December 2006 extracted from its most recently published interim report for the six months ended 31st December 2006.

The unaudited pro forma net assets statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group at any future date.

2. Unaudited Pro Forma Profit and Loss Statement on the Enlarged Group

The unaudited pro forma profit and loss statement on the Enlarged Group was prepared to demonstrate the effect of the Transaction on the consolidated profit and loss statement of the Group as if the Transaction had been completed as at 1st July 2005 based on:

(i) the audited consolidated income statement of the Group for the year ended 30th June 2006 extracted from its annual report for the year ended 30th June 2006, as set out in Appendix III to this circular; and

(ii) the unaudited profit and loss statement of the Property for the year ended 31st December 2006 extracted from its accountants' report, as set out in Appendix IV to this circular.

The unaudited pro forma profit and loss statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Enlarged Group for any future financial periods.

II. NET ASSETS STATEMENT

	The Group unaudited condensed consolidated balance sheet as at 31st December 2006	Pro forma adjustments			Unaudited pro forma net assets statement of the Enlarged Group
		Note 1	Note 2	Note 3	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	269				269
Investment property	–	59,334			59,334
	269				59,603
CURRENT ASSETS					
Properties held for sale	13,636				13,636
Financial assets	3,795				3,795
Other receivables	16,271				16,271
Bank balances and cash	1,636	(13,000)	3,744	(800)	(8,420)
	35,338				25,282
CURRENT LIABILITIES					
Other payables	(4,238)		(3,744)		(7,982)
Other loans	(1,523)				(1,523)
	(5,761)				(9,505)
NET CURRENT ASSETS	29,577				15,777
TOTAL ASSETS LESS CURRENT LIABILITIES	29,846				75,380
NON-CURRENT LIABILITIES					
Other payables	(6,844)	(46,334)			(53,178)
Bank and other loans	(21,420)				(21,420)
	(28,264)				(74,598)
NET ASSETS	1,582				782

III. PROFIT AND LOSS STATEMENT

	The Group audited consolidated income statement for the year ended 30th June 2006	The Property unaudited profit and loss statement for the year ended 31st December 2006	Pro forma adjustment Note 3	Unaudited pro forma profit and loss statemen of the Enlarged Group
	HK$'000	*HK$'000* (HK$1=RMB1)	*HK$'000*	*HK$'000*
CONTINUING OPERATIONS				
Turnover	43,337	6,565		49,902
Direct costs	(41,183)	(211)		(41,394)
Gross profit	2,154	6,354		8,508
Other income	3,567	25		3,592
Reversal of write-down related to properties held for sale	5,206			5,206
Loss from properties held for sale written off	(23,905)			(23,905)
Loss on disposal of investment property	(4,000)			(4,000)
Administrative and general expenses	(13,978)	(4,671)	(800)	(19,449)
Profit/(loss) from operations	(30,956)	1,708		(30,048)
Finance costs	(10,092)			(10,092)
Gain on disposal of subsidiaries	54			54
Reversal of provisions				
– guarantee related to former related company	5,000			5,000
– indemnity related to former subsidiary	5,800			5,800
Profit/(loss) before tax	(30,194)			(29,286)
Income tax	(938)	(116)		(1,054)
Profit/(loss) for the year from continuing operations	(31,132)	1,592		(30,340)
DISCONTINUED OPERATION				
Profit/(loss) for the year from discontinued operation	7,137	–		7,137
PROFIT/(LOSS) FOR THE YEAR	(23,995)	1,592		(23,203)
Attributable to:				
Equity holders of the Company	(23,995)	1,592	(800)	(23,203)
Minority interests	–	–		–
	(23,995)	1,592		(23,203)

IV. NOTES

1. This adjustment relates to the acquisition of the Property (the "Transaction") at the total consideration of RMB58,000,000 (equivalent to approximately HK$59,334,000) pursuant to an agreement entered into between First Union Limited, a wholly-owned subsidiary of the Company, and the Vendor (the "Agreement") under which (i) HK$3,000,000 to be paid within 30 days from the date of signing the Agreement; (ii) HK$10,000,000 to be paid on completion; and (iii) the balance (approximately HK$46,334,000) of the consideration to be paid within 2 years from the completion date.

2. This adjustment reflects the total amount of RMB3,743,832 (equivalent to approximately HK$3,743,832) payable by the Vendor on existing tenancy agreements in relation to (i) deposits received of RMB414,000 (equivalent to approximately HK$414,000) recorded as at 31 December 2006 and (ii) property operating lease income received in advance of RMB3,329,832 (equivalent to approximately HK$3,329,832) recorded as at 31 December 2006 as if the Transaction was completed on 31st December 2006. The Vendor will transfer the deposits and advance rental to the Purchaser upon Completion.

3. This adjustment reflects the estimated expenses (including legal and professional fees, printing charges and costs for covening extraordinary general meeting) attributable to the Transaction of HK$800,000 which is not expected to have a continuous effect on the Group.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in underlying Shares – share options

Pursuant to the Company's share option scheme, the Company had granted to a director of the Company share options to subscribe for the shares of the Company (which have been agreed to cancel by agreement) as at the Latest Practicable Date and details of which are as follows:

					Number of share options	
Name of Director	Scheme Type	Month of grant	Exercisable period	Exercise price	Outstanding at the Latest Practicable Date	% of shareholding interest of the Company
Mr. Lu Liang	1999 *(Note)*	May 2002	24th May 2002 to 23rd May 2012	0.202	25,835,000	0.09%

Note: A share option scheme adopted by the Company on 19 July 1999.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives and their associates had an interest or short position in the shares, underlying shares of debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company or the Stock Exchange.

3. INTERESTS AND SHORT POSITIONS IN SHARES OF SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after the reasonable enquiry by, the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

		Number of ordinary shares of the Company held		
Name of Shareholder	*Notes*	**Interest in shares**	**Capacity**	**Approximate percentage of shareholding**
Ventures Victory Limited		227,325,000	Beneficial owner	7.93%
East Marton Group Limited		275,928,500	Beneficial owner	9.62%
KG Investments Holdings Limited	*1*	275,928,500	Interest of controlled corporations	9.62%
Absolute Rich Assets Limited ("Absolute Rich")	*2*	99,830,000	Beneficial owner	3.48%
Precise Time International Limited ("Precise Time")	*2*	61,880,000	Beneficial owner	2.16%
Success Pacific Enterprises Limited ("Success")	*2*	99,830,000	Beneficial owner	3.48%
Mr. Li Jian Min	*2*	261,540,000	Interest of controlled corporations	9.12%
Ambang Jaya Sdn. Bhd. ("Ambang")	*3*	166,615,000	Beneficial owner	5.81%
Angkasa Marketing (Singapore) Pte Limited ("Angkasa")	*3*	75,000,000	Beneficial owner	2.62%
Amsteel Corporation Berhad ("Amsteel")	*3*	241,615,000	Interest of controlled corporations	8.43%
Mr. Cheng Heng Jem	*4*	241,615,000	Interest of controlled corporations	8.43%
ATNT Global Investments Co. Limited ("ATNT Global")	*5*	180,030,000	Beneficial owner	6.28%
Asia Tele-net and Technology Corporation Limited ("Asia Tele-net")	*5*	180,030,000	Interest of controlled corporations	6.28%
Cyber Relationship Limited ("Cyber")	*6*	175,000,000	Beneficial owner	6.10%
China National Real Estate Development Group Company	*6*	175,000,000	Interest of controlled corporations	6.10%
Kargill High Growth Fund		165,000,000	Beneficial owner	5.75%

Notes:

1. Global Treasure Investments Limited, which is directly interested in the Company's shares, is a wholly owned subsidiary of KGI Limited. KGI Limited is a wholly owned subsidiary of KGI International Holdings Limited. KGI International Holdings Limited is a wholly owned subsidiary of KG Investments Holdings Limited. KG Investments Holdings Limited is indirectly interested in the Company's shares.

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. Absolute Rich, Precise Time and Success are wholly owned by Li Jian Min.

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. Amsteel is wholly owned by Mr. Cheng Heng Jem.

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 the Latest Practicable Date.

None of the Directors is a director or employee of the companies who have interest or at short position in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as known to, or can be ascertained after reasonable enquiry by, the Directors, no other person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. LITIGATION AND CLAIMS

Litigation

As at the Latest Practicable Date, the Group had the following material claims:

(a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings approximately HK$1.6 million together with the interest thereon. As the Company had never borrowed money from that individual third party, the directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an Amended Writ of Summons was served on the Company by the lender of the Group (the "2nd Plaintiff") to clarify that the individual third party acted as an agent of the 2nd Plaintiff. The directors have instructed the lawyer of the Company to handle this matter. The loan advanced by the 2nd Plaintiff has been fully accrued in the financial statements. As at 30 June 2006, the amount has not yet been settled.

This claim has not been settled as at the Latest Practicable Date.

(b) According to an agreement entered into by the Company, two of its subsidiaries and two independent third parties in February 2003, the Group had disposed of a subsidiary, World Gaint Limited ("World Giant"), a company engaged in property investment in the People's Republic of China (the "PRC"). In this connection, the Company has undertaken to indemnify World Gaint 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$5.8 million was related to 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. In February 2005, a Writ of Summons was served on the Company demanding the payment of approximately HK$5.8 million. However, such amounts are covered by the amount accrued in the accounts of World Gaint at the time of disposal. Accordingly, in the opinion of the directors and having obtained an opinion from the Company's lawyer, the Group or the Company has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved has been treated as contingent liabilities as at the Latest Practicable Date.

Since a Writ of Summons was served on the company in February 2005, the company has not received further claims from the plaintiff up to the date of issuing this circular.

Save for the above disclosure, the Company has no other litigations or claims of material importance pending or threatened against the Group. The Directors consider the outcome of the claims referred above will not have a material adverse effect on the financial position of the Group.

5. MATERIAL CONTRACTS

Within the two years immediately preceding the issue of this circular, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group and are or may be material:

(a) The provisional agreement entered into by First Union Limited and Transmart Investment Limited on 7th September, 2005 and the formal sale and purchase agreement entered on 4th October 2005 in relation to the Disposal; and

(b) The Agreements including Agreement 1, Agreement 2 and Agreement 3 between Huadong Properties, a nominee of Welchem Development Limited as vendor and the Purchasers for a total consideration of RMB10,162,980.00 (material terms of these agreements had also been set out in the Company's circular of 8th February 2006)

(c) The Agreement, the Irrevocable Guarantee and the Supplemental Agreement entered into by the Vendor and the Purchaser, all dated 5th March 2007.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. DIRECTORS' INTERESTS IN CONTRACTS AND IN COMPETING BUSINESS

As at the Latest Practicable Date:

(a) No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date.

(b) None of the Directors nor associates of the Directors had any interests in competing business of the Group which was required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

8. EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given their opinions and/or advice which are included in this circular:

Name	Qualification
Patrick Ng & Company ("PN")	Certified Public Accountants
RHL Appraisal Ltd ("RHL")	Professional Surveyors and Property Valuers
China Law Office	Legal adviser on PRC law
Zhong Heng Attorneys at Law ("Zhong Heng")	Legal adviser on PRC law

(b) As at the Latest Practicable Date, none of PN, RHL, China Law Office or Zhong Heng had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of PN, RHL, China Law Office or Zhong Heng has given and have not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.

(d) Neither PN, RHL, China Law Office or Zhong Heng has any direct or indirect interest in any assets which have been, since 30th June, 2006 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

(e) The statement dated 12th June 2007 made by PN as set out in Appendix IV was for the incorporation in this circular.

(f) The valuation reports both dated 12th June, 2007 made by RHL as set out in Appendix I and II were for the incorporation in this circular.

9. MISCELLANEOUS

(a) The registered office and the head office of the Company is at Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

(b) The secretary of the Company is Mr Lo Kin Chung, the Hong Kong Institute of Certified Public Accountants (Prasticing) and the CPA (Aust).

(c) The qualified accountant of the company is Mr. Ho Chi Wah, the Associate Member of Hong Kong Institute of Certified Public Accountants.

(d) The Company's share registrar and transfer office is Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(e) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Hong Kong principal office of the Company at Unit 2508, 25th Floor, Harbour Centre, No.25 Harbour Road, Wanchai, Hong Kong, during normal business hours up to and including the date of EGM:

(a) the memorandum and articles of association of the Company;

(b) the consolidated financial statements of the Company and its subsidiaries for the two years ended 30th June, 2005 and 2006 (audited);

(c) the letters, valuation certificates and valuation reports prepared by the RHL as set out in Appendix I and II to this circular;

(d) the letter of consents referred to under the section headed "Experts and Consents" in this appendix;

(e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(f) the statements signed by PN setting out their opinion on the Working Capital Sufficiency and the unaudited pro forma financial information of the Group as set out in Appendix V to this circular; and

(g) the letter signed by PN on the available profit and loss statement and the profit and loss statement of the Property set out in Appendix IV to this circular.

eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00254)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of eCyberChina Holdings Limited (the "Company") will be held at Unicorn Room, Basement 2, The Charterhouse, 209–219 Wanchai Road, Wanchai, Hong Kong on Friday, 29th June 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**:

   (A) the sale and purchase agreement (the "Sale and Purchase Agreement") dated 5th March 2007 and entered into between the Company's wholly owned subsidiary, First Union Limited as purchaser and Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) (the "Vendor") as vendor in relation to the sale and purchase of the Property (as defined in the circular of the Company dated 12th June 2007 (the "Circular") at a total consideration of RMB58,000,000, a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

(B) any one or more of the directors (the "Directors") of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents which they consider necessary or expedient for the implementation of and giving effect to the Sale and Purchase Agreement and the transactions contemplated thereunder."

On behalf of the board of Directors
eCyberChina Holdings Limited
Ho Chi Wing
Chairman

Hong Kong, 12th June 2007

Registered office:
Unit 2508, 25th Floor
Harbour Centre
No.25 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the by-laws of the Company, vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member.

2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy attached to this circular must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power of authority, at the Company's registered office Unit 2508, 25th Floor, Harbour Centre, No.25 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Meeting or at any adjournment thereof should he so wish.

3. Where there are joint holders of any share of the Company, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the Meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.