THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this Prospectus or as to action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

Dealings in the existing Shares (as defined herein) and the Offer Shares (as defined herein) may be settled through CCASS (as defined herein) established and operated by HKSCC (as defined herein). You should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may effect your rights and interests.

A copy of this Prospectus and copies of the documents specified in paragraph headed "Documents delivered to the Registrars of the Companies" in Appendix III to this Prospectus have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong takes no responsibility as to the contents of these documents.

The Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Subject to the granting of the listings of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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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)

OPEN OFFER OF 860,250,000 OFFER SHARES ON THE BASIS OF 30 OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE

Underwriter

TANRICH

Tanrich Capital Limited

The latest time of the acceptance of and payment for the Open Offer Shares is 4:00 p.m on Friday, 28th September 2007. Shareholders of the Company should note that the Underwriting Agreement (as defined herein) contains provisions entitling the Underwriter (as defined herein), by notice in writing, to terminate its obligations thereunder if at any time prior to the Latest Time for Termination (as define herein):

1. **there has been the occurrence of the following events:**

(a) **the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or**

(b) **the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of political, military, financial, economic or other nature (whether or not of the same kind or nature with any of foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict; or**

(c) **the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities),**

which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer; or

2. **the Company commits any breach of or omits to observe any of the material obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or**

3. **the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws of the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect the success of the Open Offer or might cause a prudent investor not to accept the Open Offer provisionally allotted to it.**

If the Company fails to meet all the conditions for resumption of trading, the Open Offer will not proceed.

If the Underwriter terminates the Underwriting Agreement or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled (which is expected to be Thursday, 4th October 2007) will accordingly bear the risk that the Open Offer could not become unconditional and may not proceed.

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" below). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

Hong Kong, 13th September 2007

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

"Application Form(s)"	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares
"Arranger"	means Executive Talent Limited
"Arranger Agreement"	The arranger agreement dated 17th July 2007 and entered into between the Company and the Arranger
"Associates"	has the meaning ascribed thereto under the Listing Rules
"Audited Accounts Date"	30 June 2006
"Board"	board of Directors or a duly authorized committee thereof
"Business Day"	a day which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
"Capital Reduction"	the proposed reduction of the nominal value of the share capital of the Company for each of the Shares from HKD0.20 to HKD0.01
"Capital Reorganisation"	the Share Consolidation, the Capital Reduction, increase of authorized share capital and application of the credit from the Capital Reduction to the Share Premium Account
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	eCyberChina Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

"Connected Person"	has the meaning ascribed thereto under the List Rules
"Consideration Shares"	44,000,000 New Shares to be issued and credited as fully paid New Shares by the Company to the Arranger or to such person as it may otherwise direct on the date of completion of the Arranger Agreement, as consideration under the Arranger Agreement
"Consolidated Shares"	consolidated share of nominal value of HKD20.0 each in the share capital of the Company immediately after the Share Consolidation
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company held on 13th September 2007 approving the Open Offer
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	comprising all the independent non-executive directors of the Company being Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Mr. Law Tai Yan
"Independent Shareholders"	Shareholders other than those who are required to abstain from voting at the EGM
"Last Trading Date"	29th June 2003 being the last trading day which was immediately prior to the suspension of trading in the Shares on 30th June 2003 on the Stock Exchange
"Latest Practicable Date"	11th September 2007, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on Friday, 28th September 2007, or such other date and/or time as the Underwriter and the Company may agree being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus

"Latest Time for Termination"	4:00 p.m. on Wednesday, 3rd October 2007, or the second Business Day after the Latest Time for Acceptance (whichever is the later), being the latest time to terminate the Underwriting Agreement, and in any case, the latest time would not be later than the time when dealings of the Offer Shares commence (or such other time or date as the Underwriter and the Company may agree in writing)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Share(s)"	new share(s) of nominal value of HK$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
"Offer Share(s)"	860,250,000 New Shares proposed to be issued pursuant to the Open Offer
"Open Offer"	the proposed offer for subscription at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of 30 Offer Shares for every 1 Consolidated Share held on the Record Date by way of an open offer upon the terms and conditions mentioned herein and more particularly described in the Prospectus Documents
"PRC"	The People's Republic of China which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
"Prohibited Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is/are in (a) place(s) outside British Virgin Islands, Taiwan, Macau and Hong Kong, where the Directors, based on the legal opinions, consider it necessary or expedient not to offer the Open Offer to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Prospectus"	this prospectus dated 13th September 2007

"Prospectus Documents"	the Prospectus and the Application Form
"Prospectus Posting Date"	Thursday, 13th September 2007, the date of despatch of the Prospectus Documents, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents
"Qualifying Shareholders"	the Shareholder(s) other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
"Record Date"	Thursday, 13th September 2007, or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
"Registrar"	Tricor Abacus Limited, the share registrar of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	existing share(s) of HK$0.20 each in the capital of the Company prior to the Capital Reorganisation
"Share Consolidation"	the proposed consolidation of every 100 existing Shares into one Consolidated Share
"Shareholders"	shareholders of the existing Shares or New Shares, as the case may be
"Share Options"	the share option to subscribe for existing Shares granted under the Share Option Scheme
"Share Premium Account"	the share premium account of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	subscription price of HK$0.12 per Offer Share pursuant to the Open Offer

"Subsidiary"	has the same meaning as in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Takeover Code"	Hong Kong Code on Takeovers and Mergers
"Underwriter"	Tanrich Capital Limited is a licensed corporation authorized to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), whose ordinary course of business includes underwriting and who, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, is not and whose ultimate beneficial owner(s) are not connected persons of the Company and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them
"Underwriting Agreement"	the underwriting agreement dated 18th July 2007 and entered into between the Company and the Underwriter in relation to the underwriting of the Open Offer
"HK$/HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	Per cent

Set out below is an indicative timetable for the implementation of the Open Offer.

The expected timetable for the Open Offer is set out below:

	2007
Record Date	13th September
Register of members reopens	Friday, 14th September
Latest Time for Acceptance, and payment for, the Offer Shares	4:00 p.m. on 28th September
Open Offer and Underwriting Agreement expected to become unconditional (being the third business day following The Latest time for acceptance)	4th October
Announcement of the results of the Open Offer appears on the newspaper	5th October
Certificates for fully-paid Offer Shares to be dispatched	5th October
Dealings in Offer Shares commence *(Note 4)*	5th October

Dates in this prospectus for events mentioned in the timetable are indicative only and may be extended or varied. Any change to expected timetable for the Open Offer will be announced by the Company as and when appropriate.

Notes:

1. All times and dates refer to Hong Kong local times and dates.

2. The latest time for acceptance of and payment for Offer Shares will not take place if there is:

   - A tropical cyclone warning signal number 8 or above, or

   - A "black" rainstorm warning

     (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon as on date of the Latest Time for Acceptance. Instead the latest time for acceptance or any payment for Offer Shares will be extended to 5:00 p.m. on the same Business Day;

     (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the followings Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

   If the latest time for acceptance of and payment for Open Offer does not take place on the Latest Time for Acceptance, the dates mentioned in the section headed "Expected timetable" in this Prospectus may be affected. An announcement will be made by the Company in such event.

3. Dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be exercised or varied by agreement between the Company and the Underwriter and in accordance with the applicable rules and regulations. Any consequential changes to the expected timetable will be published by way of announcement.

4. The date of resumption of trading of New Shares is subject to the fulfillment of the conditions of resumption of trading ("the Conditions") no later than close of business on 4th October 2007, which include:

   i. shareholders' approval obtained by the Company for the purpose of the Shopping Arcade located in Inner Mongolia, the PRC (the "Shopping Arcade") which constitute a very substantial acquisition under the Listing Rules;

   ii. completion of the purchase by the Company of the Shopping Arcade;

   iii. completion of the proposed fund raising exercise by the Company to yield HK$100 million (net); and

   iv. entering into a service contract between the Company and Mr. Lee Tsung Hei Chris David, the Company's former director, for a term of not less than two years.

   The Listing Division has exercised its discretion to extend the deadline for the Company to satisfy all the Conditions from the original deadline of 11th September 2007 to close of business on 4th October 2007.

   The Company may, or may not, be able to satisfy all the Conditions by close of business on 4th October 2007. In the event that the Company is unable to satisfy any of the Conditions by close of business on 4th October 2007, the Stock Exchange will proceed to cancel the listing of the Company's securities and the Open Offer will not proceed. The aggregate Subscription Price will be fully refunded to the respective subscribers.

   Mr. Lee Tsung Hei Chris David has resigned as the Company's executive director with effect from 14th August 2007 as disclosed in the Company's announcement dated 22nd August 2007.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" below). Accordingly, the Open Offer may or may not proceed.

The Shareholders and the potential investors should also note that if the Company fails to resume trading, the Open Offer will not proceed.

Conditions for resumption of trading ("the Conditions") as set out in the decision letter dated 12th March 2007 of the Listing Appeals Committee, which include:

(1) shareholders' approval obtained by the Company for the purpose of the Shopping Arcade located in Inner Mongolia, the PRC (the "Shopping Arcade") which constitute a very substantial acquisition under the Listing Rules;

(2) completion of the purchase by the Company of the Shopping Arcade;

(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 Mr. Lee Tsung Hei Chris David, the Company's former director, for a term of not less than two years.

The Listing Division has exercised its discretion to extend the deadline for the Company to satisfy all the Conditions from the original deadline of 11th September 2007 to close of business on 4th October 2007.

The Company may, or may not, be able to satisfy all the Conditions by close of business on 4th October 2007. In the event that the Company is unable to satisfy any of the Conditions by close of business on 4th October 2007, the Stock Exchange will proceed to cancel the listing of the Company's securities and the Open Offer will not proceed. The aggregate Subscription Price will be fully refunded to the respective subscribers.

Mr. Lee Tsung Hei Chris David has resigned as the Company's executive director with effect from 14th August 2007 as disclosed in the Company's announcement dated 22nd August 2007.

The Company has applied to the Listing Appeals Committee for modification or variation of the condition that the entering into a service contract between the Company and Mr. Lee Tsung Hei Chris David be replaced by Mr. Chan Sing Fai. As at the Latest Practicable Date, the Company has yet to receive the decision from the Listing Appeals Committee. The Board will make further announcement as and when appropriate.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

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. Lu Liang
Mr. Ng Yan
Mr. Tao Wei Ming
Mr. Chan Sing Fai

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, 13th September 2007

To the Qualifying Shareholders

Dear Sir or Madam,

OPEN OFFER OF 860,250,000 OFFER SHARES ON THE BASIS OF 30 OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE

INTRODUCTION

On 23rd August 2007, the Company announced that it proposed to raise HK$103.23 million before expenses, by issuing 860,250,000 Offer Shares at a price of HK$0.12 per Offer Share by way of Open Offer on the basis of 30 Offer Shares for every 1 Consolidated Share held on Record Date and payable in full upon acceptance. The Open Offer is fully underwritten by the Underwriter.

At the EGM, an ordinary resolution approving the Open Offer was duly passed by the Shareholders. The purpose of this Prospectus is to set out further information on the Open Offer, including information on dealings and acceptances of the Offer Shares. Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given the Open Offer is on the basis of 30 Offer Shares for every 1 Consolidated Share held by Qualifying Shareholders on the Record Date, there will be no fractions of Offer Shares.

OPEN OFFER

Issue statistics

Basis of the Open Offer	:	30 Offer Shares for every 1 Consolidated Share held on the Record Date
Number of Shares in issue as at the date of this prospectus	:	2,867,500,000 Shares
Number of New Shares expected to be in issue upon completion of the Capital Reorganisation	:	28,675,000 New Shares
Number of Offer Shares	:	860,250,000 Offer Shares
Subscription Price	:	HK$0.12 for each Offer Share

The number of Offer Shares to be issued represents approximately 30 times the existing issued share capital of the Company assuming the Capital Reorganisation becoming effective and approximately 96.77% of the issued share capital of the Company as enlarged by the issue of the Offer Shares.

As at the Latest Practicable Date, the 25,935,000 share options previously granted to Mr. Lu Liang and Ms. Yan Siu Fung have been cancelled and there are no other outstanding convertible note, share option, warrant, derivative or other securities convertible into or exchangeable for the Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and the Prospectus Documents will be sent to the Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date:

(i) be registered as a member of the Company; and

(ii) not be a Prohibited Shareholder.

In order to be registered as members of the Company on the Record Date, persons beneficially interested in Shares must lodge the relevant transfer of Shares (with the relevant share certificates) for registration with the Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by 4:00 p.m. on Thursday, 6th September 2007.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation. There will not be any trading in nil-paid entitlements of the Offer Shares on the Stock Exchange. Each of the Qualifying Shareholders will be given equal and fair opportunities to subscribe for his/her/its respective Offer Shares in proportion to his/her/its existing shareholding of the Company, the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements.

The Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, based on the register of members of the Company, there are 22 shareholders have maintained addresses located outside Hong Kong, namely, in the British Virgin Islands, Malaysia, Singapore, Netherlands, United States of America, Macau, Canada and Taiwan. The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) (including notes 1 & 2) of the Listing Rules and has made enquiry with its legal adviser regarding the feasibility of extending the Open Offer to the above 22 shareholders who have maintained addresses located outside Hong Kong under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange in that place.

Based on the legal advice provided by the relevant legal adviser in British Virgin Islands, Macau and Taiwan, the Directors are of the view that the Open Offer can be extended to the Shareholders in British Virgin Islands, Macau and Taiwan, as there are no restrictions, or no onerous restrictions on the offering of the Open Offer to the Shareholders in that jurisdiction which would be difficult for the Company to comply with.

However, based on the legal advice provided by the relevant legal advisers in Malaysia, Singapore, Netherlands, United States of America, and Canada, the offer of the Offer Shares to the respective Shareholders registered with addresses in those jurisdictions would, or might, in the absence of compliance with registration or other special formalities, be unlawful or impracticable and the cost to be incurred would overweight the possible benefits to the relevant overseas shareholders and the Company if the Offer Shares are to be offered in these jurisdictions. As such, the Directors are of the view that it is inexpedient for the Open Offer to be extended to these overseas shareholders and they will be regarded as Prohibited Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders with registered addresses in Malaysia, Singapore, Netherlands, United States of America, and Canada.

The Company will send a letter to the Shareholders whose addresses located in Malaysia, Singapore, the Netherlands, United States of America and Canada informing them they fall within the scope of "Prohibited Shareholders" and they are excluded from the Open Offer.

Subscription Price

The Subscription Price of HK$0.12 per Offer Share payable in full on application, represents:

(i) a discount of approximately 91.43% to the adjusted closing price of HK$1.40 per New Share (assuming the Capital Reorganisation becoming effective) as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 90.48% to the average adjusted closing price of approximately HK$1.26 per New Share (assuming the Capital Reorganisation becoming effective) for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iii) a discount of approximately 90.84% to the average adjusted closing price of approximately HK$1.31 per New Share (assuming the Capital Reorganisation becoming effective) for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iv) a discount of approximately 90.36% to the unaudited consolidated net tangible assets value per New Share of approximately HK$1.25 (calculated by dividing the unaudited consolidated net tangible asset value of the Group as at 31st December 2006 as shown in the interim results announcement of the Company for the six months ended 31st December 2006 by 28,675,000 New Shares assuming the Capital Reorganisation becoming effective); and

(v) a discount of approximately 25.60% to the theoretical ex-entitlement price of approximately HK$0.16 per New Share (assuming the Capital Reorganisation becoming effective) based on the closing price as quoted on the Stock Exchange on the Last Trading Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter and after having taken into account (i) the price of the Shares on the Last Trading Date; (ii) the prevailing market condition; (iii) the financial position of the Group; (iv) trading in the Shares has been suspended since 30th June 2003 and (v) the potential investment opportunity of the Shareholders.

The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Closure of register of members

The register of members of the Company was closed from Friday, 7th September 2007 to Thursday, 13th September 2007, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the New Shares (assuming the Capital Reorganisation becoming effective) in issue on the date of allotment and issued of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of the Offer Shares

Given the Open Offer is on the basis of 30 Offer Shares for every 1 Consolidated Share held by Qualifying Shareholders on the Record Date, there will be no fractions of Offer Shares.

Certificates of the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by Friday, 5th October 2007 to those entitled thereto by ordinary post at their own risks.

Rights of the Prohibited Shareholders

If, at the close of business on the Record Date, a Shareholder's registered address and correspondence address on the register of members of the Company is in a place outside British Virgin Islands, Taiwan, Macau and Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board checked whether the issue of Offer Shares to the Prohibited Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange in that place pursuant to Rule 13.36(2) of the Listing Rules and considers that it is necessary or expedient not to extend the Open Offer to the Prohibited Shareholders on account of the legal restrictions under the laws of the places of their registered address or the requirements of the relevant regulatory body or stock exchange in those places. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders.

The Offer Shares that should have been entitled by the Prohibited Shareholders will be taken up by the Underwriter.

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not send the Prospectus Documents to the Prohibited Shareholders due to certain legal restrictions or requirements of the relevant regulatory body or stock exchange in that place.

No application for excess Offer Shares

After due consideration of the existing shareholding structure of the Company, the Directors are of the view that any arrangement for application for excess Offer Shares will bring about instability and uncertainty to the shareholding structure of the Company, due to the possibility of a change of the substantial shareholder of the Company. As a result, this may have negative and detrimental impact on the continuity and stability of the management of the Group. The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Group. The Directors consider that it is fair and reasonable and in the interest of the Company and the shareholders as a whole not to offer any excess application to the shareholders.

After arm's length negotiation with the Underwriter, the Company decided that no Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to its assured entitlements.

Any Offer Shares not taken up by the Qualifying Shareholders and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to continue to be traded in the existing board lot of 5,000 New Shares upon the completion of the proposed Capital Reorganisation as announced on 18th May 2007. Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong. The Offer Shares will be listed and traded on the Stock Exchange only if the Company has fulfilled all the conditions for resumption of trading on or before the close of business on 4th October 2007.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date	:	18th July 2007
Underwriter	:	Tanrich Capital Limited
Number of Offer Shares underwritten	:	860,250,000 Offer Shares
Commission	:	2% of the aggregate Subscription Price in respect of the number of the Offer Shares to be underwritten by the Underwriter

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company or any of its subsidiaries, connected person of the Company or an associate of any of them and are not acting in concert with any Shareholder. The Underwriter and its ultimate beneficial owners are not shareholders of the Company.

The Underwriter as escrow agent shall pay or procure payment of the aggregate Subscription Price into an interest-bearing deposit account established in the name of the Company designated as an escrow account maintained with Wing Lung Bank Limited, a licensed bank in Hong Kong pending the approval of resumption of trading of shares by the Stock Exchange and subject to the terms and condition of the escrow agreement to be signed between the Company and the Underwriter.

The Underwriter shall release the aggregate Subscription Price to the Company after the approval of the resumption of trading of shares in the Company by the Listing Committee.

The 2% commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter based on normal commercial terms and with reference to the market rates. The Directors consider the commission rate to be fair and reasonable.

Sub-Underwriting arrangements

The Underwriter has entered into 3 legally binding placing letters with 3 sub-underwriters respectively. Each of the 3 sub-underwriters has agreed to underwrite and will be placed, if allotted by the Underwriter, less than 28% of the entire share capital of the Company and the Consideration Shares as enlarged by the issue of the Offer Shares. The 3 sub-underwriters agreed to take up a total of 70.3% of the entire share capital of the Company as enlarged by the issue of the Offer Shares. Each of the sub-underwriters is obliged to take up the number of Offer Shares which will be allotted to each of them at the absolute discretion of the Underwriter. As such, the Underwriter will take up less than 26% of the entire share capital of the Company as enlarged by the issue of the Offer Shares and the Consideration Shares and assuming nil subscription by Qualifying Shareholders in the Open Offer. However, the Underwriter has absolute discretion to allocate the number of the Offer Shares to each sub-underwriter after the result of acceptance of the Offer Shares by the Shareholders. The 3 sub-underwriters and their respective ultimate beneficial owners are not shareholders of the Company and are independent and not connected with the Company or any of its Subsidiaries or an associate of any of them and are not acting in concert with any Shareholder. The 3 sub-underwriters are also independent of the connected persons of the Company and of the Underwriter.

Upon the review of the acceptance of Offer Shares and the allotment result of the existing Shareholders, if the public float of the Company is insufficient, the Underwriter will allocate the Offer Shares not taken up by the Qualifying Shareholders with a view to maintaining sufficient public float of the New Shares and will allocate no more than 10% of the Offer Shares to each of the sub-underwriters and the remaining Offer Shares to other placees such that, these sub-underwriters and other placees will not become substantial shareholders of the Company. Upon completion of the Open Offer, sufficient public float of the Shares will be maintained. The other placees are placees identified and procured by the Underwriter to subscribe the Offer Shares. The Underwriter has not entered into any legally binding placing agreement with any other placees. All the placees solicited by the Underwriter and the sub-underwriters are not connected person of the Company and these placees and the sub-underwriters will not become a substantial shareholder of the Company.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement if prior to the Latest Time for Termination, which is expected to be 4:00 p.m., on Wednesday, 3rd October 2007, in the reasonable opinion of the Underwriter

(1) there has been the occurrence of any of the following events:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with any of the foregoing), or in the nature of any local, national and international outbreak or escalation of hostilities or armed conflict; or

(c) the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities), which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer;

(2) the Company commits any breach of or omits to observe any of the material obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or

(3) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole and is likely to affect the success of the Open Offer or might cause a prudent investor not to accept the Open Offer provisionally allotted to it;

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

(a) the Capital Reorganisation becoming effective;

(b) the passing by the Independent Shareholders at the EGM of an ordinary resolution by way of poll to approve the Open Offer and all transactions contemplated in or incidental to the Underwriting Agreement and the implementation thereof, in accordance with the Listing Rules, the Takeovers Code and all applicable laws, rules and regulations on or before the Prospectus Posting Date;

(c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their respective agents duly authorized in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with Listing Rules and the Companies Ordinance;

(d) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;

(e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares; and

(f) the compliance with and the performance of all undertakings and obligations of the Company in relation to provisional allotment of Offer Shares under the Underwriting Agreement.

If the conditions referred to above are not satisfied and/or waived in whole or in part by the Underwriter by 4:00 p.m. on Thursday, 4th October 2007 (or such other time and date(s) as the Company and the Underwriter may mutually agree), the Underwriting Agreement will cease and terminate and the Open Offer will not proceed.

If the Company fails to resume trading, the Open Offer will not proceed.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

Conditions for resumption of trading ("the Conditions") as set out in the decision letter dated 12th March 2007 of the Listing Appeals Committee, which include:

(1) shareholders' approval obtained by the Company for the purpose of the Shopping Arcade located in Inner Mongolia, the PRC (the "Shopping Arcade") which constitute a very substantial acquisition under the Listing Rules;

(2) completion of the purchase by the Company of the Shopping Arcade;

(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 Mr. Lee Tsung Hei Chris David, the Company's former director, for a term of not less than two years.

The Listing Division has exercised its discretion to extend the deadline for the Company to satisfy all the Conditions from the original deadline of 11th September 2007 to close of business on 4th October 2007.

The Company may, or may not, be able to satisfy all the Conditions by close of business on 4th October 2007. In the event that the Company is unable to satisfy any of the Conditions by close of business on 4th October 2007, the Stock Exchange will proceed to cancel the listing of the Company's securities and the Open Offer will not proceed. The aggregate Subscription Price will be fully refunded to the respective subscribers.

Mr. Lee Tsung Hei Chris David has resigned as the Company's executive director with effect from 14th August 2007 as disclosed in the Company's announcement dated 22nd August 2007.

The Company has applied to the Listing Appeals Committee for modification or variation of the condition that the entering into a service contract between the Company and Mr. Lee Tsung Hei Chris David be replaced by Mr. Chan Sing Fai. As at the Latest Practicable Date, the Company has yet to receive the decision from the Listing Appeals Committee. The Board will make further announcement as and when appropriate.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

THE ARRANGER AGREEMENT

Date

17th July 2007

Parties

The Company and the Arranger

The principal activities of the Arranger are fund raising, investigation and conducting feasibility study of any intended project to secure profitable investment.

To the best knowledge of the Directors having made reasonable enquiry, the Arranger and its beneficial owners are not shareholders of the Company. The Arranger and its beneficial owners are independent third parties not connected with the Company and/or its subsidiaries or any of its directors, chief executive, substantial shareholders or and its connected persons or any of their respective associates. The Arranger and its beneficial owners are independent third parties not connected with the Underwriter.

The Underwriter and the Arranger have over three years business relationship. The Arranger was introduced to the Company by LPD Consultants & Associates Limited ("LPD"). LPD is a consultant engaged by Noble City (Asia) Limited, a subsidiary of the Company, for providing consultancy services since 2001.

Obligations of the Arranger

The Arranger shall introduce the Underwriter for the Open Offer to the Company.

Consideration

In consideration of the Arranger performing its obligations under the Arranger Agreement as set out in the preceding paragraph, the Company will issue and allot the Consideration Shares to the Arranger (or to the person who it may otherwise direct) on the date of completion of the Arranger Agreement that is, the business day after the condition precedent for completion of the Arranger Agreement has been fulfilled.

Based on the 44,000,000 Consideration Shares to be issued under the Arranger Agreement and the price of the Shares of HK$0.12 (assuming the Capital Reorganisation becoming effective), the total amount of consideration payable to the Arranger is HK$5,280,000.00. The total amount of consideration was arrived at after arm's length negotiations between the Company and Arranger and based on the Arranger having introduced the Underwriter to the Company to fully underwrite the Offer Shares of the proposed Open Offer and to agree to provide ongoing financial advice to the Company. Through the introduction of the Arranger, the Underwriter has agreed to offer better terms and conditions in providing more comprehensive services to the Company with the aim of further strengthening the financial position of the Company. Such consideration will be satisfied by the issue of the Consideration Shares only and in no event will the Company be liable to satisfy such consideration in cash or otherwise. In the event that the Open Offer is terminated or the Company fails to resume trading, the Company will not issue any Consideration Shares to the Arranger. Given that the Company does not have to pay the consideration in cash and the Consideration Shares will be issued after the completion of the Open Offer and the resumption of trading, it will ease the pressure on the cash flow of the Company. The Directors are of the view that the price per Consideration Shares, taking into account the willingness of the Arranger to accept Consideration Shares rather than cash, it is fair and reasonable and that entering into the Arranger Agreement is in the interest of the Company and its shareholders as a whole.

The Consideration Shares will be issued under the general mandate of the Company as amended and approved by an ordinary resolution on 25th June 2007.

Condition precedent

Completion of the Arranger Agreement is conditional upon the Listing Committee of the Hong Kong Stock Exchange Limited having granted the listing of and permission to deal in the Consideration Shares.

If the condition set out above is not satisfied on or before 4th October 2007 after the date of the Arranger Agreement or, to the extent possible or appropriate, waived by the Company, the Company shall be entitled to terminate the Arranger Agreement whereupon all the liabilities of the parties shall cease.

Termination of the Arranger Agreement

1. the Arranger reserves the right at any time to terminate forthwith the Arranger's appointment, by giving written notice, in the event that the Company commits a material breach of the terms or the Company fails to accept the advice of the Arranger on a material matter; or

2. the Company reserves the right to terminate the Arranger's appointment, by giving written notice, in the event that the Arranger commits a material breach of the terms of this arranger agreement.

The Company will not issue the Consideration Shares if the Open Offer is terminated or the Company fails to resume trading.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the Capital Reorganisation becoming effective, the authorized share capital of the Company will be HK$200,000,000 divided into 20,000,000,000 New Shares.

The shareholding structure of the Company immediately before and after the issue to the Arranger following completion of the Open Offer:–

		As at the Latest Practicable Date		Shareholding immediately following the Capital Reorganisation and before completion of Open Offer		Shareholding immediately following completion of the Open Offer before issue to the arranger (assuming full subscription by Qualifying Shareholders)		Shareholding immediately following completion of the Open Offer before issue to the arranger (assuming nil subscription by Qualifying Shareholders)		Shareholding immediately following completion of the Open Offer and issue to the arranger (assuming full subscription by Qualifying Shareholders)		Shareholding immediately following completion of the Open Offer and issue to the arranger (assuming nil subscription by Qualifying Shareholders)	
	Notes	*Existing Shares*	*%*	*New Shares*	*%*	*New Shares*	*%*	*New Shares*	*%*	*New Shares*	*%*	*New Shares*	*%*
Ventures Victory Limited		227,325,000	7.93	2,273,250	7.93	70,470,750	7.93	2,273,250	0.26	70,470,750	7.55	2,273,250	0.24
East Marton Group Limited		275,928,500	9.62	2,759,285	9.62	85,537,835	9.62	2,759,285	0.31	85,537,835	9.17	2,759,285	0.30
KG Investments Holdings Limited	*1*	275,928,500	9.62	2,759,285	9.62	85,537,835	9.62	2,759,285	0.31	85,537,835	9.17	2,759,285	0.30
Absolute Rich Assets Limited	2	99,830,000	3.48	998,300	3.48	30,947,300	3.48	998,300	0.11	30,947,300	3.32	998,300	0.11
Precise Time International Limited	2	61,880,000	2.16	618,800	2.16	19,182,800	2.16	618,800	0.07	19,182,800	2.06	618,800	0.07
Success Pacific Enterprises Limited	2	99,830,000	3.48	998,300	3.48	30,947,300	3.48	998,300	0.11	30,947,300	3.32	998,300	0.11

	Notes	As at the Latest Practicable Date Existing Shares	%	Shareholding immediately following the Capital Reorganisation and before completion of Open Offer New Shares	%	Shareholding immediately following completion of the Open Offer before issue to the arranger (assuming full subscription by Qualifying Shareholders) New Shares	%	Shareholding immediately following completion of the Open Offer before issue to the arranger (assuming nil subscription by Qualifying Shareholders) New Shares	%	Shareholding immediately following completion of the Open Offer and issue to the arranger (assuming full subscription by Qualifying Shareholders) New Shares	%	Shareholding immediately following completion of the Open Offer and issue to the arranger (assuming nil subscription by Qualifying Shareholders) New Shares	%
Ambang Jaya Sdn. Bhd (Prohibited Shareholder)	3,6	166,615,000	5.81	1,666,150	5.81	1,666,150	0.19	1,666,150	0.19	1,666,150	0.18	1,666,150	0.18
Angkasa Marketing (Singapore) Pte Limited (Prohibited Shareholder)	3,6	75,000,000	2.62	750,000	2.62	750,000	0.08	750,000	0.08	750,000	0.08	750,000	0.08
ATNT Global Investments Co. Limited	4	180,030,000	6.28	1,800,300	6.28	55,809,300	6.28	1,800,300	0.20	55,809,300	5.98	1,800,300	0.19
Cyber Relationship Limited	5	175,000,000	6.10	1,750,000	6.10	54,250,000	6.10	1,750,000	0.20	54,250,000	5.81	1,750,000	0.19
Kargill High Growth Fund		165,000,000	5.75	1,650,000	5.75	51,150,000	5.75	1,650,000	0.19	51,150,000	5.48	1,650,000	0.17
Executive Talent Limited		–	–	–	–	–	–	–	–	44,000,000	4.71	44,000,000	4.71
Underwriter	6	–	–	–	–	72,534,000	8.17	860,250,000	96.77	72,534,000	7.78	860,250,000	92.21
Other Prohibited Shareholders	6	165,000	0.01	1,650	0.01	1,650	0.00	1,650	0.00	1,650	0.00	1,650	0.00
Other Public Shareholders	7	1,064,968,000	37.14	10,649,680	37.14	330,140,080	37.14	10,649,680	1.20	330,140,080	35.39	10,649,680	1.14
		2,867,500,000	100	28,675,000	100	888,925,000	100	888,925,000	100	932,925,000	100	932,925,000	100

Notes:

1. KG Investments Holdings Limited is deemed to be interested in the Company's shares held by Global Treasure Investments Limited, its indirect subsidiary, by means of holding indirect and direct controlling interests in KGI International Holdings Limited and KGI Limited.

2. Mr. Li Jian Min is deemed to be interested in the Company's shares in which Absolute Rich Assets Limited, Precise Time International Limited and Success Pacific Enterprises Limited are interested.

3. Ambang Jaya Sdn. Bhd. and Angkasa Marketing (Singapore) Pte Limited are wholly-owned subsidiaries of Amsteel Corporation Berhad which is deemed to be interested in those shares of the Company beneficially owned by Ambang Jaya Sdn. Bhd. and Angkasa Marketing (Singapore) Pte Limited respectively. Mr. Cheng Heng Jem is deemed to be interested in the Company's shares in which Amsteel Corporation Berhad is interested.

4. ATNT Global Investments Co. Limited is wholly-owned subsidiary of Asia Tele-net and Technology Corporation Limited which is deemed to be interested in those shares of the Company beneficially owned by ATNT Global Investments Co. Limited.

5. Cyber Relationship Limited is 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 Relationship Limited.

6. Based on the Company's record at the date of this circular, the Prohibited Shareholders, who held 2,417,800 New Shares should have entitled 72,534,000 Offer Shares which will be taken up by the Underwriter during the Open Offer (assuming full subscription by Qualifying Shareholders). The Underwriter has issued 3 placing letters to 3 sub-underwriters for their subscription of Offer Shares, details of which can be referred to the sub-section headed "Sub-Underwriting arrangements" above.

7. In light of the sub-underwriting arrangements, sufficient public float of the Shares would be maintained following the completion of the Open offer.

For those named Shareholders stated above are independent third parties and not connected with the Company and its connected persons.

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 as at the Latest Practicable Date.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company and its principal subsidiaries are principally engaged in property investment and development.

The purpose of the Open Offer is to strengthen its financial position for future potential investments and to fulfill one of the conditions of the decision of the Listing Appeals Committee on 12th March 2007 is the completion of a proposed fund raising exercise by the Company to yield HK$100 million (net). The Board has considered various fund raising activities apart from Open Offer including banking finance and rights issue and concludes that the Open Offer is in the best interests of the Company and its Shareholders as a whole as the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company. As discussed above in the paragraph headed "Subscription Price", in view of the financial position of the Group, the price performance on or prior to the Last Trading Date, the relatively thin liquidity of the Shares and the prevailing market condition, a relatively substantial discount to the prevailing market price is acceptable. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The estimated net proceeds from the Open Offer will be approximately HK$100 million (net of expenses of approximately HK$3.23 million). The Directors presently intend to apply the net proceeds (i) HK$45 million for the balance payment of Inner Mongolia properties as set out in the circular dated 12th June 2007; (ii) HK$14 million for debt repayment; and (iii) HK$41 million as general working capital of the Group which includes HK$27 million for the support of spending on the costs of the properties in the PRC.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS

The Company did not conduct any equity fund raising activities in the past twelve months, immediately preceding the Latest Practicable Date.

THE TREND OF THE BUSINESS

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

Since the property market in Hong Kong reaches to a very high level, it is not justified to invest properties in Hong Kong. The Company focuses its resources in developing property market in PRC. The Board believes that developing residential housing projects in PRC will generate more revenue and greater profits for the Company.

The completion of the very substantial acquisition of the property situated at No. 139, Dong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, PRC ("Inner Mongolia Properties") was on 30th June 2007.

On 5th March 2007, the First Union Limited and Huhehaote Zhongwei Estate Development Company Limited entered into a supplemental agreement in which the Huhehaote Zhongwei Estate Development Company Limited agreed to grant First Union Limited a first right of refusal to jointly develop a property on the land of size of 78,400 sq.m. situated beside Dong Er Huan Road West, Hohhot City, Inner Mongolia, PRC to be developed into a residential complex. The development will proceed after the resumption of trading of the Shares of the Company.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

There is no major change in the financial and trading prospects of the Group. The Company is holding some properties in Shanghai and the newly acquired shopping arcade in Inner Mongolia which will generate rental income for the Group in the coming year. The Company will participate in the development of the residential project in Inner Mongolia if resumption of trading of company stock is granted by the Listing Committee. The Company has been maintained minimum number of staff and minimizes operating expenses at the very low level. The major and large expenses in the past years were professional fees incurred on the resumption of trading of the Company stocks on the Stock Exchange.

PROCEDURES FOR ACCEPTANCE OF, AND PAYMENT FOR, THE OFFER SHARES

An Application Form is enclosed with this Prospectus which entitles you to apply for the number of Offer Shares in your assured entitlements shown thereon. Qualifying Shareholders should note that they may apply for the number of Offer Shares equal to or less than the number set out in the Application Form. If you wish to apply for any number of Offer Shares in your assured allotment of Offer Shares to which you are entitled as specified in the enclosed Application Form, you must complete, sign and lodge the

Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance in respect of such number of Offer Shares you have applied for with the Registrar, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by not later than the Latest Time for Acceptance, being 4:00 p.m. on Friday, 28th September 2007. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "eCyberChina Holdings Limited – Open Offer Account" and crossed "Account Payee Only". The Qualifying Shareholders may not apply for the Offer Shares which are in excess of their respective entitlements.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than the Latest Time for Acceptance by a Qualifying Shareholder, that assured entitlement and all rights thereunder will be deemed to have declined and will be cancelled.

All cheques or cashier's order will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only" through ordinary post at the risk of the applicant(s) to the address(es) specified in the register of members of the Company on or before 9th October 2007.

The Application Form is for use only by the person(s) named therein and is not transferable.

No receipt will be issued in respect of any application monies received.

GENERAL

Your attention is drawn to the information contained in the appendices to this Prospectus.

By Order of the Board
eCyber China Holdings Limited
Ho Chi Wing
Chairman

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	–	–	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	–	–
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	–	–	(3,280)	–
Gain on disposal of property, plant and equipment	8	–	(687)	–
Impairment losses for trade receivables reversed	–	(1,719)	(1,425)	–
Write-down of properties held for sale reversed	–	–	(5,206)	(264)
Revaluation increase of investment property	(16,000)	(33,054)		
Loss on disposal of investment property	–	–	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	–
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	–	–	10,978	3,794
Financial liabilities	–	–	(871)	–
	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)	–
– 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 (audited)	573,500	103,257	–	(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	–	(669,473)	7,284
Loss for the period	–	–	–	(5,702)	(5,702)
At 31st December 2006 (unaudited)	573,500	103,257	–	(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	**Month of grant**	**Outstanding as at 30th June 2006 and 31st December 2006**
HK$		
0.202	May 2002	25,835,000

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

Exercise price	**Month of grant**	**Exercise period**
HK$		
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.

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.

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	Total for continuing operations
	HK$'000	*HK$'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 2006	Attributable percentage of shares held 2005	Principal activity
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 HK$'000	Tax losses HK$'000	Total 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 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'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:

			Number of options	
Exercise price	**Date of grant**	**Outstanding at 1st July 2004**	**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 *HK$'000*	**2005** *HK$'000*	**2006** *HK$'000*	**2005** *HK$'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 *HK$'000*	**2005** *HK$'000*	**2006** *HK$'000*	**2005** *HK$'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.

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 Directly	Indirectly	Principal activities
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 July 2007, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of the Prospectus, the Group had:

(a) Outstanding borrowings in the sum of approximately HK$30.8 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 III to this Prospectus, unsecured loans and accrued interest thereon of approximately HK$15.8 million payable to other independent non-financial institution and a secured long-term loan of approximately HK$13.4 million payable to an independent third party. The long-term loan was secured by a charge over the entire equity interest of a wholly owned subsidiary of the Company.

(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; and

– 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, further details of which are disclosed in the section headed "Litigation" in Appendix III to this Prospectus.

(c) Capital commitments

As at 31st July 2007, the Group was committed to pay the balance of consideration of approximately HK$46,334,000 for acquisition of a property situated at No.139, Kong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, the PRC, pursuant to the sale and purchase agreement dated 5th March 2007 and entered into between First Union Limited (a wholly owned subsidiary of the Company) and Huhehaote Zhongwei Estate Development Company Limited.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the 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 acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31st July 2007.

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

2. Working Capital

The Directors are of the opinion that, based on the presently available credit facilities, the internal financial resources, the estimated net proceeds from the Open Offer and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirement, that is for at least the next 12 months from the date of this Prospectus.

3. Material Changes

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30th June 2006, being the date of which the latest audited financial statements of the Group were made up.

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.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had taken place on 31st December 2006.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, 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 any future date.

	Consolidated net tangible assets of the Group as at 31st December 2006 (Unaudited)	**Add: Estimated net proceeds from the Open Offer**	**Pro forma adjusted consolidated net tangible assets of the Group (Unaudited)**
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
	1,582	100,000	101,582
Consolidated net tangible assets per Share before the Capital Reorganization becoming effective and before completion of the Open Offer and issue of the Consideration Shares under the Arranger Agreement *(Note 3)*			HK$0.00055
Consolidated net tangible assets per New Share after the Capital Reorganization becoming effective but before completion of the Open Offer and issue of the Consideration Shares under the Arranger Agreement *(Note 4)*			HK$0.055
Unaudited pro forma adjusted consolidated net tangible assets per New Share after completion of the Open Offer and issue of the Consideration Shares under the Arranger Agreement *(Note 5)*			HK$0.109

Notes:

1. The figure is based on the unaudited consolidated balance sheet of the Group as at 31st December 2006 as extracted from the published interim report of the Company for the six months ended 31st December 2006.

2. The estimated net proceeds from the Open Offer are calculated based on the issue of 860,250,000 Offer Shares at a price of HK$0.12 per Offer Share to qualifying shareholders on the basis of 30 Offer Shares for every one New Share held on the Record Date, after deduction of estimated share issue expenses of approximately HK$3.23 million which are to be settled in cash. The above estimated share issue expenses of approximately HK$3.23 million do not include the consideration payable under the Arranger Agreement of approximately HK$5.28 million which would be settled by issue of 44,000,000 Consideration Shares at a price of HK$0.12 each and accounted for as a deduction from equity assuming completion of the Arranger Agreement and the Open Offer. On that basis, the consideration payable under the Arranger Agreement of approximately HK$5.28 million is not expected to have any effect on the net tangible assets of the Group.

3. Based on 2,867,500,000 existing Shares before the Capital Reorganization becoming effective and before completion of the Open Offer and issue of the Consideration Shares under the Arranger Agreement.

4. Based on 28,675,000 New Shares after the Capital Reorganization becoming effective but before completion of the Open Offer and issue of the Consideration Shares under the Arranger Agreement.

5. Based on 932,925,000 New Shares, comprising (i) 28,675,000 New Shares in issue after the Capital Reorganization becoming effective, (ii) 860,250,000 Offer Shares to be issued under the Open Offer and (iii) 44,000,000 Consideration Shares to be issued under the Arranger Agreement.

6. First Union Limited (a wholly owned subsidiary of the Company) and Huhehaote Zhongwei Estate Development Company Limited entered into a sale and purchase agreement dated 5th March 2007 for acquisition of a property situated at No. 139, Kong Ku Xi Street, Xin Cheng District, Hohhot City, Inner Mongolia, the PRC, further details of which are set out in the Company's circular dated 12th June 2007. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31st December 2006.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of the accountants' report, prepared for the sole purpose of inclusion in this prospectus, received from HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

13th September 2007

The Board of Directors
eCyberChina Holdings Limited

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Introduction

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of eCyberChina Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the open offer of new shares to qualifying shareholders on the basis of 30 offer shares for every one new share held on the record date at HK$0.12 per offer share (the "Open Offer") might have affected the financial information presented, for inclusion in the Company's prospectus dated 13th September 2007 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II to the Prospectus.

Respective responsibilities of the 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 paragraph 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.

It is our responsibility to form an opinion, as required by paragraph 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited 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 paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, 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 any future date.

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 paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus 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 Prospectus 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 Prospectus the omission of which would make any statement herein misleading.

2. DIRECTORS

Executive Directors

Mr. HO Chi Wing, aged 61, was appointed an executive director of the Company on 16th February 2005 and was subsequently appointed the Chairman on 31st May 2005. Mr. Ho, is holding a master degree in Business Administration. Mr. Ho has over 35 years of extensive working experience major in finance, internal control and management. During such period of time, he was employed by PCCW for 22 years up to December 2001; he had taken up several key positions and was responsible for the financial, human resources and administration in its subsidiaries.

Mr. LU Liang, aged 45, has been an executive director of the Company since 2002. Mr. Lu attained a Bachelor of Science in Computer Science form the Harbin University of Science and Technology and a Master's Degree in Management of Information System from the Harbin Institute of Technology. He had worked in China Great Wall Industry Corporation, an affiliate of China National Space Administration in the PRC. He has over 14 years of extensive experience in an information technology field in the PRC, specializing in development of information technology and telecommunication network. Mr. Lu has participated in property development projects in PRC, including planning and design, construction, sales and marketing, and property management. He has accumulated over more than 5 years valuable experience in property development and management business.

Mr. NG Yan, aged 65, has been an executive director of the Company since 2003. Mr. Ng had been a lecturer in Shanghai Engineering College for 10 years. Since 1990, Mr. Ng has been specialized in import and export business and investments including property development business.

Mr. TAO Wei Ming, aged 50, has been an executive director of the Company since 2003. Mr. Tao has over 9 years of extensive experience in investments in the PRC.

Mr. Chan Sing Fai, aged 51, has about 26 years' experience in property development and management and listed company in Hong Kong. He obtained a BA (Major in Economic) in 1979 and a Master Degree in Business Administration in 1981 from The Chinese University of Hong Kong. He has worked in Jones Lang Wooton as an International Partner for over 16 years. He is an independent non-executive Director of Sino Prosper Holdings Limited since 2002 and Glory Future Group Limited on 2nd April 2007.

Independent non-executive Directors

Mr. CHENG Sheung Hing, aged 59, was appointed an independent non-executive Director and a member of the Audit Committee on 31st December 2003. Mr. Cheng was awarded a Bachelor Degree in Economic by the Beijing Economic College. He has been specialized in the field of foreign exchange in the PRC over 10 years and his authorities on economic and foreign exchange were fully recognized when he was appointed the Head of Inspection of the PRC Foreign Management Bureau in 1994.

Mr. CHENG Kwong Choi, Alexander, aged 60, was appointed an independent non-executive Director and a member of the Audit Committee on 31st December 2003. He is the Business Development Manager of New York Life Insurance Worldwide Limited. He had been appointed the Managing Director of Sky Fortune Travel and the Assistant Manager-Japan Project of Hong Kong Tourist Association.

Mr. LAW Tai Yan, aged 40, was appointed as an independent non-executive Director and Chairman of the Audit Committee on 20th April 2005. He has over 17 years relevant experience in accounting and auditing field. He is a fellow member of ACCA and an associate member of ICSA, HKICS and HKICPA.

3. SHARE CAPITAL

The authorised and issued capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Capital Reorganisation and the Open Offer will be, as follows:

Authorised:

		HK$
4,000,000,000	Shares of HK$0.2 each	800,000,000.00
(3,960,000,000)	Consolidation of shares to be effected pursuant to the Capital Reorganisation	–
40,000,000	Shares of HK$20 each	800,000,000.00
–	Reduction of capital to be effected pursuant to the Capital Reorganisation	(799,600,000.00)
40,000,000	Shares of HK$0.01 each	400,000.00
19,960,000,000	Increase of authorised capital to be effected pursuant to the Capital Reorganisation	199,600,000.00
20,000,000,000	Shares of HK$0.01 each upon completion of the Capital Reorganisation	200,000,000.00

Issued and fully paid:

		HK$
2,867,500,000	Share of HK$ 0.2 each	573,500,000.00
(2,838,825,000)	Consolidation of shares to be effected pursuant to the Capital Reorganisation	–
28,675,000	Share of HK$20 each	573,500,000.00
–	Reduction of capital to be effected pursuant to the Capital Reorganisation	(573,213,250.00)
28,675,000	Shares of HK$0.01 each upon completion of the Capital Reorganisation	286,750.00
860,250,000	Shares to be issued pursuant to the Open Offer	8,602,500.00
44,000,000	Shares to be issued pursuant to the Arranger Agreement	440,000.00
932,925,000	Shares of HK$0.01 each upon completion of the Open Offer	9,329,250.00

This issued Shares are listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. The Shares in issue are listed on the Stock Exchange.

All of the Offer Shares and Consideration Shares will be listed on the Stock Exchange. There is no arrangement under which future dividends are waived or agreed to be waived as at the Latest Practicable Date.

Save as disclosed in this Prospectus, no share or loan capital of the Company or any member of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no warrant, derivative or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted.

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

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.

5. INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL 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:

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

6. 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. 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 Giant 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 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 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 Giant 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 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 Prospectus.

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.

7. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinion or advice which is contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng ("HLB")	Chartered Accountants, Certified Public Accountants

As at the Latest Practicable Date, none of HLB 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.

HLB has given and have not withdrawn its written consent to the issue of this Prospectus, with the inclusion of its letter or references to its name in the form and context in which they are included.

HLB has no direct indirect interests 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. The statement dated 13th September 2007 made by HLB as set out in Appendix II was for the incorporation in this Prospectus.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the issue of this Prospectus, 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 of Office Units (comprising Units 01–10) on the Thirtieth Floor of Wu Chung House, No. 213 Queen's Road East, Hong Kong 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;

(b) The Agreements including Agreement 1, dated 5th December 2005, Nissin Dental Products (Quen Shan) Co Ltd, of Unit 907, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai PRC. The gross floor area of the property is approximately 183.49 sq.m., Agreement 2 dated 6th December 2005, Lin Shan Yu purchase of Unit 901, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai PRC. The gross floor area of the property is approximately 190.56 sq.m., and Agreement 3 dated 6th December 2005, Wang Shu Chi & Li Shu Long purchase of Unit 901, 9th Floor, Shanghai Charity Plaza, No. 120 Puxi Road, Shanghai PRC. The gross floor area of the property is approximately 190.56 sq.m., between Huadong Properties, a nominee of Welchem Development Limited, a subsidiary of the Company, as vendor and Nissin Dental Products (Quen Shan) Co Ltd, Lin Shan Yu and Wang Shu Chi and Li Shu Long as 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 Huhehaote Zhongwei Estate Development Company Limited, as vendor and the First Union Limited as purchaser, all dated 5th March 2007 in relation to purchase the Inner Mongolia Properties from Huhehaote Zhongwei Estate Development Company Limited, as vendor through a company to be formed by First Union Limited in the PRC ("the New Company") for a consideration of RMB58,000,000 (equivalent to approximately HK$59,334,000 (based upon the exchange rate of RMB/HKD at 1.023 at 5th March 2007)) (material terms of these agreements had also been set out in the Company's circular of 12th June 2007);

(d) Underwriting Agreement; and

(e) Arranger Agreement.

9. 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).

10. DIRECTORS' INTERESTS IN CONTRACTS AND IN COMPETING BUSINESS

So far as the Directors are aware:

(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) As at Latest Practicable Date, none 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").

11. BINDING EFFECT

This Prospectus Documents shall have the effect, if an application is made in pursuance of this Prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Section 44A and 44B of the Companies Ordinance of Hong Kong so far as applicable.

12. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK$3.23 million and are payable by the Company.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance.

14. MISCELLANEOUS

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

15. PROCEDURE FOR DEMANDING A POLL

Pursuant to the Article 75 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (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:

(i) by the Chairman of the meeting; or

(ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) 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.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

16. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered Office Head Office and transfer office	Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong
Company's Solicitors Legal Adviser to the issue	Angela Ho and Associates Unit 1106, Tower 1, Lippo Centre, 89 Queensway, Hong Kong
Principal Auditors	Patrick Ng & Company, *Certified Public Accountants* 20/F, Hong Kong Trade Centre, 61–167 Des Voeux Road, Central, Hong Kong

Accountants to the issue	HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants 31/F, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong
Principal Bankers	China Construction Bank (Asia) Limited 41/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong Wing Lung Bank Limited Convention Plaza Branch Shop 101, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong Bank of China (Hong Kong) Limited United Centre Branch, Shop 1021, United Centre, 95 Queensway, Hong Kong
Authorised representatives	Mr Ho Chi Wing Flat 9B, Woodbury Court, Discovery Bay, Lantau, Hong Kong Mr Lu Liang 4-502 Room, 7th Buildings 2 Block, Long Teng Garden, Hui Long Guan, Changping District, Beijing, The PRC
Company secretary	Mr. Lo Kin Chung, who is holding a MBA and a member of the Hong Kong Institute of Certified Public Accountants (Practising) and the CPA (Aust).
Qualified accountant	Mr. Ho Chi Wah, who is an associate member of the Hong Kong Institute of Certified Public Accountants
Share Registrar	Tricor Abacus Limited 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong from the date of this Prospectus up to and including Friday, 28th September 2007:

(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 material contracts referred to in the paragraph headed "Material Contracts" in their appendix;

(d) the accountants' report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group from HLB, the text of which is set out in Appendix II to this Prospectus;

(e) the written consent from the expert referred to in the paragraph headed "Expert and Consent";

(f) a copy of the circular relating to a very substantial transaction dated 12th June 2007 since 31st December 2006 being the date of the latest published audited account; and

(g) this Prospectus.