



eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability) (Stock Code: 254)



2008
Interim Report

RESULTS

The Board of Directors of eCyberChina Holdings Limited (the "Company") hereby presents the unaudited condensed consolidated interim financial report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2007 (the "Current Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007

		Six months ended 31 December	
	Notes	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	4	9,601	5,744
Direct costs		<u>(7,572)</u>	<u>(5,680)</u>
Gross profit		2,029	64
Other operating income		2,029	1,337
Reversal of write-down related to properties held for sale		–	264
Revaluation gain on investment property		12,267	–
Other investment loss		–	(1,312)
Gain on disposal of property, plant and equipment		54	–
Administrative and operating expenses		<u>(44,561)</u>	<u>(3,528)</u>
Loss from operations	5	<u>(28,182)</u>	<u>(3,175)</u>
Finance costs		<u>(1,632)</u>	<u>(2,527)</u>
Loss before tax		<u>(29,814)</u>	<u>(5,702)</u>
Income tax	6	<u>(5,436)</u>	<u>–</u>
Loss attributable to shareholders		<u>(35,250)</u>	<u>(5,702)</u>
Loss per share			
Basic	8	<u>(HK\$0.08)</u>	<u>(HK\$0.20)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Non-Current Assets			
Property, plant and equipment	9	579	222
Investment property	10	74,136	–
Deposit paid for purchase of investment property		–	13,371
		74,715	13,593
Current Assets			
Properties held for sale	11	5,278	9,586
Trade and other receivables	12	11,546	3,032
Cash and bank deposits		33,635	4,195
		50,459	16,813
Current Liabilities			
Trade and other payables	13	38,369	4,563
Borrowings	14	3,842	17,057
Tax payable		2,369	–
		44,580	21,620
Net Current Assets/(Liabilities)		5,879	(4,807)
Total Assets less Current Liabilities		80,594	8,786
Non-Current Liabilities			
Borrowings	14	–	13,371
Deferred tax liabilities		3,067	–
		3,067	13,371
Net Assets/(Liabilities)		77,527	(4,585)
Capital and Reserves			
Share capital	15	9,329	573,500
Reserves		68,198	(578,085)
Equity/(Deficit)		77,527	(4,585)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007

	Share Capital HK\$'000	Share Premium HK\$'000	Share- based Payment Reserve HK\$'000	Exchange Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
At 1 July 2006 (Audited)	573,500	103,257	-	-	(669,473)	7,284
Loss attributable to shareholders	-	-	-	-	(5,702)	(5,702)
At 31 December 2006 (Unaudited)	573,500	103,257	-	-	(675,175)	1,582
Loss attributable to shareholders	-	-	-	-	(6,167)	(6,167)
At 30 June 2007 (Audited)	573,500	103,257	-	-	(681,342)	(4,585)
Capital reduction	(573,213)	573,213	-	-	-	-
Issue of new shares	9,042	92,053	-	-	-	101,095
Recognition of share-based payment	-	-	15,688	-	-	15,688
Loss attributable to shareholders	-	-	-	-	(35,250)	(35,250)
Exchange differences arising on translation of foreign operations	-	-	-	579	-	579
At 31 December 2007 (Unaudited)	<u>9,329</u>	<u>768,523</u>	<u>15,688</u>	<u>579</u>	<u>(716,592)</u>	<u>77,527</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007

	Six months ended 31 December	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(44,971)	(21,933)
Net cash used in investing activities	(98)	(7)
Net cash generated from financing activities	<u>74,509</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	29,440	(21,940)
Cash and cash equivalents at 1 July	<u>4,195</u>	<u>27,370</u>
Cash and cash equivalents at 31 December	<u>33,635</u>	<u>5,430</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2007

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 30 June 2003 and resumed on 5 October 2007. During the period of suspension of trading of the Company's shares on the Stock Exchange, the Company was subjected to delisting procedures which were eventually released by 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.

The principal activities of the Company and its subsidiaries (the "Group") during the Current Period were investments in properties in the People's Republic of China ("PRC") for leasing and trading.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (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 unaudited condensed consolidated financial statements have been prepared using the historical cost basis except for certain properties, which are measured at fair values or revalued amounts as appropriate.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2007.

The HKICPA has issued a number of new or revised standards, amendment and interpretations that are effective or available for early adoption for the Current Period. The Group has adopted all new or revised standards, amendment and interpretations that are effective for the Current Period and are relevant to the Group's operations. The adoption of these new or revised standards, amendment and interpretations has no significant impact on the Group's results and financial position.



2. BASIS OF PREPARATION (continued)

The Group has not early adopted the new or revised standards and interpretations that have been issued but are not yet effective. The Group has carried out an assessment of these new or revised standards and interpretations and considered that the application of these new or revised standards and interpretations will not result in substantial effect on the Group's accounting policies.

3. SEGMENT INFORMATION

No segment information is presented as over 90% of the Group's revenue during the Current Period was from property investment and all the operations, revenue and assets of the Group are located in the PRC, including Hong Kong.

4. TURNOVER

	Six months ended 31 December	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Sale of properties	5,582	5,152
Rental income from		
– investment property	3,702	–
– properties held for sale	317	592
	<u>9,601</u>	<u>5,744</u>

5. LOSS FROM OPERATIONS

	Six months ended 31 December	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
– fees, salaries and other benefits	2,132	530
– equity-settled share-based payment	<u>4,340</u>	<u>–</u>
	<u>6,472</u>	<u>530</u>
Depreciation on property, plant and equipment	56	49
Other equity-settled share-based payment expenses	<u>11,348</u>	<u>–</u>

6. INCOME TAX

	Six months ended 31 December	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax	1,882	–
PRC enterprise income tax	487	–
Deferred tax	<u>3,067</u>	<u>–</u>
	<u>5,436</u>	<u>–</u>

Hong Kong profits tax represents the amount of tax under-provided in previous years estimated according to a proposal made by a subsidiary, First Union Limited (“FUL”), to settle a tax review carried out by the Inland Revenue Department.

PRC enterprise income tax is calculated at the rate of 33% on the estimated assessable profit from PRC operations.

Deferred tax is calculated at the rate of 25%, being the tax rate that has been enacted and is expected to apply in the period when the liability is settled, on change in fair value of investment property in the PRC.

7. INTERIM DIVIDEND

The Board of Directors does not recommend to declare any interim dividend for the Current Period (2006: Nil).

8. LOSS PER SHARE

The calculations of the basic and diluted loss per share are based on the following data:

	Six months ended 31 December	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(35,250)</u>	<u>(5,702)</u>
	'000	'000
Number of ordinary shares:		
Issued ordinary shares at 1 July	2,867,500	2,867,500
Effect of consolidation of shares	(2,838,825)	(2,838,825)
Effect of shares issued pursuant to an open offer and an arranger agreement	<u>437,382</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December used in the calculation of basic loss per share	466,057	28,675
Effect of dilutive potential ordinary shares – Share options	<u>820</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December used in the calculation of diluted loss per share	<u>466,877</u>	<u>28,675</u>

The diluted loss per share for the Current Period has not been disclosed as the effect of potential shares arising from the exercise of the Company's share options is regarded as anti-dilutive while it would decrease the loss per share of the Group for the Current Period.



9. PROPERTY, PLANT AND EQUIPMENT

	2007 (Unaudited) HK\$'000
Net carrying value at 1 July	222
Additions	534
Disposals	(121)
Depreciation	(56)
	<hr/>
Net carrying value at 31 December	579

Gain on disposal of property, plant and equipment of the Group amounted to HK\$54,160 for the Current Period.

10. INVESTMENT PROPERTY

	2007 (Unaudited) HK\$'000
At 1 July	–
Additions	59,609
Fair value adjustment	12,267
Exchange difference on re-translation	2,260
	<hr/>
At 31 December	74,136

11. PROPERTIES HELD FOR SALE

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Properties held for sale in the PRC, at net realisable value	5,278	9,586
	<hr/>	<hr/>



12. TRADE AND OTHER RECEIVABLES

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Trade receivables	–	87
Other receivables, deposits and prepayment	<u>11,546</u>	<u>2,945</u>
	<u>11,546</u>	<u>3,032</u>
<p>An aging analysis of the trade receivables is as follows:</p>		
0 – 3 months	–	87
Over 3 months	<u>–</u>	<u>–</u>
	<u>–</u>	<u>87</u>

13. TRADE AND OTHER PAYABLES

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Other payables, deposits and accruals	<u>38,369</u>	<u>4,563</u>

14. BORROWINGS

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Secured loans (notes a & b)	–	13,371
Unsecured loans (note b)	<u>3,842</u>	<u>17,057</u>
	<u>3,842</u>	<u>30,428</u>
Amount due for payment		
– within 1 year	3,842	17,057
– after 1 year but within 5 years	<u>–</u>	<u>13,371</u>
	<u>3,842</u>	<u>30,428</u>

Notes:

- (a) Loans amounting to approximately HK\$13,371,000 had been repaid and the security, being the shares of a subsidiary, 北京光訊投資管理顧問有限公司, and the Group's interest in an investment property, had been released during the Current Period.
- (b) The loans represented borrowings from individual third parties and bore interest at prevailing market rates.

15. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
At 1 July 2007 – Shares of HK\$0.2 each	4,000,000	800,000
Consolidation of shares pursuant to a capital reorganisation	<u>(3,960,000)</u>	<u>–</u>
Shares of HK\$20 each	40,000	800,000
Reduction of capital pursuant to a capital reorganisation	<u>–</u>	<u>(799,600)</u>
Shares of HK\$0.01 each	40,000	400
Increase of authorised capital pursuant to a capital reorganisation	<u>19,960,000</u>	<u>199,600</u>
At 31 December 2007 – Shares of HK\$0.01 each	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 July 2007 – Shares of HK\$0.2 each	2,867,500	573,500
Consolidation of shares pursuant to a capital reorganisation	<u>(2,838,825)</u>	<u>–</u>
Shares of HK\$20 each	28,675	573,500
Reduction of capital pursuant to a capital reorganisation	<u>–</u>	<u>(573,213)</u>
Shares of HK\$0.01 each	28,675	287
Shares issued pursuant to an open offer	860,250	8,602
Shares issued pursuant to an arranger agreement	<u>44,000</u>	<u>440</u>
At 31 December 2007 – Shares of HK\$0.01 each	<u>932,925</u>	<u>9,329</u>



15. SHARE CAPITAL (continued)

On 31 July 2007, the Company's proposal for capital reorganisation to (i) consolidate every 100 issued and unissued shares of HK\$0.2 each into one consolidated share of HK\$20 each in the capital of the Company; (ii) cancel capital paid up to the extent of HK\$19.99 per consolidated share in issue and to reduce the nominal value of all consolidated shares to HK\$0.01 per share; and (iii) increase the authorised share capital, after reduction, from HK\$400,000 to HK\$200,000,000 by the creation of 19,960,000,000 new shares of HK\$0.01 each, which had been approved by shareholders of the Company at an extraordinary general meeting held on 25 June 2007, was sanctioned by the Court. Then, 860,250,000 and 44,000,000 new shares of HK\$0.01 each were issued at HK\$0.12 per share pursuant to an open offer and an arranger agreement respectively.

16. CONTINGENT LIABILITIES

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

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
(a) Possible claims arising from:		
Guarantee related to former related company	5,000	5,000
Indemnity related to former subsidiary (note 17(b))	5,800	5,800
	<u>10,800</u>	<u>10,800</u>

- (b) The Hong Kong Inland Revenue Department had carried out a review in respect of the deductibility of management fees paid by a subsidiary, FUL, to the Company during the years of assessment 2000/01 to 2004/05 in the sum of HK\$30,247,000 and was of the opinion that the management fees paid were excessive. FUL had proposed a basis, which is subject to the agreement by the Hong Kong Inland Revenue Department, for adding back certain management fees and adjusting the tax computations; profits tax payable of approximately HK\$1,882,000 was provided for according to such basis and charged in the income statement for the Current Period. No further provision has been made in the financial statements as the result cannot be reasonably estimated at this stage.



17. LITIGATION

As at 31 December 2007, 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 of approximately HK\$1,600,000 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.

The Court has granted an order to adjourn sine die the Plaintiffs' application to set down this case on 15 March 2006. That is to say, the Plaintiffs have temporarily withheld the proceedings against the Company. This claim has not been settled up to the date of this report.

- (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 ("WG"), a company engaged in property investment in the PRC. In this connection, the Company has undertaken to indemnify WG for, among others, any increase in the liabilities of WG 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, WG received a payment request from the PRC tax authority in respect of PRC property taxes relating to the property held by WG in the aggregate amount of approximately HK\$8,000,000, including the late payment surcharge levied by the tax authorities, of which approximately HK\$5,800,000 was related to transactions on or before the completion date. The existing management of WG 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\$5,800,000. However, such amounts are covered by the amount accrued in the accounts of WG 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 31 December 2007.

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 report.



18. COMMITMENTS

(a) Capital commitments

At the balance sheet date, the Group's capital commitments outstanding not provided for in the financial statements are as follows:-

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Acquisition of investment property	–	59,334
Acquisition of a subsidiary	<u>19,998</u>	<u>–</u>

(b) Operating lease commitments

At the balance sheet date, the Group's commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:-

	As at 31 December 2007 (Unaudited) HK\$'000	As at 30 June 2007 (Audited) HK\$'000
Within 1 year	847	552
After 1 year but within 5 years	<u>744</u>	<u>–</u>
	<u>1,591</u>	<u>552</u>



19. SHARE OPTION SCHEME

Share option scheme adopted in 2002

On 25 July 2002, the share option scheme adopted by the Company on 19 July 1999 was terminated and replaced by a new share option scheme (the "2002 Share Option 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 Share Option 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 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 Share Option Scheme shall not exceed 10% of the shares in issue as at the adoption date of the 2002 Share Option 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 Share Option 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.

19. SHARE OPTION SCHEME (continued)

Details of share options granted under the 2002 Share Option Scheme are as follows:

Category	Date of grant	Number of share options held as at 1 July 2007	Number of share options granted during the Current Period (Note (a))	Number of share options exercised during the Current Period	Number of share options lapsed during the Current Period	Number of share options held as at 31 December 2007	Exercise price HK\$	Exercise period
Directors								
Mr. Lu Liang	29 November 2007	-	3,200,000	-	-	3,200,000	0.64	29 November 2007 – 28 November 2017
Mr. Chan Sing Fai	29 November 2007	-	2,200,000	-	-	2,200,000	0.64	29 November 2007 – 28 November 2017
Employees	29 November 2007	-	8,850,000	-	-	8,850,000	0.64	29 November 2007 – 28 November 2017
Consultants	29 November 2007	-	39,062,700	-	-	39,062,700	0.64	29 November 2007 – 28 November 2017
			- 53,312,700	-	-	53,312,700		

Notes:

- The closing price of the Company's shares immediately before the date of grant on 29 November 2007 was HK\$0.64.
- The Company has used the Binominal option pricing model ("the Model") to value the share options granted during the Current Period. The value of an option varies with different variable of certain subjective assumptions. Any change in the variables as adopted may materially offset the estimation of the fair value of an option. For the six months ended 31 December 2007, 53,312,700 shares options were granted on 29 November 2007.

The inputs into the Model were as follows:

Share options granted on 29 November 2007

Closing price on the date of grant	HK\$0.64
Expected volatility	131.31%
Risk free rate	3.28%
Expected dividend yield	0%
Estimated fair value	HK\$15,688,219

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 260 trading days.



20. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 28 January 2008, the Group acquired 100% of the entire issued share capital of Fadara Limited (“Fadara”), pursuant to a sale and purchase agreement entered into on 12 December 2007, at a consideration of HK\$19,998,000 satisfied by the issue of 36,360,000 ordinary shares of the Company at an issue price of HK\$0.55 per share.

Fadara had entered into (i) a management contract (the “Management Contract”) on 11 December 2007 to provide management and consultancy services to China Olympics Thinker International Culture Communication Co. Ltd. (“China Olympics Thinker”) and (ii) an option deed on 11 December 2007 to acquire not more than 80% equity interest of China Olympics Thinker.

The vendor has provided a guarantee that the revenue arising from the Management Contract shall not be less than RMB13,000,000 for a period up to 31 December 2008 which is extendable to 31 March 2009. For details, please refer to the Company’s circular dated on 4 January 2008.

- (b) On 7 January 2008, the Group entered into agreements for the acquisition of an equity interest of 51% in L & L Partners’ Limited (“L&L”) at a total consideration of HK\$190,000,000 which will be satisfied by cash of HK\$150,000,000 and the issue and allotment of 50,000,000 ordinary shares of the Company at an issue price of HK\$0.8 each. L&L has agreed to provide warranties and EBITDA guarantee of not less than US\$10,000,000 for the guaranteed financial year. The completion shall be conditional upon and subject to aggregate fund raising amount of HK\$150,000,000 within 6 months from 7 January 2008. For details, please refer to the Company’s announcement dated on 17 January 2008.
- (c) On 26 February 2008, the Group has entered into a non-legally binding memorandum of understanding for the acquisition of share capital in Beijing U-Look Media and Advertising Company which is principally engaged in the media and advertising business in the PRC, in particular outdoor billboard advertising. For details, please refer to the Company’s announcement dated 26 February 2008.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover for the six months ended 31 December 2007 comprised sales of properties amounted to approximately HK\$5,582,000 (Six months ended 31 December 2006: HK\$5,152,000) and rental income amounted to approximately HK\$4,019,000 (Six months ended 31 December 2006: HK\$592,000).

The increase in turnover in rental income by approximately 578% as compared with the corresponding period of last year was mainly attributable to the acquisition of a shopping arcade in Inner Mongolia.

The Group's net loss attributable to the Company's shareholders for the six months ended 31 December 2007 amounted to approximately HK\$35,250,000 (Six months ended 31 December 2006: loss of HK\$5,702,000), representing a 519% increase compared with the corresponding period of last year. The increase was mainly due to the extraordinary expenses incurred for the successful resumption of trading of the Company's shares on the Stock Exchange of Hong Kong, even after revaluation surplus of approximately of HK\$12,267,000 on the investment property in relation to the shopping arcade in Inner Mongolia recognised during the Current Period.

Liquidity and Financial Resources

As at 31 December 2007, the Group had current assets amounted to approximately HK\$50,459,000 (30 June 2007: HK\$16,813,000) and current liabilities amounted to approximately HK\$44,580,000 (30 June 2007: HK\$21,620,000). The gearing ratio, which was computed on the basis of the aggregate borrowings divided by the amount of total assets, was 3.1% (30 June 2007: 100%).

It has been improved by funds raised of approximately HK\$100,000,000 from the issue of new shares under an open offer in October 2007.

As at 31 December 2007, the Group had short-term borrowings of approximately HK\$3,842,000 (30 June 2007: HK\$17,057,000) and no long-term borrowings (30 June 2007: HK\$13,371,000). The loans were subject to 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 is expected to be insignificant. Thus, the Group does not use any hedges.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Capital Structure

On 18 May 2007, the Company announced, amongst other things, that it proposed to (i) consolidate every 100 issued and unissued shares of HK\$0.2 each into one consolidated share of HK\$20 each in the capital of the Company; (ii) cancel capital paid up to the extent of HK\$19.99 per consolidated share in issue and to reduce the nominal value of all consolidated shares to HK\$0.01 per share; and (iii) increase the authorised share capital, after reduction, from HK\$400,000 to HK\$200,000,000 by the creation of 19,960,000,000 new shares of HK\$0.01 each. A special resolution was passed by shareholders of the Company at an extraordinary general meeting held on 25 June 2007 to approve the capital reorganisation which was then sanctioned by the Court on 31 July 2007.

On 5 October 2007, 860,250,000 and 44,000,000 new shares of HK\$0.01 each were issued at a price of HK\$0.12 per share under an open offer and an arranger agreement respectively from which a total fund of approximately HK\$100,000,000 was raised to strengthen the Company's financial position for future potential investments.

On 28 January 2008, the Company issued 36,360,000 new shares as settlement of the consideration for the acquisition of entire issued share capital of Fadara.

Employees

As at 31 December 2007, the Group has approximately 13 employees. A total of 14,250,000 share options were granted to eligible employees of the Group during the Current Period and the fair value of the share options that was charged to the income statement was approximately HK\$4,340,000 (six months ended 31 December 2006: HK\$Nil).

The employees are remunerated based on their work performance and professional experience and the prevailing industry practices.

Charge on Assets

As at 30 June 2007, the Group had pledged the shares of one subsidiary and the interest of an investment property to be acquired for the purpose of obtaining an interest bearing loan. During the Current Period, the aforesaid loan had been fully settled and the security had been released. As at 31 December 2007, there was no charge on the Group's assets.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Contingent Liabilities

For details, please refer to note 16 of the notes to the condensed consolidated financial statements.

Commitments

For details, please refer to note 18 of the notes to the condensed consolidated financial statements.

Material Acquisitions

During the Current Period under review, the Group completed its acquisition of an investment property situated at Inner Mongolia in the PRC at a total consideration of RMB58,000,000. The Group took possession of the investment property on 1 July 2007.

On 12 December 2007, the Group entered into an agreement for the acquisition of the entire equity interest in Fadara. Details of the acquisition were announced by the Company on 17 December 2007. This transaction was completed on 28 January 2008.

Subsequent to 31 December 2007, the Group entered into an agreement for the acquisition of equity interests of 51% in L&L at a total consideration of HK\$190,000,000 which will be satisfied by cash of HK\$150,000,000 and issue and allotment of 50,000,000 ordinary shares at HK\$0.8 each of the Company. For details, please refer to the Company's announcement dated on 17 January 2008.

Prospects

The Group is of the view that the PRC will remain to be the fastest growing economic region in the world within the next few decades. More and more business opportunities relevant to the Company's existing operation and investment are envisaged.

In the meantime, the rising average personal income in the PRC with enhancement in people's buying power led to positive development of the advertising industry in the PRC. The Group is also targeting the acquisition of potential media company.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Property Investment

On 5 March 2007, the Company's wholly subsidiary, FUL, entered into a Sale and Purchase Agreement with the Vendor to purchase a shopping arcade in Huhehaote, Inner Mongolia at the consideration of RMB58,000,000. The Vendor has guaranteed FUL an annual rental income and net profit of the property not to be less than RMB9,000,000 and RMB4,000,000 respectively up to 27 February 2010. The transaction was completed on 30 June 2007, the Company commenced to enjoy the rental income generated from this shopping arcade from 1 July 2007.


On 3 November 2007, the Vendor has entered into a Tenancy Agreement with 北京居然之家投資控股集團有限公司, for the shopping arcade with a gross floor area of approximately 30,953 square meters for a period from 1 July 2008 to 31 December 2027. The rental income will be RMB8,000,000 a year and subject to revise in accordance to the terms and basis as stipulated in the agreement.

The arcade is now being renovated and re-constructed the floor area to satisfy the requirements of the new tenant. The renovation was scheduled to be completed in June 2008, and the arcade should be handed over to the new tenant on or before end of June 2008.

Provision of Management and Consultancy Services

Having considered and reviewing the existing operation and financial position of the Group, the Board considers seeking opportunities to diversify the Group's revenue streams in order to enhance shareholders' returns and is optimistic about the expansion in provision of management and consultancy services to advertising agencies in the PRC.

The Directors believe that with the growth in the PRC economy, the demand for advertisement will continue to keep growth. Taking into consideration the prospect of the PRC advertising and marketing business in future, the Directors believe that the acquisition of Fadara and L&L will allow the Group to have steady additional income in the coming years.



DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2007, the directors and their respective associated corporations had interests in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Name of directors	Number of shares held Personal interest	Number of underlying ordinary shares held under equity derivatives	Total	Percentage of the issued share capital*
Mr. Lau Chi-Yuen, Joseph	262,536,900	0	262,536,900	28.14
Mr. Lu Liang	0	3,200,000	3,200,000	0.34
Mr. Chan Sing Fai	0	2,200,000	2,200,000	0.23

* The percentage has been calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2007 (i.e. 932,925,000).

All the interests disclosed above represent long position in the shares of the Company.

Other than the holdings disclose above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or his associates of the Company or their respective 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 Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, Furthermore, save as disclosed in the "Share Options" section below, at no time during the six months period ended 31 December 2007 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

SHARE OPTIONS

Details of the Company's share option scheme are set out in Note 19 of the notes to the condensed consolidated financial statements.



SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Number of ordinary shares of the Company held	
	Direct interest	Percentage of shareholding
Mr. Lau Chi-Yuen, Joseph	262,536,900	28.14%
Win Today Limited	100,000,000	10.72%
Big Good Management Limited	88,800,000	9.52%

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 31 December 2007, the Company has not been notified of any other interests and short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Director's Interests and Short Positions in Shares and Underlying Shares" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under the age of eighteen, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the Current Period.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.



CORPORATE GOVERNANCE

Pursuant to the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rule”), an audit committee is established by the Company in 2004 to review and supervise the Group’s financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors, Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Mr. Law Tai Yan. The interim results for the period ended 31 December 2007 have been reviewed by the Audit Committee.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has adopted the Code of Best Practice (the “Code”) as set out in Appendix 14 of the Listing Rules. In the opinion of the Directors, the Company has complied with the Code throughout the six months ended 31 December 2007, except for the following deviations:

The independent non-executive directors of the Company are not appointed for specific terms as required by the Code, but are subject to retirement by rotation in accordance with the Company’s articles of association (Code Provision A.4.1).

AUDIT COMMITTEE

In accordance with the Appendix 14 of the Listing Rules, the Directors established an Audit Committee since 2004 and the Audit Committee currently comprises three independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Current Period.



EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date of the Group are set out in note 20 of the notes to the condensed consolidated financial statements.

By Order of the Board
eCyberChina Holdings Limited
Lau Chi-Yuen Joseph
Director

Hong Kong, 29 March 2008

As at the date of this report, the Board of Directors of the Company comprises four Executive Directors, namely Mr. Lau Chi Yuen Joseph, Mr. Lu Liang, Mr. Chan Shing Fai and Mr. Ng Yan, and three Independent Non-executive Directors, namely Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Mr. Law Tai Yan.