THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in eCyberChina Holdings Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

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eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

VERY SUBSTANTIAL ACQUISITION, PROPOSED CHANGE OF COMPANY NAME AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Financial Adviser to the Company

TANRICH

Tanrich Capital Limited

A notice convening an extraordinary general meeting of the Company to be held at Unit 3203, 32/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Wednesday, 18 June 2008 at 10:30 a.m. is set out on pages 155 to 157 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

23 May 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Sale Shares as contemplated under the Agreement
"Agreement"	the agreement dated 3 April 2008 (as supplemented by the supplemental agreement dated 14 April 2008) entered into between the Purchaser and the Vendor in relation to, among other matters, the Acquisition
"Articles"	the articles of association of the Company and an "Article" shall mean an article of the Articles
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	eCyberChina Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	date of Completion
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Consideration Shares"	up to 250,000,000 new Shares to be allotted and issued by the Company to the Vendor (or his nominee(s)) as part of the consideration for the Sale Shares
"Convertible Bonds"	the convertible bonds with principal amount of HK$40,000,000 to be issued by the Company to the Vendor (or his nominee(s)) as part of the consideration for the Sale Shares

"Conversion Shares"	up to 50,000,000 new Shares to be allotted and issued upon the conversion of the Convertible Bonds
"Deed of Termination"	the deed of termination dated 3 April 2008 entered into among the Purchaser, the Vendor and the Target in relation to the termination of the Original Agreement
"Directors"	the directors of the Company
"EBITDA"	earnings before interest, taxes, depreciation and amortization in accordance with International Financial Reporting Standard or other applicable financial reporting standard as may be agreed by the parties to the Agreement
"EBITDA Guarantee"	the guarantee of the EBITDA of the Target Group during the Guaranteed Financial Year as provided in the Agreement
"EGM"	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder, the Proposed Name Change and the proposed amendments to the Articles
"Group"	the Company and its subsidiaries
"Guaranteed Financial Year"	the whole financial year commencing from the Completion Date and ending on the date immediately before the first anniversary of the Completion Date
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
"Issue Price"	the issue price of HK$0.8 per Consideration Share
"Latest Practicable Date"	20 May 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Agreement"	the original agreement dated 7 January 2008 entered into between the Target, the Purchaser and the Vendor in relation to, among other matters, the Acquisition
"Placing"	the placing of up to 80,000,000 new Shares pursuant to the Placing Agreement
"Placing Agent"	Tanrich Capital Limited
"Placing Agreement"	the placing agreement dated 3 April 2008 entered into between the Placing Agent and the Company in relation to the Placing
"Placing Price"	the placing price of HK$0.20 per Placing Share
"Placing Shares"	80,000,000 new Shares placed by the Placing Agent
"Placee(s)"	the placee(s) under the Placing
"PRC"	the People's Republic of China
"PRC Subsidiary"	上海贏城廣告傳媒有限公司 (Shanghai Winmedia Advertising Media Company Limited*), an enterprise established in the PRC and will become a wholly owned subsidiary of the Target upon completion of the PRC Subsidiary Acquisition Agreement
"PRC Subsidiary Acquisition"	the acquisition of the PRC Subsidiary by the Target
"PRC Subsidiary Acquisition Agreement"	the agreement dated 1 January 2008 between the Target and the existing shareholders of the PRC Subsidiary pursuant to which the Target will acquire the registered share capital from the existing shareholders of the PRC Subsidiary and the PRC Subsidiary will become a wholly owned subsidiary of the Target upon completion of the PRC Subsidiary Acquisition Agreement
"Proposed Name Change"	the proposed the Company's name from "eCyberChina Holdings Limited" to "China Outdoor Media Group Limited" and the new Chinese name "中國戶外媒體集團有限公司" will be adopted to replace "光訊控股集團有限公司"

* *For identification purpose only*

"Purchaser"	Konmate Investments Limited, a wholly owned subsidiary of the Company
"Sale Shares"	29,868 ordinary shares of US$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Target"	L & L Partners' Limited, a company incorporated in the British Virgin Islands and is wholly and beneficially owned by the Vendor and his spouse
"Target Group"	the Target and the PRC Subsidiary
"Target Share(s)"	ordinary share(s) of US$1.00 each in the share capital of the Target
"Target Shareholder(s)"	holder(s) of the Target Shares
"Vendor"	Mr. Lo Chun Chung Johnny, an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

the English translations of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

eCyberChina Holdings Limited

光訊控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

Executive Directors:
Mr. Lu Liang
Mr. Ng Yan
Mr. Chan Sing Fai
Mr. Lau Chi Yuen, Joseph

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

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

23 May 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION, PROPOSED CHANGE OF COMPANY NAME AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

Reference is made to the announcement of the Company dated 15 April 2008 in which the Board announced that on 3 April 2008, the Purchaser, being a wholly-owned subsidiary of the Company, entered into the Agreement (as supplemented on 14 April 2008) with the Vendor pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell and procure his spouse to sell the Sale Shares for a total consideration of HK$240,000,000 subject to and upon the terms and conditions of the Agreement.

The Acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Shareholders at the EGM.

In the announcement of the Company dated 17 January 2008, the Board also announced that a special resolution will be proposed at the EGM to approve the change of the Company's name from "eCyberChina Holdings Limited" to "China Outdoor Media Group Limited" and the new Chinese name "中國戶外媒體集團有限公司" will be adopted to replace "光訊控股集團有限公司".

It is also proposed to amend the Articles regarding the rights of HKSCC Nominees Limited to appoint multiple proxies or corporate representatives.

The purpose of this circular is to provide you with further information regarding the Acquisition, the Proposed Name Change and the proposed amendments to the Articles and to seek approvals from the Shareholders for the Acquisition, the Proposed Name Change and the proposed amendments to the Articles.

THE AGREEMENT

Date: 3 April 2008 (as supplemented by the supplemental agreement dated 14 April 2008)

Parties: (1) Purchaser : Konmate Investments Limited, a wholly owned subsidiary of the Company; and

(2) Vendor : Lo Chun Chung Johnny, an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, the Target and its ultimate beneficial owners are Independent Third Parties.

The Vendor is a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor and his associates do not hold any Shares or other securities in the Company.

The Target is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings and provision of advertising services. The Target is wholly and beneficially owned by the Vendor and his spouse in equal share.

The Purchaser, being a wholly owned subsidiary of the Company, is an investment holding company incorporated in Hong Kong.

Save as disclosed in the announcement of the Company dated 17 January 2008, there was no previous transaction between the Company and each of the Vendor and the Target which will require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell and to procure his spouse to sell the Sale Shares, representing the entire issued share capital of the Target.

Upon Completion, the Target will become a 100% wholly owned subsidiary of the Company and the financial results of the Target will be consolidated with that of the Group.

Consideration

The aggregate consideration for the Sale Shares is HK$240,000,000 and shall be settled by the Purchaser in the following manner:

(a) HK$40,000,000 shall be payable by the Purchaser to the Vendor (or his nominee(s)) on Completion by procuring the Company to allot and issue 50,000,000 Consideration Shares credited as fully paid at Issue Price to the Vendor (or his nominee(s)); and

(b) the balance of HK$200,000,000 (the "**Balance**") shall be payable by the Purchaser to the Vendor (or his nominee(s)) by procuring the Holdings (i) to allot and issue 200,000,000 Consideration Shares (the "**Remaining Consideration Shares**") credited as fully paid at Issue Price to the Vendor (or his nominee(s)) as provided in the Agreement; and (ii) to issue the Convertible Bonds of principal amount of HK$40,000,000 to the Vendor (or his nominee(s)) provided that the Actual EBITDA of the Target Group for the Guaranteed Financial Year is equivalent or more than the Guaranteed EBITDA. For the avoidance of doubt, if the Actual EBITDA of the Target Group for the Guaranteed Financial Year is less than the Guaranteed EBITDA, the Purchaser's obligation to pay the Vendor the Balance is deemed to be satisfied and fulfilled and the Company shall not be required to allot and issue the Remaining Consideration Shares to the Vendor (or his nominee(s)) or issue the Convertible Bonds.

Within one month from the date of entering into the Agreement (or such longer period as the parties thereto may agree), the Purchaser shall advance a sum of up to HK$16,000,000 (the "**Loan**") to the Target for the purpose of the PRC Subsidiary Acquisition at the discretion of the Purchaser upon the request of the Vendor (if proceed, the amount would be around RMB10 million). The Loan is advanced by the Purchaser for the sole purpose of the PRC Subsidiary Acquisition and will become intra-Group loan after Completion. In the event that Completion cannot take place as stipulated herein on or before 7 July 2008 (or such other date as the parties thereto may agree), the Purchaser shall have the right to demand for immediate repayment of the Loan and the Vendor shall procure the Target to duly repay the Loan.

Since the applicable percentage asset ratio of the Loan exceeds 8% of the total assets of the Company, the advancement of the Loan contemplated under the Agreement is required to be disclosed by way of announcement under Rule 13.13 of the Listing Rules and has been disclosed in the announcement of the Company dated 15 April 2008. The Loan shall bear no interest. There is no collateral for the advancement of the Loan.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Agreement after taking into consideration of various factors, including but not limited to the prospect in advertising business in the PRC. The prospect in advertising of the PRC can be illustrated from the fact that as disclosed in its unaudited management accounts, the PRC Subsidiary has net profit of more than RMB16,000,000 for the period from 25 May 2007, the date of its establishment, to 31 December 2007. The consideration for the Acquisition represents a price earning multiple of approximately six (6) times of the Guaranteed EBITDA. Taking into consideration of the belief of the Directors that the Acquisition will provide stable income source for the Group and the prospect in advertising business in the PRC, the Directors (including the independent non-executive Directors) therefore consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The total consideration for the Acquisition of HK$240,000,000 is for the acquisition of the 100% of the equity interests in the Target as compared to the total consideration of HK$190,000,000 for the acquisition of 51% of the equity interests in the Target under the Original Agreement. In addition, the consideration for the Acquisition under the Agreement will be settled by way of the issue of the Consideration Shares and Convertible Bonds and no cash is payable by the Group under the Agreement. In this regard, the Directors consider the terms of the Acquisition to be fair and reasonable.

Conditions precedent

Completion shall be conditional upon and subject to:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group within thirty (30) Business Days following the signing of the Agreement (or such longer reasonable period as may be agreed between the parties hereto);

(b) all necessary governmental and other consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Agreement and the transactions contemplated thereby having been obtained, including but not limited to the approval from the necessary PRC authorities;

(c) if necessary, the passing by the Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated hereunder;

(d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the Agreement and the transaction contemplated thereby, including but not limited to the due completion of the PRC Subsidiary Acquisition and such other matter as may be reasonably required in relation to the business to be carried out by the Target Group;

(e) the warranties under the Agreement remaining true and accurate in all material respects;

(f) completion of the PRC Subsidiary Acquisition to the satisfaction of the Purchaser; and

(g) completion of the placing of not less than 80,000,000 Shares.

In the event the condition referred to above not being fulfilled by 5:00 p.m. on 7 July 2008 (or such other time and date as may be agreed by the parties thereto), all rights, obligations and liabilities of the parties thereunder shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof. As at the Latest Practicable Date save for condition (g), all other conditions are still subject to fulfillment.

It is not expressly provided in the Agreement whether the conditions above can be waivable or not. The Company has no intention to waive any above conditions.

Completion

Completion shall take place on the sixth Business Day (or such other date as may be agreed by the Vendor and the Purchaser) after the satisfaction of the conditions set out above.

Upon Completion, the Target will become a wholly owned subsidiary of the Company.

EBITDA GUARANTEE

The Vendor warrants and guarantees to the Purchaser that the audited consolidated EBITDA of the Target for the whole financial year commencing from the Completion Date and ending on the date immediately before the first anniversary of the Completion Date (the "**Guaranteed Financial Year**") will not be less than US$5,000,000 (the "**Guaranteed EBITDA**").

If the actual audited EBITDA (the "**Actual EBITDA**") of the Target Group for the Guaranteed Financial Year is equivalent or more than the Guaranteed EBITDA, the Purchaser shall procure the Company to (i) allot and issue the Remaining Consideration Shares credited as fully paid at the Issue Price to the Vendor (or his nominee(s)); and (ii) issue the Convertible Bonds to the Vendor (or his nominee(s)).

In the event that the Actual EBITDA is less than the Guaranteed EBITDA, subject to further mutual agreement between the parties thereto and at the sole discretion of the Purchaser, the Purchaser may grant an additional period of not more than six months to the Guaranteed Financial Year to allow the Target to achieve the EBITDA Guarantee. For the avoidance of doubt, that is subject to further mutual agreement and at the sole and absolute discretion of the Purchaser and such grace period may or may not be granted.

For the avoidance of doubt, if the Actual EBITDA is still less than the Guaranteed EBITDA, at the sole and absolute discretion of the Purchaser, the Purchaser may procure the Company to issue part of the Remaining Consideration Shares and/or the Convertible Bonds to the Vendor (or his nominee(s)).

The Vendor may, at its own costs and expenses, prior to the expiry of the Guaranteed Financial Year, requests the auditors of the Company from time to time to certify the EBITDA of the Target Group for the period from the Completion Date to the date of request and in the event that the EBITDA Guarantee would have been met as shown in such auditors certificate, the Purchaser shall procure the Company to (i) allot and issue the Remaining Consideration Shares credited as fully paid at the Issue Price to the Vendor (or his nominee(s)); and (ii) issue the Convertible Bonds to the Vendor (or his nominee(s)).

THE CONSIDERATION SHARES

The Consideration Shares will be issued at the Issue Price of HK$0.8 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price represents:

(i) a premium of approximately 234.72% over the closing price of HK$0.239 per Share as quoted on the Stock Exchange on 2 April 2008, being the last trading day immediately prior to the entering into of the Agreement;

(ii) a premium of approximately 236.98% over the average of the closing prices of approximately HK$0.2374 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 April 2008, being the last trading day immediately prior to the entering into of the Agreement; and

(iii) a premium of approximately 60% over the closing price of HK$0.5 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account of various factors including the closing prices as shown above. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion.

The aggregate total Consideration Shares represent approximately 23.83% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 19.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares.

Completion of the Placing has taken place prior to completion of the Agreement. In addition, the 200,000,000 remaining Consideration Shares and the Convertible Bonds will only be issued to the Vendor (or his nominee(s)) upon the fulfilment of the EBITDA Guarantee.

THE CONVERTIBLE BONDS

Principal amount:	HK$40,000,000 which will be issued by the Company at its full face value.
Interest rate:	The Convertible Bonds shall carry no interest.
Maturity date:	Unless previously redeemed, repurchased and cancelled or converted, any outstanding Convertible Bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the Convertible Bonds.
Ranking:	The Convertible Bonds constitute general and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
Early redemption:	The Company shall be entitled at any time while the Convertible Bonds are outstanding to redeem the Convertible Bonds or any part thereof at the principal amount of the Convertible Bonds (in multiples of HK$5,000,000).
	No provision for early redemption which is exercisable by the Convertible Bonds holder is provided in the Convertible Bonds.
Conversion:	Provided that (i) any conversion of the Convertible Bonds does not trigger off a mandatory offer under rule 26.1 of the Takeovers Code; (ii) any conversion of the Convertible Bonds does not cause in any change in control of the Company (as defined in the Takeovers Code); and (iii) any conversion of the Convertible Bonds does not cause the holder thereof become the single largest Shareholder, the Vendor will have the right to convert the whole or part of the principal amount

of the Convertible Bonds into Conversion Shares at any time and from time to time, from the date of issue of the Convertible Bonds up to and including their maturity date in amounts of not less than a whole multiple of HK$5,000,000 on each conversion.

The restriction regarding the conversion under the Convertible Bonds remains valid throughout the terms of the Convertible Bonds.

Up to 50,000,000 Conversion Shares shall be allotted and issued by the Company upon full conversion of the Convertible Bonds with initial conversion price of HK$0.8 per Conversion Share.

Conversion price: The conversion price is initially HK$0.8 per Conversion Share, subject to normal adjustment for anti-dilution adjustment events. The initial conversion price represents:

(a) a premium of approximately 234.72% over the closing price of HK$0.239 per Share as quoted on the Stock Exchange on 2 April 2008, being the last trading day immediately prior to the entering into of the Agreement;

(b) a premium of approximately 236.98% over the average of the closing prices of approximately HK$0.2374 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 2 April 2008, being the last trading day immediately prior to the entering into of the Agreement; and

(c) a premium of approximately 60% over the closing price of HK$0.5 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Voting: The Vendor will not be entitled to attend or vote at any general meeting of the Company by reason only of being the holder of the Convertible Bonds.

Transfer: With the prior written consent of the Company, the Convertible Bonds may be transferable provided always that no transfer or assignment of the Convertible Bonds shall be made to any connected person of the Company.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands with limited liability. The principal activities of the Target are investment holdings and provision of advertising services.

On 1 January 2008, the Target entered into the PRC Subsidiary Acquisition Agreement with the existing shareholders of the PRC Subsidiary, pursuant to which the Target will acquire the entire share capital of the PRC Subsidiary. The PRC Subsidiary Acquisition shall be conducted and completed in such manner as the Purchaser may approve. The PRC Subsidiary is principally engaged in advertising and marketing consultation in the PRC. It is expected that the PRC Acquisition Agreement will be completed on or before 7 July 2008.

According to the Accountants' Report on the Target prepared in Appendix III A of this circular, the turnover, profit before tax and profit after tax for the year ended 31 December 2007 were HK$1,454,000, HK$385,000 and HK$385,000 respectively. The turnover, profit before tax and profit after tax for the year ended 31 December 2006 were HK$2,919,000, HK$664,000 and HK$664,000 respectively. The turnover, profit before tax and profit after tax for the period from 6 July 2004 (date of incorporation) to 31 December 2005 were HK$1,778,000, HK$412,000 and HK$412,000 respectively.

The total asset and net asset value of the Target as at 31 December 2007 were approximately HK$1,476,000 and HK$1,461,000 respectively.

According to the Accountants' Report on the PRC Subsidiary in Appendix III B of this circular, the turnover, profit before tax and profit after tax for the period from 25 May 2007, being the date of establishment of the PRC Subsidiary, to 31 December 2007 were HK$20,429,000, HK$7,907,000 and HK$7,907,000 respectively.

The total asset and net asset value of the PRC Subsidiary as at 31 December 2007 were approximately HK$31,067,000 and HK$10,074,000 respectively.

REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in investment holding, property investment and provision of corporate management and consultancy services to advertising agencies in the PRC. The Group will continue to carry on its existing business after Completion.

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 shareholder's value and is optimistic about the expansion in provision of management and consultancy services to advertising agencies in the PRC.

As disclosed in the announcement of the Company dated 7 April 2008, immediately after the publication of the announcement of the Company dated 17 January 2008, the Company has actively sought fund raising opportunities in order to fulfill one of the conditions as stipulated in the Original Agreement, i.e. completion of fund raising activities of the Company for the aggregate fund raising amount of HK$150,000,000. However, due to the potential subprime mortgage financial crisis and also the negative sentiment of the global financial markets, the Company considers that it may not be possible to raise such amount of funds within the stipulated period.

Having considered that the acquisition of the Target represents a good opportunity for the Group to tap into the PRC advertising business, after arm's length negotiations, the Purchaser entered into the Deed of Termination and the Agreement on 3 April 2008.

The Directors believe that with the growth in the PRC economy, the demand for advertisement will continue to keep growth. Taking into consideration the EBITDA Guarantee provided in the Agreement, together with the prospects of the PRC advertising and marketing business in future, the Directors believe that the Acquisition will allow the Company to have steady additional income in the coming year.

Reference is also made to the announcement of the Company dated 17 December 2007. The Directors consider that there will be synergic effect brought from the Acquisition and the Acquisition will reinforce the marketing position of the Group in PRC advertising business sector.

The Directors consider that the Acquisition represents a good opportunity for the Group to tap into the growing PRC advertising and marketing business sector and also allow it to diversify its existing businesses. Taking into account of the aforesaid reasons, the Board is of the view that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

There are no terms contained in the Agreement conferring the right to the Vendor to nominate any person to the Board. It is not expected if there will be any change in the Board composition of the Company as a result of the Acquisition (including resignation and appointment).

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

	As at the Latest Practicable Date *(Number of Shares)*	%	Immediately after the allotment and issue of 50,000,000 Consideration Shares *(Number of Shares)*	%	Immediately after the allotment and issue of all 250,000,000 Consideration Shares *(Number of Shares)*	%	Immediately after the allotment and issue of all 250,000,000 Consideration Shares and such number of Conversion Shares that the Vendor will hold 19.99% and all Placing Shares *(Number of Shares)*	%
Lau Chi Yuen, Joseph	270,471,900	25.78	270,471,900	24.60	270,471,900	20.82	270,471,900	20.63
The Vendor (or his nominee(s))	–	–	50,000,000	4.55	250,000,000	19.24	262,200,000	19.99
Win Today Limited* *(Note 1)*	100,000,000	9.53	100,000,000	9.10	100,000,000	7.70	100,000,000	7.62
Placees*	80,000,000	7.62	80,000,000	7.28	80,000,000	6.16	80,000,000	6.10
Other Public Shareholders*	598,813,100	57.07	598,813,100	54.47	598,813,100	46.08	598,813,100	45.66
Total	1,049,285,000	100.00	1,099,285,000	100.00	1,299,285,000	100.00	1,311,485,000	100.00

Notes:

1. Win Today Limited is a company incorporated in British Virgin Islands and is an investment company. To the best knowledge and belief of the Directors having made all reasonable enquiry, the Directors confirm that Win Today Limited and its ultimate beneficial owner, Vicky Yu, are Independent Third Parties and are independent of and not connected with the Vendor and his associates.

2. Each of Lau Chi Yuen, Joseph, Win Today Limited and its beneficial owner and the Vendor are not parties acting in concert.

* public Shareholders (as defined under the Listing Rules)

As at the date of the announcement dated 15 April 2008, there are no outstanding convertible securities or options issued by the Company other than an aggregate of 53,312,700 share options granted to certain eligible employees and persons under the share option scheme adopted by the Company. Upon full exercise of the 53,312,700 share options, an aggregate of 53,312,700 Shares, representing approximately 5.1% of the existing issued share capital of the Company, will be allotted and issued.

To the best of the Directors' knowledge and information, none of the Placees will become part acting in concert (as defined in the Takeovers Code) with the Vendor.

Immediately after completion of the Placing and the Acquisition, the Company continues to maintain a public float of more than 25%. As shown in the shareholding table above, the Company will continue to maintain a public float of more than 25% immediately after the issue and allotment of all the Consideration Shares and Conversion Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial information of the Group

The following table sets out a summary of the audited financial results of the Group for the three years ended 30 June 2005, 2006 and 2007 prepared on the basis of Hong Kong Financial Reporting Standards and extracted from the Financial Information of the Group as set out in Appendix II of this circular:

	Year ended 30 June		
The Group	**2005**	**2006**	**2007**
	HK$'000 (restated)	*HK$'000*	*HK$'000*
Turnover from continuing operations	3,600	43,337	11,224
Gross Profit from continuing operations	3,509	2,154	1,675
Profit (Loss) before tax from continuing operations	15,500	(30,194)	(10,772)
Profit (Loss) for the year from discontinued operation	(292)	7,137	–
Profit (Loss) for the year	15,208	(23,995)	(11,869)
Total assets	188,925	47,491	30,406
Total liabilities	157,646	40,207	34,991
Net assets (liabilities)	31,279	7,284	(4,585)

(i) For the year ended 30 June 2007

Financial and Business Review

During the year ended 30 June 2007, the Group was mainly engaged in property investment.

The total revenue for the year was approximately HK$11.2 million, 100% contributed from the property segment. The Group's net loss for the year was approximately HK$11.9 million (2006: HK$24.0 million). Total administrative and other operating expenses amounted to approximately HK$11.9 million (2006: HK$15.3 million). Total finance costs amounted to approximately HK$5.1 million (2006: HK$10.2 million).

Liquidity and Financial Resources

As at 30 June 2007, the Group had current assets amounted to approximately HK$16.8 million and current liabilities amounted to approximately HK$21.6 million. The gearing ratio, which was computed on the basis of the aggregate borrowings divided by the amount of total assets, was 100.0% (2006: 48.3%). This situation has been improved when the Group successfully raised funds of approximately HK$101.1 million from the issue of new shares under an open offer in early October 2007.

As at 30 June 2007, the Group had short-term loan amounted to approximately HK$17.1 million (2006: HK$1.5 million) and long-term borrowings amounted to approximately HK$13.4 million (2006: HK$21.4 million). The loans were charged with interests at prevailing commercial lending rates.

Charge on Group's 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.

Working Capital

The Company had successfully raised capital of HK$101.1 million in October 2007. The funds are sufficient for the Group's development projects and to meet its working capital requirements.

Capital Commitments

As at 30 June 2007, the Group had capital commitments contracted but not provided for the financial statements in respect of acquisition of investment property of approximately HK$59.3 million.

Significant Investment and Material Acquisition

The Group signed a sale and purchase agreement in March 2007 acquiring a shopping arcade in Inner Mongolia. The transaction was completed on 30 June 2007. The guaranteed revenue and profit generated from this shopping arcade will be reflected in the financial year 2007/08.

Foreign Exchange Exposure

The Group did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the year ended 30 June 2007, the Group carried out its business in the PRC and most of the transactions were denominated in RMB and Hong Kong Dollars. The Group's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Group considered the risk exposure on foreign exchange to be minimal.

Contingent Liabilities

As at 30 June 2007, the Group had contingent liabilities as follows:–

		HK$'000
(a)	Possible claims arising from:	
	Guarantee related to former company	5,000
	Indemnity related to former subsidiary *(note c)*	5,800
		10,800

(b) The Hong Kong Inland Revenue Department had carried out a review in respect of the deductibility of management fees paid by a subsidiary, First Union Limited ("First Union"), 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. First Union was asked to propose a basis for adding back excessive management fees and adjust the tax computations. Assessable profits would be arisen if the total amount of management fees being considered as excessive was greater than the current balance of First Union's unused tax losses of approximately HK$4,984,000 and Hong Kong profits tax will be charged at the rate of 17.5%. No provision has been made in the financial statements as the directors of First Union are contesting the Hong Kong Inland Revenue Department's opinion and the result cannot be reasonably estimated at this stage.

(c) 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 ("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 authority, of which approximately HK$5.8 million was related to 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 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.

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 has been provided to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution. The Group has adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

(ii) For the year ended 30 June 2006

Financial and Business Review

During the year ended 30 June 2006, the Group was principally engaged in property investment, manufacturing and trading of equipment and accessories for broadband and cable television. The subsidiary company in Zhuhai accumulated a loss of over RMB7 million since the investment was made in 2001. The management did not foresee any prospect of this business and disposed the subsidiary to a third party in January 2006. The total turnover from continuing operations for the year was approximately HK$43.3 million, 100% contributed from the property segment. The gross profit from continuing operations of the group was approximately HK$2.2 million (2005: HK$3.5 million (restated)). The Group's net loss for the year was approximately HK$24.0 million (2005: net profit HK$15.2 million (restated)). Total administrative and other operating expenses amounted to HK$15.3 million (2005: HK$12.6 million (restated)). The increase was mainly due 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$10.2 million (2005: HK$9.0 million (restated)). The increase in amount was mainly due to the increase in interest rates during the year.

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$18.5 million, representing an increase of HK$5.2 million.

Loss Arising from Settlement of Dispute Over the Properties Held for Sale

The dispute of the property held for sale by Welchem Development Limited, a subsidiary of the Group, was settled during the year, the loss represents amount written off the book value of such properties.

Reversal of Provisions

Provision of HK$5.0 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.

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 has no obligation to pay such indemnity.

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

Liquidity and Financial Resources

As at 30 June 2006, the gearing ratio of the Group increased to 48.3% (2005: 45.2%). It was computed on the basis of the aggregate borrowings divided by the amount of total assets.

As at 30 June 2006, the Group had short-term loan approximately amounted to HK$1.5 million (2005: HK$19.0 million) and long-term borrowings amounted to HK$21.4 million (2005: HK$66.5 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's Assets

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

Working Capital

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

Capital Commitments

As at 30 June 2006, the Group did not have any capital commitment contracted but not provided for in the financial statements.

Significant Investment and Material Acquisition

The Group had no significant investments nor material acquisition in the course of the year ended 30 June 2006.

Material Disposals

The Group entered into a sales and purchase agreement for the disposal of the properties at 30/F., Wu Chung Building, 213 Queen's Road East at HK$104.0 million in October 2005 and this transactions was completed in May 2006. Besides, a portion of the properties at Charity Plaza in Shanghai was sold during the year ended 30 June 2006 and the remaining units are being rented out for generating revenue. On 1 January 2006, the Group also disposed of a subsidiary, which carried out the Group's manufacturing and trading activities in respect of equipment and accessories for broadband and cable television.

Foreign Exchange Exposure

The Group did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the year ended 30 June 2006, the Group carried out its business in Hong Kong and the PRC and most of the transactions were denominated in Hong Kong Dollars and RMB. The Group's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Group considered the risk exposure on foreign exchange to be minimal.

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 has been provided to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution. The Group has adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

(iii) For the year ended 30 June 2005

Financial and Business Review

During the year ended 30 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 has maintained an upward trend. The Group's net profit attributable to shareholders for the financial year ended 30 June 2005 was approximately HK$15.2 million (restated) (2004: loss of HK$5.2 million). Total administrative and other operating expenses amount to HK$12.6 million (restated) (2004: HK$11.5 million). The increase in amount was mainly due to the additional legal and professional fee incurred as compared with previous year. Total finance costs come up to approximately HK$9.0 million (restated) (2004: HK$9.3 million). The decrease in amount was mainly due to the decrease in loan arrangement fee as compared with the previous year.

During the year ended 30 June 2005, HK$1.7 million (2004: provision of HK$1.1 million made) of provision for bad and doubtful debts has been written back.

HK$5.8 million (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 Company's lawyer, the Group has no obligation to pay such indemnity. For the prudence sake, the amount involved has been fully accounted for in the income statement. The total gross profit margin of the Group was approximately 82.7% (2004: 70.0%). The increase in the total gross profit margin was mainly due to the increase in the rental income and decrease in the trading and manufacturing activity.

Investment Properties, Trading and Manufacturing

The property segment contributed appropriately 72.7% or HK$3.6 million to the Group's turnover (2004: approximately 47.9% or HK$3.1 million). The income from trading and manufacturing was approximately HK$1.4 million (2004: HK$3.4 million), 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.

Gain on property revaluation

Benefited from the growth of the Hong Kong property market during the year under review, profits from this segment increased by 87.5% to HK$30.0 million (2004: HK$16.0 million). Investment properties, all of which are located in Hong Kong, provided a steady income of the Group and were 100% leased as at 30 June 2005.

Dividend

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

Future Plans and Prospects

In view of the current improved property market conditions in Hong Kong, the Group has entered into a provisional agreement and a sale and purchase formal agreement on the 7 September 2005 and 4 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 shall be subject to the approval of the shareholders of the Company at the extraordinary general meeting to be held on 29 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 30 June 2005, the gearing ratio of the Group was 45.2% (2004: 52.2%). It was computed on the basis of the aggregate borrowings divided by the amount of total assets.

As at 30 June 2005, the Group had short-term loans and overdraft borrowings with banks and financial institutions approximately amounted to HK$19.0 million (2004: HK$48.6 million) and long-term borrowings approximately amount to HK$66.5 million (2004: HK$31.5 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.

Properties Portfolio

The Group's properties portfolio were valued at approximately HK$186.2 million at 30 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$30.0 million has been credited to the consolidated income statement due to the appreciation in value.

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

Charge on Group's Assets

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

Working Capital

The Directors are of the opinion that, with the internally generated resources and revenue together with the expected net proceeds from the Disposal, the group has sufficient working capital to meet its working capital requirements for now and for coming two years.

Capital Commitments

As at 30 June 2005, the Group did not have any capital commitment contracted but not provided for in the financial statements.

Significant Investment and Material Acquisition

The Group had no significant investment nor material acquisition in the course of the year ended 30 June 2005.

Foreign Exchange Exposure

The Group did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the year ended 30 June 2005, the Group carried out its business in Hong Kong and the PRC and most of the transactions were denominated in Hong Kong Dollars and RMB. The Group's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Group considered the risk exposure on foreign exchange to be minimal.

Staff Policy

The Group had about 40 employees during the year under review. A comprehensive and competitive remuneration, retirement scheme and benefit package have been provided to its employees. Discretionary bonus is 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 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 Group has adopted a provident fund scheme, as required under the mandatory provident fund schemes ordinance, for its employees in Hong Kong.

Financial information of the Target

Target was incorporated in the British Virgin Islands with limited liability on 6 July 2004 and has a paid up share capital of US$2. The following table sets out a summary of the audited financial results of the Target for the period from 6 July 2004 (date of incorporation) to 31 December 2005; two years ended 31 December 2006 and 2007 prepared on the basis of Hong Kong Financial Reporting Standards and extracted from the accountants' report on the Target as set out in Appendix IIIA of this circular:

The Target	**Period from 6 July 2004 (date of incorporation) to 31 December 2005**	**Year ended 31 December 2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	1,778	2,919	1,454
Profit before tax	412	664	385
Profit for the period/year	412	664	385
Total assets	936	2,353	1,476
Total liabilities	524	1,277	15
Net assets	412	1,076	1,461

The Target was principally engaged in the provision of the outdoor media advertising and advertising related consultation services.

(i) For the year ended 31 December 2007

Financial and Business Review

For the year ended 31 December 2007, the Target recorded a turnover of approximately HK$1.5 million with a net profit of approximately HK$0.4 million, representing a decrease of 50% and 42% respectively compared with last year. The decrease in both turnover and net profit were mainly attributable to some of the contracts were expired while the newly solicited contracts did not reach expected level and therefore caused the decrease in turnover during the year.

Capital structure, financial resources and liquidity

As at 31 December 2007, the Target had no bank borrowings or long-term liabilities.

Net current Assets

As at 31 December 2007, total assets of the Target mainly comprised of amounts due from related parties of approximately HK$1.4 million and cash and cash equivalents of approximately HK$36,000. Total liabilities of the Target approximately HK$15,000 was mainly trade and other payables.

Capital Structure

As at 31 December 2007, the authorised and fully paid up capital of the Target amounted to US$2.

On 1 January 2008, the Target issued 29,866 ordinary shares of US$1 each at par to its existing shareholders with proceeds of US$29,866 in order to provide additional working capital for its operation.

Charges on the Target's assets

As at 31 December 2007, the Target had no charges on its assets.

Capital commitments

As at 31 December 2007, the Target did not have any capital commitment contracts but not provided for in the financial statements.

Significant investments and material acquisition

The Target had no significant investments nor material acquisition in the course of the year ended 31 December 2007.

On 1 January 2008, the Target entered into the PRC Subsidiary Acquisition with the PRC Subsidiary and the existing shareholders of the PRC Subsidiary, pursuant to which the Target will acquire 100% of the paid up capital of the PRC Subsidiary from its existing equity holders.

Gearing ratio

As at 31 December 2007, the Target's gearing ratio, expressed as a percentage of total borrowings over total assets, was nil.

Foreign exchange exposure

The Target did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the year ended 31 December 2007, the Target carried out its business in the PRC and most of the transactions were denominated in RMB and United States Dollars. The Target's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Target considered the risk exposure on foreign exchange to be minimal.

Contingent liabilities

As at 31 December 2007, the Target did not have any significant contingent liabilities.

(ii) For the year ended 31 December 2006

Financial and Business Review

For the year ended 31 December 2006, the Target recorded a turnover of approximately HK$2.9 million with a net profit of approximately HK$0.7 million, representing an increase of 64% and 61% respectively compared with last period. The increase in both turnover and net profit were mainly attributable to the Target has solicited additional contracts which generated generous turnover during the year.

Capital structure, financial resources and liquidity

As at 31 December 2006, the Target had no bank borrowings or long-term liabilities.

Net current Assets

As at 31 December 2006, total assets of the Target mainly comprised of trade receivables of approximately HK$1.4 million; amounts due from related parties of approximately HK$0.6 million; deferred expenses of approximately HK$0.3 million and cash and cash equivalents of approximately HK$14,000. Total liabilities of the Target mainly comprised of trade and other payable of approximately HK$1.0 million and deferred revenue of approximately HK$0.3 million.

Capital Structure

As at 31 December 2006, the authorised and fully paid up capital of the Target amounted to US$2.

Charges on the Target's assets

As at 31 December 2006, the Target had no charges on its assets.

Capital commitments

As at 31 December 2006, the Target did not have any capital commitment contracts but not provided for in the financial statements.

Significant investments and material acquisition

The Target had no significant investments nor material acquisition in the course of the year ended 31 December 2006.

Gearing ratio

As at 31 December 2006, the Target's gearing ratio, expressed as a percentage of total borrowings over total assets, was nil.

Foreign exchange exposure

The Target did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the year ended 31 December 2006, the Target carried out its business in the PRC and most of the transactions were denominated in RMB and United States Dollars. The Target's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Target considered the risk exposure on foreign exchange to be minimal.

Contingent liabilities

As at 31 December 2006, the Target did not have any significant contingent liabilities.

(iii) For the period ended 31 December 2005

Financial and Business Review

During the period from 6 July 2004 (date of incorporation) to the 31 December 2005, the Target recorded a turnover of approximately HK$1.8 million and the net profit of approximately HK$0.4 million, which represents 23% of turnover. The major cost of services were subcontracting expenses.

Capital structure, financial resources and liquidity

As at 31 December 2005, the Target had no bank borrowings or long-term liabilities.

Net current Assets

As at 31 December 2005, total assets of the Target mainly comprised of trade receivables of approximately HK$0.8 million; deferred expenses of approximately HK$0.1 million and cash and cash equivalents of approximately HK$11,000. Total liabilities of the Target mainly comprised of trade and other payable of approximately HK$0.1 million; amounts due to related parties of approximately HK$0.3 million and deferred revenue of approximately HK$0.1 million.

Capital Structure

As at 31 December 2005, the authorised and fully paid up capital of the Target amounted to US$2.

Charges on the Target's assets

As at 31 December 2005, the Target had no charges on its assets.

Capital commitments

As at 31 December 2005, the Target did not have any capital commitment contracts but not provided for in the financial statements.

Significant investments and material acquisition

The Target had no significant investments nor material acquisition in the course of the period ended 31 December 2005.

Gearing ratio

As at 31 December 2005, the Target's gearing ratio, expressed as a percentage of total borrowings over total assets, was nil.

Foreign exchange exposure

The Target did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the period ended 31 December 2005, the Target carried out its business in the PRC and most of the transactions were denominated in RMB and United States Dollars. The Target's assets and liabilities were mainly denominated in Hong Kong Dollars. During the year of review, the management of the Target considered the risk exposure on foreign exchange to be minimal.

Contingent liabilities

As at 31 December 2005, the Target did not have any significant contingent liabilities.

Financial information of the PRC Subsidiary

The PRC Subsidiary was incorporated in the PRC with limited liability on 25 May 2007 and has registered capital of RMB 9 million. The following table sets out a summary of the audited financial results of the Target for the period from 25 May 2007 (date of establishment) to 31 December 2007 prepared on the basis of Hong Kong Financial Reporting Standards and extracted from the accountants' report on the PRC Subsidiary as set out in Appendix IIIB to this circular:

The PRC Subsidiary	Period from 25 May 2007 (date of establishment) to 31 December 2007
	HK$'000
Turnover	20,429
Profit before tax	7,907
Profit for the period	7,907
Total assets	31,067
Total liabilities	20,993
Net assets	10,074

For the period ended 31 December 2007

Financial and Business Review

The PRC Subsidiary was principally engaged in the provision of outdoor media advertising services in the PRC. From the date of establishment to 31 December 2007, the PRC Subsidiary recorded a turnover of approximately HK$20.4 million and a net profit of approximately HK$7.9 million, which represents 39% of revenue.

Capital structure, financial resources and liquidity

As at 31 December 2007, the PRC Subsidiary had no bank borrowings or long-term liabilities.

Net current Assets

The total assets of the PRC Subsidiary mainly comprised of amounts due from related parties of approximately HK$13.4 million; trade and other receivables of approximately HK$4.9 million; prepaid and deferred expenses of approximately HK$10.0 million and cash and cash equivalents of approximately HK$2.7 million. Total liabilities of the PRC Subsidiary mainly comprised of trade and other payables of approximately HK$3.8 million and deferred revenue of approximately HK$17.2 million.

Capital Structure

As at 31 December 2007, the registered capital of PRC Subsidiary amounted to RMB9 million and fully paid up capital of the PRC Subsidiary amounted to RMB1.8 million.

On 18 April 2008, the relevant government authority has approved the reduction of the PRC Subsidiary's registered capital from RMB9 million to RMB 1.8 million.

Charges on the Target's assets

As at 31 December 2007, the PRC Subsidiary had no charges on its assets.

Capital commitments

As at 31 December 2007, the PRC Subsidiary did not have any capital commitment contracts but not provided for in the financial statements.

Significant investments and material acquisition

The PRC Subsidiary had no significant investments nor material acquisition in the course of the period ended 31 December 2007.

Gearing ratio

As at 31 December 2007, the PRC Subsidiary's gearing ratio, expressed as a percentage of total borrowings over total assets, was nil.

Foreign exchange exposure

The PRC Subsidiary did not have any hedging activities against its foreign exchange exposure nor did not adopt any formal hedging policies. During the period ended 31 December 2007, the PRC Subsidiary carried out its business in the PRC and most of the transactions were denominated in RMB. The Target's assets and liabilities were mainly denominated in RMB. During the year of review, the management of the PRC Subsidiary considered the risk exposure on foreign exchange to be minimal.

Contingent liabilities

As at 31 December 2007, the PRC Subsidiary did not have any significant contingent liabilities.

FINANCIAL EFFECT OF THE ACQUISITION

Set out in Appendix IV of this circular is the unaudited pro forma consolidated financial information of the Enlarged Group. Upon Completion, the consolidated total assets of the Enlarged Group would be increased by approximately 221% from approximately HK$125.2 million to approximately HK$401.5 million. A goodwill of approximately HK$246.5 million is estimated on the assumption that the fair value of the net assets of the Target Group is the same as their carrying amount as at 31 December 2007. The amount of goodwill to be recorded will depend on the fair value of the net assets of the Target Group to be determined on Completion. The goodwill is calculated as the excess of the consideration for the Acquisition over the 100% interests of total fair value of the identifiable assets and liabilities of the Target acquired as at 31 December 2007 plus the goodwill arising from the acquisition of the PRC Subsidiary by the Target as at that date.

The fair value of the Target's identifiable assets and liabilities acquired is approximately HK$1.7 million as at 31 December 2007, which is calculated based on (a) the audited net asset value of the Target of approximately HK$1.5 million as at 31 December 2007 plus (b) the cost of investment in the PRC Subsidiary of approximately HK$10.7 million as at 31 December 2007 less (c) the payment of cash consideration of approximately HK$10.7 million for the acquisition of the PRC Subsidiary plus (d) the proceeds of approximately HK$0.2 million from further issue and allotment of the Target's shares to the Vendor.

The cost of investment of approximately HK$10.7 million represents (a) the audited net asset value of the PRC Subsidiary of approximately HK$10.1 million as at 31 December 2007 plus (b) the goodwill of approximately HK$0.6 million arising from the acquisition of 100% equity interest in the PRC Subsidiary from its existing equity holders. According to the accounting policy of the Group, the goodwill is subject to impairment test each year. If no material impairment is found for the year, the goodwill will be stated at cost for the year.

The consolidated total liabilities of the Group would be increased by approximately 99% from approximately HK$47.6 million to approximately HK$94.9 million.

The Consideration of HK$240 million will be satisfied as to HK$200 million by the issuance of the Consideration Shares and to HK$40 million by the issuance of the convertible bonds. As Consideration Shares will be issued upon Completion, the amount of share capital and share premium will be increased.

The Group recorded an audited turnover of approximately HK$11.2 million and loss attributable to Shareholders of approximately HK$11.9 million for year ended 30 June 2007. The Target and the PRC Subsidiary recorded an audited turnover of approximately HK$1.5 million and HK$20.4 million respectively and profit after tax of approximately HK$0.4 million and HK$7.9 million respectively for the year ended 31 December 2007. Given the historical financial performance of the Target Group, the Acquisition is expected to enhance the revenue and earnings base of the Group.

PROSPECTS OF THE ENLARGED GROUP

The Group is of the view that the PRC will remain to be the fastest growing economic region in the world. Given the rising average personal income in the PRC and believe that people's buyer power enhancement will be positive to development of the advertising industry in PRC. As mentioned in the paragraph headed "Reasons for the Proposed Acquisition" above, after Completion, the Enlarged Group will become one of the biggest spectaculars outdoor network in the PRC.

The Enlarged Group will continue its existing business in property investment and look for opportunities for further expansion in order to achieve the ultimate goal of becoming a national high quality networking outdoor advertising media group, one of the biggest outdoor media service provider with high quality management team and will also be able to be one of the top three most profitable outdoor media group in the industry in the PRC.

In view of the above and the EBITDA Guarantee provided by the Vendor, the proposed Acquisition represents a good opportunity for the Group to diversify its existing business into a new line of business with significant growth potential and provides a stable income stream for the Group and thus provides better returns to the Shareholders.

PROPOSED CHANGE OF COMPANY NAME

The Board also proposes to change the name of the Company from "eCyberChina Holdings Limited" to "China Outdoor Media Group Limited" and the new Chinese name "中國戶外媒體集團有限公司" will be adopted to replace "光訊控股集團有限公司", subject to the conditions set out below being fulfilled. Due to the diversification in the scope of business of the Company, the Board considers that the proposed new name will reflect the corporate nature of the Company more accurately. The proposed new name can also refresh the corporate image and identity of the Company.

The proposed change of the Company's name will be subject to the following:

1. the passing of a special resolution by the Shareholders at the EGM approving the change of the Company's name; and

2. if necessary, the Registrar of Companies in Hong Kong approving the change of the Company's name.

The new name of the Company will take effect from the date of entry of the new name on the register maintained by the Registrar of Companies in Hong Kong.

The Proposed Name Change is not conditional upon the Acquisition and is not as a result of the Acquisition.

EFFECTS OF CHANGE OF COMPANY'S NAME

The change of Company's name will not affect any rights of the holders of securities of the Company. All existing certificates of securities in issue bearing the present name of the Company shall, after the proposed change of the Company's name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. Once the change of the Company's name becomes effective, new share certificates will be issued only in the new name of the Company.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition on the part of the Company under the Listing Rules and is subject to the approval of the Shareholders at the EGM. To the best of the Directors' knowledge, the Vendor does not hold any Shares. As such, no Shareholder has any material interests in the Acquisition as at the Latest Practicable Date and no Shareholder will be required to abstain from voting for the relevant resolution to approve the Acquisition and the transaction, contemplated thereunder at the EGM.

AMENDMENTS TO THE ARTICLES

In order to cater for the increasing demand from investors holding securities in the Company through CCASS for attending the general meeting in person or appointing proxies to vote on their behalf, the Company proposes to amend the Articles regarding the rights of HKSCC Nominees Limited (or any successor thereto) to appoint multiple proxies. A special resolution will be proposed to amend the Articles in order to allow the appointment of multiple proxies.

For further details of the proposed amendments to the Articles, please refer to the notice of EGM of this circular.

PROCEDURE FOR DEMANDING POLL

Pursuant to the Article 75 of the Articles 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.

EGM

Set out on pages 155 to 157 is a notice convening the EGM to be held at Unit 3203, 32/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Wednesday, 18 June 2008, at 10:30 a.m. at which resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the Agreement and the transaction contemplated thereunder, the Proposed Name Change and the proposed amendments to the Articles.

A form of proxy for use at the EGM is enclosed. If you are not able to attend and/or vote at the EGM in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution approving the Acquisition as set out in the notice of the EGM.

The Directors also considers that the Proposed Name Change and the proposed amendments to the Articles are in the interests of the Company and the Shareholders as a whole and accordingly, the Board also recommends the Shareholders to vote in favour of the relevant resolutions as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
eCyberChina Holdings Limited
Lau Chi Yuen, Joseph
Director

The following is the text of a letter, summary of valuation and valuation certificate, received from RHL, an independent property valuer, prepared for the purpose of incorporation into this circular in connection with its valuation of the Property as at 31 March 2008.

永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

23 May 2008

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

Dear Sirs,

Re: Valuation of Units 904, 905 on 9th Floor, Shengai Plaza, No. 88 Caoxi North Road, Xuhui District, Shanghai, the PRC

INSTRUCTION

In accordance with your instructions for us to value the captioned properties (hereinafter referred to as the "Property") which are held by **eCyberChina Holdings Limited** (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group"), we confirm that we have carried out site inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Property as at 31 March 2008 (hereinafter referred to as the "Valuation Date").

This letter, which forms part of our valuation report, explains the basis and methodology of valuation, clarifying assumption, valuation considerations and limiting conditions of this valuation.

BASIS OF VALUATION

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

VALUATION METHODOLOGY

In our valuation, direct comparison method is adopted where comparison based on price realized on actual sales of comparable property is made. Comparable property of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

For those portion of the Property subject to tenancies as at the Valuation Date, we have also adopted the investment method by taking into account the net rental incomes derived from the existing tenancies with due allowance for reversionary income potential of the tenancies, which is then capitalized into the value at an appropriate capitalization rate.

VALUATION CONSIDERATIONS

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

VALUATION ASSUMPTIONS

As the Property held on long term Land Use Rights Contract, we have assumed that the Group has free and uninterrupted rights to use the Property for the whole of the unexpired terms.

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

Other special assumptions of the Property, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have been, in some instances, provided with extracts of title documents relating to the Property in the PRC. For those Property situated in the PRC, where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrances that might be attached to the Property or any lease amendments.

We have also relied, to a considerable extent, on the information provided by the Group and the legal opinion prepared by the Company's PRC legal adviser, China Law Office (中國法律律師事務所) on the owners' title to these property.

All legal documents supplied by the Company have been used for reference only. No responsibility regarding legal title to the Property is assumed in this valuation report.

LIMITING CONDITIONS

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

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters, in particular, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site areas, floor areas and all other relevant matters in the identification of the Property in which the owner has a valid interest.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations.

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

No site investigations have been carried out to determine the suitability of the ground conditions or the services for any property development thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated in this report, the existence of these substances on the Property was not considered by the appraiser in his conclusion of fair market value. The stated value estimate is predicated on the assumption that there is no material on or in the Property that would cause such a loss in value. No responsibility is assumed for any such conditions, and the client has been advised that the valuer is not qualified to detect such substances, quantify the impact on values, or develop the remedial costs.

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

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

All monetary sums stated in this report are in Renminbi ("RMB"). The conversion of RMB into Hong Kong Dollars ("HK$") is based on the factor of RMB1 to HK$1.11 with reference to the prevailing exchange rate on the Valuation Date.

Our valuation certificate is attached herewith.

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

Serena S. W. Lau	**Ian K. F. Ng**
FHKIS AAPI RPS(GP)	*MBA BSc(Est Man) BSc MHKIS MRICS RPS(GP)*
Managing Director	*Associate Director*

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 17 years' experience in valuation of properties in Hong Kong, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Ian K. F. Ng, is a Registered Professional Surveyor with over 5 years' experience in valuation of properties in Hong Kong, Macau SAR and mainland China. Mr. Ng is a member of the Hong Kong Institute of Surveyors as well as the Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

Property held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2008 *RMB*
Units 904, 905 on 9th Floor Shengai Plaza No. 88 Caoxi North Road Xuhui District Shanghai the PRC	The property comprises 2 office units on level 9 of a 27-storey office building which was completed in about 2003. The total gross floor area of the property is approximately 293.84 square metres. The land use rights of the property were granted for a term of 50 years expiring on 7 August 2046 for composite uses.	The property, as at the Valuation Date, was subject to a tenancy for a term of 2 years commencing on 1 April 2006 and expiring on 31 March 2008 at a monthly rent of RMB33,963 exclusive of management fees, water, electricity, gas, communications, utilities and other charges.	6,800,000

Notes:

1. Pursuant to two Shanghai Certificates of Real Estate Ownership issued by the Shanghai Housing and Land Resources Administration Bureau dated 12 December 2005, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 293.84 square metres were granted to Welchem Development Limited (華綽發展有限公司) for office uses with details as follows:

Shanghai Certificate of Real Estate Ownership Nos.	Unit	Gross Floor Area (sq.m.)
Hu Fang Di Xu Zi (2005) Di No. 035235	904	239.88
Hu Fang Di Xu Zi (2005) Di No. 035236	905	53.96
	Total	**293.84**

2. Pursuant to a tenancy agreement entered into between Welchem Development Limited (華綽發展有限公司) (the "lessor") and Shanghai Millennium International Trading and Development Company Limited (上海美利折豐國際貿易有限公司) (the "lessee") which is an independent third party dated 8 March 2006, the property with a total gross floor area of 293.84 square metres were leased to the lessee for a term of 2 years commencing on 1 April 2006 and expiring on 31 March 2008 at a monthly rent of RMB33,963 exclusive of management fees, water, electricity, gas, communications, utilities and other charges.

3. As advised by the Company, Welchem Development Limited (華綽發展有限公司) is a wholly-owned subsidiary of the Group.

4. The major certificates of the property are summarized as follow:

Shanghai Certificates of Real Estate Ownership	Yes

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

   (i) Welchem Development Limited (華綽發展有限公司) legally owns the land use rights and building ownership rights of the property and is entitled to freely lease, transfer, mortgage and disposed of the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;

   (ii) the tenancy agreement as mentioned in the above Note 2 is legal binding, valid and protected under the PRC's law;

   (iii) the property is not subject to any mortgage.

The following is the text of a letter, summary of valuation and valuation certificate, received from RHL, an independent property valuer, prepared for the purpose of incorporation into this circular in connection with its valuation of the Property as at 31 March 2008.

永利行評值顧問有限公司
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Corporate Valuation & Advisory

T +852 2730 6212
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Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

23 May 2008

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

Dear Sirs,

Re: Valuation of a commercial complex located at No. 139 Dongku West Street, Xincheng District, Hohhot City Inner, Mongolia, the PRC

INSTRUCTION

In accordance with your instructions for us to value the captioned property (hereinafter referred to as the "Property") which is contracted to be acquired from Huhehaote Zongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) by **eCyberChina Holdings Limited** (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group"), we confirm that we have carried out site inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the Property as at 31 March 2008 (hereinafter referred to as the "Valuation Date").

This letter, which forms part of our valuation report, explains the basis and methodology of valuation, clarifying assumption, valuation considerations and limiting conditions of this valuation.

BASIS OF VALUATION

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

VALUATION METHODOLOGY

In our valuation, direct comparison method is adopted where comparison based on price realized on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

VALUATION CONSIDERATIONS

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

VALUATION ASSUMPTIONS

As the Property held on long term Land Use Rights Contract, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired terms.

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

Other special assumptions of the Property, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

TITLE INVESTIGATION

We have been, in some instances, provided with extracts of title documents relating to the Property in the PRC. For those Property situated in the PRC, where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrances that might be attached to the Property or any lease amendments.

We have also relied, to a considerable extent, on the information provided by the Group and the legal opinion prepared by the Group's PRC legal adviser, GFE Law Firm (廣東恒益律師事務所) on the owners' title to these property.

All legal documents supplied by the Company have been used for reference only. No responsibility regarding legal title to the Property is assumed in this valuation report.

LIMITING CONDITIONS

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

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters, in particular, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site areas, floor areas and all other relevant matters in the identification of the Property in which the owner has a valid interest.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the site areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations.

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

No site investigations have been carried out to determine the suitability of the ground conditions or the services for any property development thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated in this report, the existence of these substances on the Property was not considered by the appraiser in his conclusion of fair market value. The stated value estimate is predicated on the assumption that there is no material on or in the Property that would cause such a loss in value. No responsibility is assumed for any such conditions, and the client has been advised that the valuer is not qualified to detect such substances, quantify the impact on values, or develop the remedial costs.

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

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

All monetary sums stated in this report are in Renminbi ("RMB"). The conversion of RMB into Hong Kong Dollars ("HK$") is based on the factor of RMB1 to HK$1.11 with reference to the prevailing exchange rate on the Valuation Date.

Our valuation certificate is attached herewith.

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

Serena S. W. Lau
FHKIS AAPI RPS(GP)
Managing Director

Ian K. F. Ng
MBA BSc(Est Man) BSc MHKIS MRICS RPS(GP)
Associate Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 17 years' experience in valuation of properties in Hong Kong, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Ian K. F. Ng, is a Registered Professional Surveyor with over 5 years' experience in valuation of property in Hong Kong, Macau SAR and mainland China. Mr. Ng is a member of the Hong Kong Institute of Surveyors as well as the Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2008 *RMB*
A commercial complex located at No. 139 Dongku West Street, Xincheng District, Hohhot City Inner, Mongolia, the PRC	The property comprises a 5-storey retail/commercial building completed in about 2005. The total gross floor area of the property is approximately 19,831.54 square metres. The land use rights of the property were granted for a term of expiring on 17 January 2044 for commercial uses.	As at the Valuation Date, the property was vacant to facilitate the construction work of the new Level 4 and the renovation work of the remaining portion of the property.	71,000,000

Notes:

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

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

3. Pursuant to an Agreement for Sale and Purchase entered into between Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) and First Union Limited (壹聯有限公司), which is a wholly subsidiary of the Company, dated 5 March 2007, the property with a site area of approximately 8,721.40 square metres and a gross floor area of approximately 19,831.54 square metres was agreed to be purchased by First Union Limited (壹聯有限公司) at a total consideration of RMB58,000,000. As advised by the Company, part of the consideration in the amount of RMB30,000,000 has been paid.

4. Pursuant to a Tenancy Agreement entered into between Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) and 北京居然之家投資控股集團有限公司 which is an independent third party dated 3 November 2007, the property were agreed to be leased to 北京居然之家投資控股集團有限公司 as commercial use for a term tentatively commencing on 1 July 2008 and expiring on 31 December 2027. The details of tenancy are as follows:

Term	Rental details
10 months rent free period after commencing from the date of the tenancy (As stipulated to comment from 01-Jul-2008 to 30-Apr-2009)	Rent Free
01-May-2009 to 30-Apr-2014	Monthly Rent (approximate) Level 1 - RMB192,162 Level 2 - RMB153,730 Level 3 - RMB134,514 Level 4 - RMB91,250 Basement - RMB85,167
01-May-2014 to 30-Apr-2019	5% increase based on the immediately previous term
01-May-2019 to 31-Dec-2027	10% increase based on the immediately previous term

5. Pursuant to a 無條件不可撤銷擔保函 (Guarantee) dated 5 March 2007 issued by Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司), Huhehaote Zhongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) has guaranteed First Union Limited (壹聯有限公司) to receive an annual rental income and the net profit of the property not less than RMB9,000,000 and RMB4,000,000 respectively up to 27 February 2010.

6. Pursuant to the Document of Hohhot City Development and Reform Commission (呼和浩特市發展和改革委員會文件) – Hu Fa Gai Jing Mao Zi (2008) No. 170 (呼發改組貿字 (2008) 170號) dated 18 March 2008, the extension works of the property with a gross floor area of approximately 5,000 square metres has been approved for registration. The schedule of the construction period is from 2008 to 2009.

7. The subject building includes a basement with a gross floor area of 7,000 square metres which is not included in the area as stated in the Building Ownership Certificate of the above Note 2.

8. As advised by the Company, as at the Valuation Date, an original Level 4 with a gross floor area of approximately 878.65 square metres has been demolished. A new Level 4 with a planned gross floor area of approximately 4,944.61 square metres is currently under construction. The construction is scheduled to be completed in 2008. According to the supplementary document provided by the Company, the total estimated cost of the extension works on the new Level 4 and the renovation works of the remaining portion of the property is approximately RMB20,000,000 and the cost in the amount of approximate RMB2,300,000 has been incurred as at the Valuation Date.

9. The major certificates of the property are summarized as follow:

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

10. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal adviser GFE Law Firm (廣東恒益律師事務所), which contains, inter alia, the following:

(i) Huhehaote Zongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) legally owns the land use rights and building ownership rights of the property and is entitled to freely lease, transfer, mortgage and disposed of the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;

(ii) Huhehaote Zongwei Estate Development Company Limited (內蒙古眾維房地產開發有限責任公司) has sold the property to the Group and the consideration in the amount of RMB58,000,000.

(iii) There is no legal impediments to obtain the pre-requisite permits and approvals for the extension work of the new Level 4, and;

(iv) the tenancy agreement stated in the above Note 4 is legally binding, valid and protected under the PRC' law.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results and financial position of the Group as at the end of and for each of the three years ended 30 June 2007 as extracted from the annual reports of the Company for the respective years. For the financial year ended 30 June 2005, the auditor of the Company has expressed a qualified opinion on the financial statements of the Company. For the financial years ended 30 June 2006 and 2007, the auditor of the Company has expressed unqualified opinions on the financial statements of the Company. A summary of the unaudited condensed consolidated income statements of the Group for the six months ended 31 December 2006 and 2007 as well as the unaudited condensed consolidated balance sheet of the Group as at 31 December 2007 as extracted from the interim report of the Company for the six months ended 31 December 2007 are also set out below.

Consolidated Income Statement

	For the six months ended 31 December		For the year ended 30 June		
	2007	2006	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (restated)
CONTINUING OPERATIONS					
Turnover	9,601	5,744	11,224	43,337	3,600
Direct costs	(7,572)	(5,680)	(9,549)	(41,183)	(91)
Gross profit	2,029	64	1,675	2,154	3,509
Other income	2,029	1,337	4,143	3,567	83
Reversal of write-down of properties held for sale	–	264	414	5,206	6,729
Revaluation increase of investment property	12,267	–	–	–	30,000
Other investment loss	–	(1,312)	–	–	–
Loss from properties held for sale written off	–	–	–	(23,905)	–
Loss on disposal of investment property	–	–	–	(4,000)	–
Gain on disposal of property, plant and equipment	54	–	–	–	–
Administrative and general expenses	(44,561)	(3,528)	(11,947)	(13,978)	(10,287)
(Loss) gain from operations	(28,182)	(3,175)	(5,715)	(30,956)	30,034
Finance costs	(1,632)	(2,527)	(5,057)	(10,092)	(8,734)
Gain on disposal of subsidiaries	–	–	–	54	–
Gain (loss) on disposal of associate	–	–	–	–	–
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)

	For the six months ended 31 December		For the year ended 30 June		
	2007	**2006**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (restated)
(Loss) profit before tax	(29,814)	(5,702)	(10,772)	(30,194)	15,500
Income tax	(5,436)	–	(1,097)	(938)	–
(Loss) profit for the year from continuing operations	(35,250)	(5,702)	(11,869)	(31,132)	15,500
DISCONTINUED OPERATION					
Profit (loss) for the year from discontinued operation	–	–	–	7,137	(292)
(LOSS) PROFIT FOR THE YEAR	(35,250)	(5,702)	(11,869)	(23,995)	15,208
(Loss) profit attributable to equity holders of the Company	(35,250)	(5,702)	(11,869)	(23,995)	15,208
	HK$	*HK$*	*HK cents*	*HK cents*	*HK cents*
(Loss) earnings per share:					
From continuing and discontinued operations					
– Basic	(0.08)	(0.20)	(0.4)	(0.8)	0.05
From continuing operations					
– Basic	(0.08)	(0.20)	(0.4)	(1.1)	0.05

Consolidated Balance Sheet

	As at 31 December		As at 30 June	
	2007	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(restated)
NON-CURRENT ASSETS				
Property, plant and equipment	579	222	318	456
Prepaid lease payments	–	–	–	160
Investment property	74,136	–	–	108,000
Deposit paid for purchase of investment property	–	13,371	–	–
	74,715	13,593	318	108,616
CURRENT ASSETS				
Inventories	–	–	–	342
Properties held for sale	5,278	9,586	18,450	78,229
Financial assets	–	–	10,978	–
Trade and other receivables	11,546	3,032	482	1,283
Cash and bank deposits	33,635	4,195	17,263	455
	50,459	16,813	47,173	80,309
CURRENT LIABILITIES				
Financial liabilities	–	–	871	–
Deposit received on disposal of properties held for sale	–	–	–	25,757
Trade and other payables	38,369	4,563	4,605	34,970
Obligations under finance leases	–	–	7	21
Borrowings	3,842	17,057	1,523	18,973
Tax payable	2,369	–	–	–
	(44,580)	(21,620)	(7,006)	(79,721)
NET CURRENT ASSETS/ (LIABILITIES)	5,879	(4,807)	40,167	588
TOTAL ASSETS LESS CURRENT LIABILITIES	80,594	8,786	40,485	109,204
NON-CURRENT LIABILITIES				
Other payables	–	–	11,781	11,467
Obligations under finance lease	–	–	–	7
Borrowings	–	13,371	21,420	66,451
Deferred tax liabilities	3,067	–	–	–
	(3,067)	(13,371)	(33,201)	(77,925)
NET ASSETS/(LIABILITIES)	77,527	(4,585)	7,284	31,279
CAPITAL AND RESERVES				
Share capital	9,329	573,500	573,500	573,500
Reserves	68,198	(578,085)	(566,216)	(542,221)
EQUITY/(DEFICIT)	77,527	(4,585)	7,284	31,279

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 30 June 2007.

Consolidated Income Statement
For the year ended 30 June 2007

	Notes	2007 HK$'000	2006 HK$'000
CONTINUING OPERATIONS			
Turnover	5	11,224	43,337
Direct costs		(9,549)	(41,183)
Gross profit		1,675	2,154
Other income	5	4,143	3,567
Reversal of write-down of properties held for sale		414	5,206
Loss from properties held for sale written off		–	(23,905)
Loss on disposal of investment property		–	(4,000)
Administrative and general expenses		(11,947)	(13,978)
Loss from operations		(5,715)	(30,956)
Finance costs	6	(5,057)	(10,092)
Gain on disposal of subsidiaries	11(b)	–	54
Gain (loss) on disposal of associate	12	–	–
Reversal of provisions			
– guarantee related to former related company		–	5,000
– indemnity related to former subsidiary		–	5,800
Loss before tax	7	(10,772)	(30,194)
Income tax	8	(1,097)	(938)
Loss for the year from continuing operations		(11,869)	(31,132)
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	10	–	7,137
LOSS FOR THE YEAR		(11,869)	(23,995)
Loss attributable to equity holders of the Company		(11,869)	(23,995)
		HK cents	HK cents
Loss per share:			
From continuing and discontinued operations			
– Basic	13	(0.4)	(0.8)
From continuing operations			
– Basic	13	(0.4)	(1.1)

Consolidated Balance Sheet
As at 30 June 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	222	318
Investment property	17	–	–
Deposit paid for purchase of investment property	18	13,371	–
		13,593	318
CURRENT ASSETS			
Properties held for sale	21	9,586	18,450
Financial assets	22	–	10,978
Trade and other receivables	23	3,032	482
Cash and bank deposits	24	4,195	17,263
		16,813	47,173
CURRENT LIABILITIES			
Financial liabilities	22	–	871
Trade and other payables	25	4,563	4,605
Obligations under finance leases	26	–	7
Borrowings	27	17,057	1,523
		(21,620)	(7,006)
NET CURRENT ASSETS/(LIABILITIES)		(4,807)	40,167
TOTAL ASSETS LESS CURRENT LIABILITIES		8,786	40,485
NON-CURRENT LIABILITIES			
Other payables	25	–	11,781
Borrowings	27	13,371	21,420
		(13,371)	(33,201)
NET ASSETS/(LIABILITIES)		(4,585)	7,284
CAPITAL AND RESERVES			
Share capital	29	573,500	573,500
Reserves	30	(578,085)	(566,216)
EQUITY/(DEFICIT)		(4,585)	7,284

Balance Sheet
As at 30 June 2007

	Notes	**2007** *HK$'000*	**2006** *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	21	26
Investment in subsidiaries	*19*	–	–
Amount due from subsidiaries	*20*	52,707	55,969
		52,728	55,995
CURRENT ASSETS			
Trade and other receivables	*23*	304	321
Cash and bank deposits	*24*	121	40
		425	361
CURRENT LIABILITIES			
Trade and other payables	*25*	2,978	3,284
Borrowings	*27*	1,523	1,523
		(4,501)	(4,807)
NET CURRENT LIABILITIES		(4,076)	(4,446)
NET ASSETS		48,652	51,549
CAPITAL AND RESERVES			
Share capital	*29*	573,500	573,500
Reserves	*30*	(524,848)	(521,951)
EQUITY		48,652	51,549

Consolidated Statement of Changes in Equity
For the year ended 30 June 2007

	Share capital	Share premium	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2005	573,500	103,257	(645,478)	31,279
Loss for the year	–	–	(23,995)	(23,995)
At 30 June 2006 and 1 July 2006	573,500	103,257	(669,473)	7,284
Loss for the year	–	–	(11,869)	(11,869)
At 30 June 2007	573,500	103,257	(681,342)	(4,585)

Consolidated Cash Flow Statement
For the year ended 30 June 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(11,869)	(23,995)
Adjustments for:–			
Accruals reversed		(1,558)	(3,280)
Dividend income		(1)	–
Gain on disposal of property, plant and equipment		–	(687)
Impairment losses for trade receivables reversed		–	(1,425)
Write-down of properties held for sale reversed		–	(5,206)
Loss on disposal of investment property		–	4,000
Depreciation		97	93
Finance costs	*6*	5,057	10,206
Income tax	*8*	1,097	938
Gain on disposal of discontinued operation	*10*	–	(4,936)
Gain on disposal of other subsidiaries	*11(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		(7,177)	(35,146)
Decrease in inventories		–	183
Decrease in properties held for sale		8,864	64,985
Increase in trade and other receivables		(2,550)	(1,188)
Decrease in deposit received on disposal of properties held for sale		–	(25,757)
Increase/(decrease) in trade and other payables		1,516	(14,965)
Cash generated from/(used in) operations		653	(11,888)
Interests and charges paid on bank and other loans		(5,056)	(10,204)
Taxes paid		(1,097)	(938)
Net cash used in operating activities		(5,500)	(23,030)

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		–	1,157
Proceeds from disposal of investment property		–	104,000
Payment of deposit for purchase of investment property		(13,371)	–
Payment to purchase property, plant and equipment		(1)	(326)
Dividend received		1	–
Disposal of discontinued operation	*11(a)*	–	(232)
Disposal of other subsidiaries	*11(b)*	–	–
Net cash generated from/(used in) investing activities		(13,371)	104,599
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		13,371	1,047
Repayment of borrowings		(17,667)	(55,678)
Payment of finance lease liabilities		(8)	(23)
Net cash used in financing activities		(4,304)	(54,654)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(23,175)	26,915
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		27,370	455
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		4,195	27,370
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank deposits		4,195	17,263
Financial assets		–	10,978
Financial liabilities		–	(871)
		4,195	27,370

Notes to the Financial Statements

For the year ended 30 June 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 year were investments in properties in the People's Republic of China for leasing and trading.

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

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2006. The adoption of these new and revised standards, amendments and interpretations did not result in substantial effects on the Group's accounting policies nor have materially affected the amounts reported for the current or prior years.

The Group has not early applied the following new and/or revised standards, amendment or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendment or interpretations will have no significant impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures(1)
HKAS 23 (Revised)	Borrowing Costs(2)
HKFRS 7	Financial Instruments: Disclosures(1)
HKFRS 8	Operating Segments(2)
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment(3)
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions(4)
HK(IFRIC)-Int 12	Service Concession Arrangements(5)

(1) Effective for annual periods beginning on or after 1 January 2007
(2) Effective for annual periods beginning on or after 1 January 2009
(3) Effective for annual periods beginning on or after 1 November 2006
(4) Effective for annual periods beginning on or after 1 March 2007
(5) Effective for annual periods beginning on or after 1 January 2008

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which include collectively all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of the financial statements

The financial statements have been prepared using the historical cost convention, except for financial instruments which are measured at fair value, on a going concern basis although a deficit was appeared as at 30 June 2007 because the Group had subsequently raised funds to strengthen its financial position under an open offer for the Company's shares as mentioned in note 29.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year made up to 30 June 2007.

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 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.

(d) 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 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, 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.

(e) Investment 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, investment in subsidiaries is stated at cost less any impairment losses, unless 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.*

(f) Investment 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 the investee's activities.

The Group's share of results and net assets of associates are incorporated in the financial statements using the equity method, 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, interest in associates is 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 associates, less any impairment in the value of individual investment. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interest that, in substance, forms 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.

(g) Interest 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 activity requires 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 interest 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 amounts 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 interest in jointly controlled entities using equity method, 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 business combinations.

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

(h) Goodwill

Goodwill 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, associate 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. Goodwill on acquisition of subsidiary or jointly controlled entity is presented separately.

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 acquisition. Cash-generating unit to which goodwill has been allocated is 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. Impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in subsequent periods.

On subsequent disposal of subsidiary, associate or jointly controlled entity, the carrying amount of attributable goodwill is included in the determination of the gain or loss on disposal.

(i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes, on the following bases:

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

(ii) Income from sales of properties is recognised when title has passed.

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

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

(v) 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.

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

(j) 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.

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.

(k) 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). The consolidated financial statements are presented in Hong Kong dollar, which is the functional currency of the Company.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded using the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated using the rates of exchange prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated using the rates of exchange 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. Exchange differences arising on the retranslation of other non-monetary items are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing at the balance sheet date. Goodwill arising on the consolidation of a foreign operation is translated using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using 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 recognised as translation reserve in equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(l) 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.

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is included in profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) 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 interest 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 assets 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.

(o) Property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment, after taking into account of their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following rates:–

Buildings situated on leasehold land	5% per annum or over the unexpired lease terms, if higher
Leasehold improvement	10% per annum or over the unexpired lease terms, if higher
Furniture, fixtures and office equipment	9% to 20% per annum
Motor vehicles	9% to 20% per annum
Computer equipment	9% to 20% per annum

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.

(p) 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 or from the retirement or disposal of investment property are included in profit or loss for the period in which they arise.

(q) Impairment of tangible and intangible assets other than 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 (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 to the extent 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.

(r) 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.

(s) 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.

(t) Financial instruments

Financial assets and financial liabilities are when the Group becomes a party to the contractual provisions of the instrument.

(i) Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss recognised to reflect irrecoverable amounts, at each balance sheet date.

(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.

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 method, less any impairment loss recognised to reflect irrecoverable amounts, at each balance sheet date.

Investments other than held-to-maturity debt securities are classified either as investments held for trading or as available-for-sale, and are measured at each balance sheet date 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.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest 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.

(v) 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.

Issue costs are allocated and charged to the liability and equity components of the convertible loan notes in proportion to the allocation of the proceeds at the date of issue.

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 liability component of the convertible loan notes.

(vi) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

(vii) Equity instruments

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

(viii) Derivative financial instruments

Derivative financial instruments are measured at fair value. Changes in fair value of derivative financial instruments are recognised in profit or loss when they arise.

(u) 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.

(v) 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).

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

(a) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations as discussed below, which have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of assets

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: (1) whether an event has occurred that may effect the asset value or such event affecting the asset value has not been in existence; (2) 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 (3) 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.

(ii) Income taxes

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgment regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that all or part of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the income statement.

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year are discussed below.

(i) Impairment test of assets

The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Income taxes

The Group reviews the carrying amount of deferred tax assets at each balance sheet date and reduces the amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. This requires an estimation of the future taxable profits. Estimating the future taxable profits requires the Group to make an estimate of the expected future earnings from the Group and also to choose a suitable discount rate in order to calculate the present value of the earnings.

(iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year the estimate is changed and the future period.

5. REVENUE

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

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Sales of properties	10,099	39,370
Property rental income	1,125	3,967
	11,224	43,337
Discontinued operation:		
Sales of equipment and accessories for broadband and cable television	–	2,136
	11,224	45,473

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

	2007	2006
	HK$'000	*HK$'000*
Accruals reversed	1,558	3,280
Bank interest income	63	47
Dividend income	1	–
Gain on disposal of property, plant and equipment	90	–
Net investment gain from dealing in financial instruments	62	107
Net investment gain from dealing in foreign currencies	1	–
Other interest income	1,438	22
Sundry income	930	111
	4,143	3,567

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on other loans and advances	5,048	8,499	–	–	5,048	8,499
Interest and charges on bank loans and advances	8	1,591	–	114	8	1,705
Interest on finance leases	1	2	–	–	1	2
	5,057	10,092	–	114	5,057	10,206

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):–

	2007	2006
	HK$'000	*HK$'000*
Inventories recognised as expenses:		
Carrying amount of inventories sold	–	1,107
Write-down of obsolete inventories	–	49
	–	1,156
Properties held for sale recognised as expenses/(income):		
Carrying amount of properties sold	9,549	41,080
Carrying amount of properties written off	–	23,905
Reversal of write-down of properties	(414)	(5,206)
Staff costs, including directors' remuneration:		
Salaries and other benefits	1,240	1,252
Retirement scheme contributions	30	51
	1,270	1,303
Auditors' remuneration	440	397
Depreciation	97	93
Net investment loss from dealing in financial instruments	1,281	–
Net investment loss from dealing in foreign currencies	–	65
Operating lease charges for land and buildings	395	631

8. INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:						
Hong Kong	–	–	–	–	–	–
Other jurisdictions	1,097	938	–	–	1,097	938
	1,097	938	–	–	1,097	938
Deferred tax *(note 28)*	–	–	–	–	–	–
Income tax expense for the year	1,097	938	–	–	1,097	938

Hong Kong profits tax is calculated at 17.5% (2006: 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:–

	2007		2006	
	HK$'000	%	*HK$'000*	%
Profit (loss) before tax:				
Continuing operations	(10,772)		(30,194)	
Discontinued operation	–		7,137	
	(10,772)		(23,057)	
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	(1,885)	(17.5)	(4,034)	(17.5)
Tax effect of income not assessable in determining taxable profit	(354)	(3.3)	(1,022)	(4.4)
Tax effect of expenses not deductible in determining taxable profit	1,319	12.3	2,525	11.1
Tax effect of utilisation of tax losses not previously recognised	–	–	(2,302)	(10.0)
Tax effect of other temporary differences not recognised	(1)	(0.1)	(8)	(0.1)
Tax effect of additional tax losses not recognised	1,017	9.5	795	3.4
Tax effect of loss not allowance	22	0.2	4,046	17.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	979	9.1	938	4.1
Tax expense and effective tax rate for the year	1,097	10.2	938	4.1

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

The directors' emoluments paid or payable to each of the 8 (2006: 8) directors are as follows:–

2007

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Share-based payments *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:					
Ho Chi Wing	–	180	–	8	188
Lu Liang	–	–	–	–	–
Ng Yan	52	–	–	–	52
Tao Wei Ming	30	–	–	–	30
Lee Tsung Hei, David Chris	200	–	–	–	200
Independent non-executive directors:					
Cheng Sheung Hing	–	–	–	–	–
Cheng Kwong Choi, Alexander	36	–	–	–	36
Law Tai Yan	36	–	–	–	36
	354	180	–	8	542

2006

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Share-based payments *HK$'000*	Retirement scheme contributions *HK$'000*	Total *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

(ii) Employees' emoluments

The 5 highest paid individuals included 2 (2006: 1) director(s), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and other benefits	435	598
Share-based payments	–	–
Retirement scheme contributions	16	23
	451	621

The emoluments of the non-director highest paid individuals fell within the following band:–

	Number of individuals	
	2007	**2006**
HK$ 0 to HK$1,000,000	3	4

10. DISCONTINUED OPERATION

During the previous year, 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 from the discontinued operation for the previous year is analysed as follows:–

	2006
	HK$'000
Revenue	4,787
Direct costs	(1,156)
Distribution costs	(317)
Administrative expenses	(999)
Finance costs	(114)
Profit of manufacturing and trading operation in respect of equipment and accessories for broadband and cable television	2,201
Gain on disposal of manufacturing and trading operation in respect of equipment and accessories for broadband and cable television *(note 11(a))*	4,936
	7,137

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.

11. DISPOSAL OF SUBSIDIARIES

(a) As referred to in note 10, 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, during the previous year.

The results of disposal of Grandright Technology Limited are analysed as follows:–

	2006
	HK$'000
Property, plant and equipment	108
Prepaid lease payments	–
Inventories	159
Trade and other receivables	3,367
Cash and bank deposits	233
Trade and other payables	(1,266)
Bank and other loans	(7,536)
Consolidated net liabilities disposed of	(4,935)
Gain on disposal	4,936
Total consideration, satisfied by cash	1
Net cash inflow/(outflow) arising on disposal:	
Cash consideration received	1
Cash and cash equivalents disposed of	(233)
	(232)

(b) During the previous year, the Group disposed of some other subsidiaries without operations. The results of disposal of those subsidiaries are analysed as follows:–

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

12. DISPOSAL OF ASSOCIATE

During the previous year, the Group disposed of its interest in an inactive associate, CRED.net Limited 中國房地產網有限公司, which had been struck off from the BVI Government Register with effect from 1 November 2003. The results of disposal of that associate are analysed as follows:–

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

13. LOSS PER SHARE

The basis loss per share is calculated based on the loss attributable to equity holders of the Company of approximately HK$11,869,000 (2006: HK$23,995,000) and the weighted average number of 2,867,500,000 (2006: 2,867,500,000) ordinary shares in issue during the year.

The diluted loss per share for the years ended 30 June 2007 and 30 June 2006 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 years and is regarded as anti-dilutive.

14. DIVIDEND

No dividend has been paid or proposed for the year (2006: Nil).

15. 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.

2007

Income statement

	Property investment *HK$'000*	**Total for continuing operations** *HK$'000*
Revenue	11,224	11,224
Segment results from continuing operations	2,031	2,031
Unallocated corporate income		3,187
Unallocated corporate expenses		(10,933)
Finance costs		(5,057)
Loss before tax		(10,772)
Income tax		(1,097)
Loss for the year		(11,869)

Other information

	Property investment *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Capital expenditure	–	1	1
Depreciation	–	97	97

Balance sheet

	Property investment *HK$'000*	**Total** *HK$'000*
Assets:		
Segment assets	27,106	27,106
Unallocated corporate assets		3,300
Total assets		30,406
Liabilities:		
Segment liabilities	13,581	13,581
Unallocated corporate liabilities		21,410
Total liabilities		34,991

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 before tax		(30,194)
Income tax		(938)
Loss for the year		(31,132)

Other information

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

Balance sheet

	Property investment HK$'000	Total for continuing operations HK$'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

(b) Geographical segments

The Group's operations are located in Hong Kong and elsewhere in the People's Republic of China ("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 was 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	
	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	–	3,402	–	–	–	3,402
PRC, other than Hong Kong	11,224	39,935	–	2,136	11,224	42,071
	11,224	43,337	–	2,136	11,224	45,473

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	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	7,037	28,879	1	326
PRC, other than Hong Kong	23,369	18,612	–	–
	30,406	47,491	1	326

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Furnitures, fixtures and office equipment	Motor vehicles	Computer equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
At 1 July 2005	937	538	860	1,035	233	3,603
Additions	–	–	–	290	36	326
Disposal of subsidiaries	(937)	(538)	(708)	(213)	(226)	(2,622)
At 30 June 2006 and 1 July 2006	–	–	152	1,112	43	1,307
Additions	–	–	1	–	–	1
Disposals	–	–	–	(822)	–	(822)
At 30 June 2007	–	–	153	290	43	486
Accumulated depreciation and impairment losses:						
At 1 July 2005	731	475	723	1,030	188	3,147
Charges for the year	–	–	16	73	4	93
Eliminated on disposal of subsidiaries	(731)	(475)	(652)	(209)	(184)	(2,251)
At 30 June 2006 and 1 July 2006	–	–	87	894	8	989
Charges for the year	–	–	16	73	8	97
Eliminated on disposals	–	–	–	(822)	–	(822)
At 30 June 2007	–	–	103	145	16	264
Carrying amount:						
At 30 June 2007	–	–	50	145	27	222
At 30 June 2006	–	–	65	218	35	318

The carrying amount of the Group's furniture, fixtures and equipment as at 30 June 2006 included an amount of approximately HK$44,000 in respect of assets held under finance leases.

The Company

	Computer equipment
	HK$'000
Cost:	
At 1 July 2005	–
Additions	27
At 30 June 2006 and 1 July 2006	27
Additions	1
At 30 June 2007	28
Accumulated depreciation and impairment losses:	
At 1 July 2005	–
Charge for the year	1
At 30 June 2006 and 1 July 2006	1
Charge for the year	6
At 30 June 2007	7
Carrying amount:	
At 30 June 2007	21
At 30 June 2006	26

17. INVESTMENT PROPERTY

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Fair value of investment property	–	–
At beginning of the year	–	108,000
Disposal	–	(108,000)
At end of the year	–	–

The Group's investment property comprised leasehold land and buildings in Hong Kong held under medium-term lease.

The Group had pledged 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 previous year.

The property rental income earned by the Group from its investment property, which was leased out under operating leases, and the direct operating expenses arising on the investment property for the previous year amounted to approximately HK$3,402,000 and HK$103,000 respectively.

18. DEPOSIT PAID FOR PURCHASE OF INVESTMENT PROPERTY

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Deposit paid for acquisition of investment property in the People's Republic of China	13,371	–

During the year, the Group had entered into a sale and purchase agreement for the acquisition of an investment property situated at Inner Mongolia in the People's Republic of China at a total consideration of RMB58,000,000. The acquisition was approved by shareholders of the Company at an extraordinary general meeting held on 29 June 2007 and the Group took possession of the investment property on 1 July 2007. The consideration payable is disclosed as capital commitment in note 33(a).

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1	1
Impairment losses recognised	(1)	(1)
	–	–

Details of principal subsidiaries as at 30 June 2007, which materially affected the Group's results or net assets, are set out in note 38.

20. AMOUNT DUE FROM SUBSIDIARIES

	The Company	
	2007	**2006**
	HK$'000	*HK$'000*
Amount due from subsidiaries	183,627	190,014
Impairment losses recognised	(130,920)	(134,045)
	52,707	55,969

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.

21. PROPERTIES HELD FOR SALE

	The Group 2007 HK$'000	2006 HK$'000
Properties in the People's Republic of China held for sale, at net realisable value	9,586	18,450

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. During the previous year, Welchem obtained legal title of certain properties with the assistance of an independent third party (the "Purchaser") who purchased certain properties from Welchem as per a supplementary agreement entered into on 16 August 2005. In previous year, the Group recorded a loss of approximately HK$4,861,000 arising from disposal of those properties to the Purchaser and a loss of approximately HK$23,905,000 arising from write-off of certain properties of which legal title could not be successfully obtained.

22. FINANCIAL ASSETS AND LIABILITIES

	The Group 2007 HK$'000	2006 HK$'000
Financial assets, at fair value:		
Deposits with stockbroker – general	–	6,955
– options	–	4,023
	–	10,978

Options deposit as at 30 June 2006 of approximately HK$2,516,000 had been blocked as margin.

	The Group 2007 HK$'000	2006 HK$'000
Financial liabilities, at fair value:		
Options	–	871

23. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	87	–	–	–
Other receivables, deposits and prepayments	2,945	482	304	321
	3,032	482	304	321

The aging analysis of trade receivables is as follows:–

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 3 months	87	–	–	–
Over 3 months	–	–	–	–
	87	–	–	–

24. 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.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables, deposits and accruals	4,563	16,386	2,978	3,284
Amount due for payment:				
Within 1 year	4,563	4,605	2,978	3,284
After 1 year	–	11,781	–	–
	4,563	16,386	2,978	3,284

26. OBLIGATIONS UNDER FINANCE LEASES

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

	2007		
	Present value	**Finance charges**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Office equipment:			
Within 1 year	–	–	–

	2006		
	Present value	**Finance charges**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Office equipment:			
Within 1 year	7	1	8

27. BORROWINGS

	The Group		**The Company**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured loans	13,371	–	–	–
Unsecured loans	17,057	22,943	1,523	1,523
	30,428	22,943	1,523	1,523
Amount due for payment:				
Within 1 year	17,057	1,523	1,523	1,523
After 1 year but within 5 years	13,371	21,420	–	–
	30,428	22,943	1,523	1,523

The loans, which bear interest at prevailing market rates, are borrowings from individual third parties. Loans amounting to approximately HK$13,371,000 as at 30 June 2007 are secured by the shares of a subsidiary, 北京光訊投資管理顧問有限公司 ("北京光訊"), and the interest in an investment property to be acquired by 北京光訊.

28. DEFERRED TAX

The Group

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

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 July 2005	(3,580)	3,580	–
Credit/(charge) to income statement for the year	3,580	(3,580)	–
At 30 June 2006 and 1 July 2006	–	–	–
Credit/(charge) to income statement for the year	–	–	–
At 30 June 2007	–	–	–

The deferred tax assets/(liabilities) which have not been recognised by the Group due to insignificant temporary difference on accelerated tax depreciation and unpredictability of future profit streams to utilise the tax losses, are analysed as follows:–

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 30 June 2007	(31)	12,271	12,240
At 30 June 2006	(30)	11,529	11,499

The Company

No deferred tax assets and liabilities have been recognised by the Company due to insignificant temporary difference on accelerated tax depreciation and unpredictability of future profit stream to utilise the tax losses.

The unrecognised deferred tax assets/(liabilities) of the Company are analysed as follows:–

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 30 June 2007	(2)	2,803	2,801
At 30 June 2006	(2)	2,078	2,076

29. SHARE CAPITAL

	Number of shares		Amount	
	2007	2006	2007	2006
	'000	'000	HK$'000	HK$'000
Authorised:				
Ordinary shares of HK$0.2 each				
– At beginning and end of the year	4,000,000	4,000,000	800,000	800,000
Issued and fully paid:				
Ordinary shares of HK$0.2 each				
– At beginning and end of the year	2,867,500	2,867,500	573,500	573,500

During the year, the Company undertook a 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. 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 Court on 31 July 2007.

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

30. RESERVES

The Group

	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2005	103,257	(645,478)	(542,221)
Loss for the year	–	(23,995)	(23,995)
At 30 June 2006 and 1 July 2006	103,257	(669,473)	(566,216)
Loss for the year	–	(11,869)	(11,869)
At 30 June 2007	103,257	(681,342)	(578,085)

The Company

	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2005	103,257	(664,684)	(561,427)
Profit for the year	–	39,476	39,476
At 30 June 2006 and 1 July 2006	103,257	(625,208)	(521,951)
Loss for the year	–	(2,897)	(2,897)
At 30 June 2007	103,257	(628,105)	(524,848)

31. SHARES OPTION SCHEMES

Share option scheme adopted in 1999

Pursuant to the share option scheme adopted by the Company on 19 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 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 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.

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			
Participants	Exercise price	Exercisable period	Date of grant	Outstanding at 1 July 2005	Outstanding at 30 June 2006 and 1 July 2006	Cancelled during the year	Outstanding at 30 June 2007
	HK$						
Employees	0.200	3 July 2001 to 2 July 2011	3 July 2001	100,000	100,000	(100,000)	–
Directors	0.202	24 May 2002 to 23 May 2012	24 May 2002	25,835,000	25,835,000	(25,835,000)	–
				25,935,000	25,935,000	(25,935,000)	–

Share option scheme adopted in 2002

The share option scheme adopted by the Company on 19 July 1999 was terminated and a new share option scheme (the "2002 Scheme") was adopted pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 25 July 2002. 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.

32. CONTINGENT LIABILITIES

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

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(a) Possible claims arising from:				
Guarantee related to former related company	5,000	5,000	5,000	5,000
Indemnity related to former subsidiary *(note 36(b))*	5,800	5,800	5,800	5,800
	10,800	10,800	10,800	10,800

(b) The Hong Kong Inland Revenue Department had carried out a review in respect of the deductibility of management fees paid by a subsidiary, First Union Limited ("First Union"), 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. First Union was asked to propose a basis for adding back excessive management fees and adjust the tax computations. Assessable profits would be arisen if the total amount of management fees being considered as excessive was greater than the current balance of First Union's unused tax losses of approximately HK$4,984,000 and Hong Kong profits tax will be charged at the rate of 17.5%. No provision has been made in the financial statements as the directors of First Union are contesting the Hong Kong Inland Revenue Department's opinion and the result cannot be reasonably estimated at this stage.

33. COMMITMENTS

(a) Capital commitments

At the balance sheet date, the capital commitment outstanding not provided for in the financial statements are as follows:–

	The Group		The Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Acquisition of investment property	59,334	–	–	–

(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	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Properties:				
Within 1 year	552	884	300	392
After 1 year but within 5 years	–	540	–	300
	552	1,424	300	692

34. 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 amounted to approximately HK$30,000 (2006: HK$51,000).

35. 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.

36. 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 of approximately HK$1.6 million together with the interest thereon. As the Company had never borrowed money from that individual third party, the directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an Amended Writ of Summons was served on the Company by the lender of the Group (the "2nd Plaintiff") to clarify that the individual third party acted as an agent of the 2nd Plaintiff. The directors have instructed the lawyer of the Company to handle this matter. The loan advanced by the 2nd Plaintiff has been fully accrued in the financial statements. As at 30 June 2007, 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 Giant Limited ("World Giant"), a company engaged in property investment in the People's Republic of China ("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 authority, of which approximately HK$5.8 million was related to 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 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 in note 32.

37. 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) Market risk

(i) Currency 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 ("PRC") and is therefore exposed to currency risk because of changes in foreign exchange rates. In view of the stable currency policies adopted by the PRC government, the directors consider that the Group's exposure to currency risk due to fluctuation in foreign exchange rates 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.

(ii) Fair value interest rate risk

The Group only places surplus funds in bank deposits with maturity of not more than three months. The directors consider that the Group's exposure to fair value interest rate risk is not significant.

(iii) Price risk

The investments in financial instruments expose the Group to price risk. The directors closely monitor the price fluctuation and will dispose of the financial instruments in case of significant decrease in returns in foreseen.

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, management monitors the collection of receivables and reviews the recoverable amount of each individual debt regularly. In this regard, management considers that the Group's exposure to credit risk is significantly reduced.

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

(c) Liquidity risk

The directors manage the Group's funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

(d) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk is mainly on its interest-bearing borrowings. The directors manage the cash flow interest rate risk and will repay the corresponding borrowings when the Group has surplus funds.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 30 June 2007 are as follows:–

	Place of incorporation/ operation	Issued and paid up capital	Class of shares	Attributable percentage of shares held		Principal activities
				Directly	Indirectly	
First Union Limited 壹聯有限公司	Hong Kong	HK$2	Ordinary	100%	–	Property investment
Noble City (Asia) Limited 港匯（亞洲）有限公司	Hong Kong	HK$2	Ordinary	100%	–	Investment holding
Welchem Development Limited 華綽發展有限公司	Hong Kong/ The People's Republic of China	HK$2	Ordinary	–	100%	Property investment
World Joy Limited 華緻有限公司	Hong Kong/ The People's Republic of China	HK$2	Ordinary	–	100%	Property investment
Konmate Investments 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
北京光訊投資管理顧問有限公司	The People's Republic of China	–	Registered	–	100%	Property investment

3. INDEBTEDNESS

Borrowings

At the close of business on 31 March 2008, being the most recent practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group and the Enlarged Group were as follows:

	The Group	The Target	The PRC Subsidiary	Enlarged Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Unsecured loan	1,523	–	–	1,523

The Group had an outstanding unsecured borrowing of approximately HK$1,523,000 as at 31 March 2008. The unsecured borrowing was borrowing from an independent third party which bears interest at prevailing market rates.

Contingent liabilities

Save as disclosed in the section headed "Litigation" in Appendix V to this circular, the Enlarged Group had the following material contingent liabilities as at the close of business on 31 March 2008.

(a) A leasing facility amounting to approximately HK$5,000,000 granted by a leasing company to a former related company is secured by a corporate guarantee provided by the Company.

(b) The Hong Kong Inland Revenue Department had carried out a review in respect of the deductibility of management fees paid by a subsidiary of the Group, First Union Limited ("First Union"), 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. First Union had proposed a basis, which is subject to the agreement by the Hong Kong Inland Revenue Department, for adding back excessive management fees and adjust the tax computations; profits tax payable of approximately HK$1,882,000 was provided for according to such basis. No further provision has been made as the result cannot be reasonably estimated at this stage.

Subsequent change of indebtedness

The Directors confirm that there has not been any material change in indebtedness or contingent liabilities since 31 March 2008.

Save as disclosed above and apart from intra-group liabilities and normal trade and payables, as at the close of business on 31 March 2008, the Enlarged Group did not have any outstanding mortgages, charges, pledges, debentures, loan capitals, bank loan and overdrafts, debt securities or similar indebtedness, finance leases on hire purchase commitments, acceptance liabilities or acceptance credits, any guarantees or other material contingent liabilities.

4. WORKING CAPITAL

Taking into account the internally generated funds and the presently available credit facilities, the Directors are of the opinion that the Enlarged Group will, following the completion of the Agreement, have sufficient working capital for its present requirements, that is for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants of the Company, Martin C. K. Pong & Company, Certified Public Accountants, Hong Kong.

龐志鈞會計師行
Martin C.K. Pong &Company

Unit B, 14/F., Dah Sing Life Building
99–105 Des Voeux Road Central
Central
Hong Kong

23 May 2008

The Board of Directors
eCyberChina Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of L & L Partners' Limited (the "Target") for the period from 6 July 2004 (date of incorporation) to 31 December 2005 and each of the two years ended 31 December 2006 and 2007 (the "Relevant Periods") for inclusion in the circular of eCyberChina Holdings Limited (the "Company") dated 23 May 2008 in connection with the very substantial acquisition of 100% equity interest in the Target (the "Circular").

The Target was incorporated in the British Virgin Islands on 6 July 2004 with limited liability. On 1 January 2008, the Target entered into an agreement with Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司) (the "PRC Subsidiary") and the existing equity holders of the PRC Subsidiary, pursuant to which Target will acquire the 100% of the paid-up capital of the PRC Subsidiary from its existing equity holders (the "PRC Subsidiary Acquisition Agreement"). The PRC Subsidiary will then become a wholly foreign owned enterprise controlled by the Target upon completion of the PRC Subsidiary Acquisition Agreement (collectively, the "Target Group"). The Target is principally engaged in the provision of outdoor media advertising and advertising related consultation services.

For the purpose of preparing our report for inclusion in the Circular, the audited financial statements of the Target were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "SME-FRS Financial Statements") and were audited in accordance with Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA by Ho Tak Sang & Co., Certified Public Accountants registered in Hong Kong. There is no statutory audit requirement in the country of its incorporation.

The Financial Information, which includes the income statements, statements of changes in equity and cash flow statements of the Target for the Relevant Periods and the balance sheets of the Target as at 31 December 2005, 2006 and 2007 together with the notes thereto set out in this report, has been prepared in accordance with Hong Kong Financial Reporting Standards (''HKFRSs'') (which also include Hong Kong Accounting Standards (''HKASs'') and Interpretations) issued by the HKICPA and is based on the SME-FRS Financial Statements, after making such adjustments as considered appropriate to comply with HKFRSs and is presented on the basis set out in note 2 under Section II "Notes to the Financial Information" below.

For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures on the SME-FRS Financial Statements as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The SME-FRS Financial Statements are the responsibility of the directors of the Target who approved the issue. The directors of the Company and the Target are responsible for the contents of the Circular, including the preparation of the Financial Information which gives, for the purpose of the report, a true and fair view. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgments and estimates are made which are prudent and reasonable, and that the reasons for any significant departure from applicable accounting standards are stated. It is our responsibility to form an independent opinion on the Financial Information and to report our opinion to you. We believe that our work provides a reasonable basis for our opinion.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the states of affairs of the Target as at 31 December 2005, 2006 and 2007 and of the results and cash flows of the Target for the Relevant Periods.

I. FINANCIAL INFORMATION

Income Statements

		Period from 6 July 2004 (date of incorporation) to 31 December	Year ended 31 December	
		2005	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*7*	1,778	2,919	1,454
Cost of services		(1,357)	(2,246)	(1,056)
Gross profit		421	673	398
Other income	*8*	1	1	2
Administrative expenses		(10)	(10)	(15)
Profit before tax	*9*	412	664	385
Income tax expense	*11*	–	–	–
Profit for the period/year		412	664	385
Dividend	*12*	–	–	–

Balance Sheets

		As at 31 December		
		2005	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Current Assets				
Trade receivables	*13*	802	1,439	–
Amounts due from related parties	*14*	–	644	1,440
Deferred expenses		123	256	–
Cash and cash equivalents	*15*	11	14	36
		936	2,353	1,476
Current Liabilities				
Trade and other payables	*16*	134	977	15
Amounts due to related parties	*14*	256	–	–
Deferred revenue		134	300	–
		524	1,277	15
Net Assets		412	1,076	1,461
Capital and Reserves				
Share capital	*17*	–	–	–
Reserves		412	1,076	1,461
		412	1,076	1,461

Statements of Changes in Equity

	Notes	**Issued share capital** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
Issue of shares	*17*	–	–	–
Profit for the period		–	412	412
At 31 December 2005		–	412	412
Profit for the year		–	664	664
At 31 December 2006		–	1,076	1,076
Profit for the year		–	385	385
At 31 December 2007		–	1,461	1,461

Cash Flow Statements

	Notes	Period from 6 July 2004 (date of incorporation) to 31 December 2005 HK$'000	Year ended 31 December 2006 HK$'000	2007 HK$'000
Cash flows from operating activities				
Profit before tax		412	664	385
Adjustment for:				
Interest income		(1)	(1)	(2)
Operating profit before working capital changes		411	663	383
(Increase) decrease in:				
– trade receivables		(802)	(637)	1,439
– amounts due from related parties		–	(644)	(796)
– deferred expenses		(123)	(133)	256
Increase (decrease) in:				
– trade and other payables		134	843	(962)
– amounts due to related parties		256	(256)	–
– deferred revenue		134	166	(300)
Cash generated from operations		10	2	20
Interest received		1	1	2
Net cash from operating activities		11	3	22
Cash flows from financing activities				
Proceeds from issue of shares	*17*	–	–	–
Net cash from financing activities		–	–	–
Net increase in cash and cash equivalents		11	3	22
Cash and cash equivalents, at the beginning of period/year		–	11	14
Cash and cash equivalents, at the end of period/year	*15*	11	14	36

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target was incorporated in the British Virgin Islands ("BVI") with limited liability on 6 July 2004. The address of its registered office is Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, the BVI.

During the Relevant Periods, the Target was principally engaged in the provision of the outdoor media advertising and advertising related consultation services.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. The Financial Information has been prepared under the historical cost convention.

The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target has not applied the following new and revised HKFRSs that have been issued but are not yet effective in the Financial Information.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	"Presentation of Financial Statements"	1 January 2009
HKAS 23 (Revised)	"Borrowing Costs"	1 January 2009
HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"	1 July 2009
Amendment to HKFRS 2	"Share-based Payment"	1 January 2009
HKFRS 3 (Revised)	"Business Combinations"	1 July 2009
HKFRS 8	"Operating Segments"	1 January 2009
HK(IFRIC)-Int 11	"HKFRS 2 – Group and Treasury Share Transactions"	1 March 2007
HK(IFRIC)-Int 12	"Service Concession Arrangements"	1 January 2008
HK(IFRIC)-Int 13	"Customer Loyalty Programmes"	1 July 2008
HK(IFRIC)-Int 14	"HKAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	1 January 2008

The Target anticipates that the adoption of these standards or interpretations will have no material impact on the results and the financial position of the Target.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Target becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

(i) Financial assets

Financial assets of the Target under the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are classified as loans and receivables. Management determines the classification of its financial assets at initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, amounts due from related parties and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

(ii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Target 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 Target after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

The Target's financial liabilities (including trade and other payables and amounts due to related parties) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

Deferred expenses

Deferred expenses represent costs incurred in connection with the generating of relevant outdoor media advertising services income and are recognised in the income statement as cost of services over the terms of the agreements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Deferred revenue

Cumulative billings in excess of revenue attributable to the current period are recorded as deferred revenue.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target and when the revenue can be measured reliably, on the following bases:

(a) from the provision of outdoor media advertising and advertising related consulting services is recognised in the income statement over the terms of the agreements; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Target are measured using the currency of the primary economic environment in which the Target operates ("the functional currency"). The Financial Information is presented in Hong Kong dollars which is also the functional currency of the Target.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Target; (ii) has an interest in the Target that gives it significant influence over the Target; or (iii) has joint control over the Target;

(b) the party is a member of the key management personnel of the Target;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) 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 (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Target, or of any entity that is a related party of the Target.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Target's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for impairment of trade receivables

Trade receivables of HK$802,000, HK$1,439,000 and HK$nil as at 31 December 2005, 2006 and 2007 respectively were carried at amortised costs using the effective interest method, less any identified impairment losses. The Target makes provision for impairment of trade receivables based on an assessment of the recoverability of these receivables. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade receivables requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

6. SEGMENT INFORMATION

Segment information is presented by way of the Target's primary segment reporting basis, by business segment. No further business segment information is presented as the Target's operations relate solely to the provision of advertising services. In determining the Target's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Geographical segments

The following table shows segment revenue to external customers for the Target's geographical segments for the Relevant Periods.

	Period from 6 July 2004 (date of incorporation) to 31 December	**Year ended 31 December**	
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
The People's Republic of China (including Hong Kong and Mainland China) ("PRC")	1,650	2,611	1,339
The United States of America	–	291	40
Others	128	17	75
	1,778	2,919	1,454

No further geographical segment information is presented as over 90% of the Target's assets are located in the PRC.

7. REVENUE

Revenue, which is also the Target's turnover, represents the value of advertising services rendered during the Relevant Periods.

8. OTHER INCOME

	Period from 6 July 2004 (date of incorporation) to 31 December	**Year ended 31 December**	
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	1	1	2

9. PROFIT BEFORE TAX

The Target's profit before tax is arrived at after charging:

	Period from 6 July 2004 (date of incorporation) to 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*
Auditor's remuneration	2	2	5

10. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Target during the Relevant Periods.

During the Relevant Periods, no remuneration was paid by the Target to the directors as an inducement to join the Target or agreed to waive any remuneration during the Relevant Periods.

11. INCOME TAX EXPENSE

The Target is incorporated in the BVI and is not subject to income tax in the BVI.

No provision for Hong Kong Profits Tax has been made as the Target did not generate any assessable profits during the Relevant Periods.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in Hong Kong to the tax expense at the effective tax rate is as follows:

	Period from 6 July 2004 (date of incorporation) to 31 December 2005	Year ended 31 December 2006	Year ended 31 December 2007
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	412	664	385
Tax at the statutory rate at 17.5%	72	116	67
Income not subject to tax	(311)	(511)	(254)
Expenses not deductible for tax	239	395	187
Tax expense at effective rate	–	–	–

There was no unprovided deferred tax in respect of the Relevant Periods and as at the balance sheet dates.

12. DIVIDEND

No dividend has been paid or declared by the Target during the Relevant Periods.

13. TRADE RECEIVABLES

Payment in advance is the Target's normal trading terms with its customers and the payment terms are as detailed in contracts for outdoor media advertising services. The Target seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the Target's trade receivables, based on the payment due date, is as follows:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Within 3 months	401	863	–
4 to 6 months	31	–	–
7 to 9 months	370	102	–
Over 9 months	–	474	–
	802	1,439	–

As of 31 December 2005, 2006 and 2007, all the trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

14. AMOUNTS DUE FROM (TO) RELATED PARTIES

Amounts due from (to) related parties who are the directors of the Target are disclosed as follows:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Lau Yuk Chun Ego	–	400	1,146
Lo Chun Chung Johnny	(256)	244	294
	(256)	644	1,440

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	11	14	36

Cash at banks earn interest at floating rates based on daily bank deposit rates.

16. TRADE AND OTHER PAYABLES

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	130	970	–
Accruals	4	7	15
	134	977	15

An aged analysis of the Target's trade payables as at the balance sheet dates, based on the payment due date, is as follows:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Within 3 months	130	570	–
4 to 6 months	–	400	–
	130	970	–

At 31 December 2005, 2006 and 2007, included in trade payables are amount approximately of HK$nil, HK$900,000 and HK$nil respectively due to a company in which a director of the Target is also a key management personnel of the related company, which are unsecured and interest-free.

17. SHARE CAPITAL

	As at 31 December		
	2005	**2006**	**2007**
	US$'000	*US$'000*	*US$'000*
Authorised:			
50,000 ordinary shares of US$1 each	50	50	50

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Issued and fully paid:			
2 ordinary shares of US$1 each	–	–	–

The Target was incorporated with an authorised capital of 50,000 ordinary shares of US$1 each. At the date of incorporation, 2 ordinary shares of US$1 each were issued to the subscribers for initial capital.

18. COMMITMENTS

At 31 December 2005, 2006 and 2007, the Target had no significant commitments.

19. CONTINGENT LIABILITIES

The Target had no material contingent liabilities as at 31 December 2005, 2006 and 2007.

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Target had the following transactions and balances with its related parties during the Relevant Periods.

(a) Transactions carried out with related parties

	Note	Period from 6 July 2004 (date of incorporation) to 31 December 2005 HK$'000	Year ended 31 December 2006 HK$'000	2007 HK$'000
Related company:				
Subcontracting fees charged by 北京天空海闊廣告有限公司	(i)	–	767	933

Note:

(i) A director of the Target, Mr. Lo Chun Chung Johnny, is also the key management personnel of the related company.

(b) Period/year-end balances with related parties

	As at 31 December 2005 HK$'000	2006 HK$'000	2007 HK$'000
Trade payables to related company: 北京天空海闊廣告有限公司	–	900	–

(c) Key management remuneration

For each of the Relevant Periods, no compensation was paid to directors of the Target which are designated as key management personnel.

21. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Target's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. The Target's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target's financial performance.

The Target does not have written risk management policies and guidelines. However, the directors of the Target periodically analyse and formulate measures to manage its exposure to foreign currency risk and credit risk. Generally, the Target employs a conservative strategy regarding its risk management. As its exposure to foreign currency risk and credit risk are kept at a minimum level, the Target has not used any derivatives or other instruments for hedging purposes. The Target does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Target is exposed to are discussed below.

(i) Foreign currency risk

The Target conducts its operations mainly using the functional currency. Therefore, the management considers that foreign exchange exposure is minimal and will further consider hedging significant foreign currency exposure should the need arise.

(ii) Credit risk

The Target trades only with recognised and creditworthy third parties. Customers are required to make payment in advance. In addition, receivable balances are monitored on an ongoing basis and the Target's exposure to bad debts is not significant.

The credit risk of the Target's other financial assets, which comprise cash and cash equivalents and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets. The management is satisfied with the credit quality of these financial assets.

Since the Target trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The Target has concentration of credit risk on certain individual customers. At 31 December 2005, 2006 and 2007, the largest receivable balances attributable to the Target's total trade receivables were approximately 96%, 85% and 0% respectively. The Group seeks to minimise its risk by dealing with counterparties which have good credit history.

Apart from mentioned above, the Target does not have any other significant concentration of credit risk.

Further quantitative data in respect of the Target's exposure to credit risk arising from trade receivables are disclosed in note 13 to the Financial Information.

(iii) Liquidity risk

The Target manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows from operations and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Target's financial liabilities as at the balance sheet dates, based on the contracted undiscounted payments, was as follows:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables			
Less than 1 year	134	977	15

(b) Capital risk management

The primary objective of the Target's capital management is to safeguard the Target's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target may adjust the dividend payment to shareholders, return capital to shareholders or increase in share capital. The Target is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Target monitors capital using a debt-to-adjusted capital ratio, which is net debt divided by the adjusted capital. Net debt is calculated as total debt (as shown in the balance sheets) less deferred revenue and cash and cash equivalents. Capital comprises all components of equity other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt. Management considers the debt-to-adjusted capital ratio of not more than 1.00 as solid and reasonable. The debt-to-adjusted capital ratio as at the balance sheet dates was as follows:

	As at 31 December		
	2005	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Total debt	524	1,277	15
Less: Deferred revenue	(134)	(300)	–
Cash and cash equivalents	(11)	(14)	(36)
Net debt	379	963	(21)
Total equity	412	1,076	1,461
Adjustments	–	–	–
Adjusted capital	412	1,076	1,461
Debt-to-adjusted capital ratio	0.92	0.89	–

(c) Fair value estimation

The carrying values of trade receivables, amounts due from/to related parties and trade and other payables are assumed to approximate their fair values.

III. SUBSEQUENT EVENTS

On 1 January 2008, the Target entered into the PRC Subsidiary Acquisition Agreement with the PRC Subsidiary and the existing shareholders of the PRC Subsidiary, pursuant to which the Target will acquire 100% of the paid-up capital of the PRC Subsidiary from its existing equity holders.

On 1 January 2008, the Target issued 29,866 ordinary shares of US$1 each at par to its existing shareholders with proceeds of US$29,866 in order to provide additional working capital for its operations.

Save as aforesaid, no other significant events took place subsequent to 31 December 2007 up to the date of this report.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target in respect of any period subsequent to 31 December 2007.

Yours faithfully,
Martin C. K. Pong & Company
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants of the Company, Martin C. K. Pong & Company, Certified Public Accountants, Hong Kong.

龐志鈞會計師行
Martin C.K. Pong &Company

Unit B, 14/F., Dah Sing Life Building
99–105 Des Voeux Road Central
Central
Hong Kong

23 May 2008

The Board of Directors
eCyberChina Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司) (the "PRC Subsidiary") for the period from 25 May 2007 (date of establishment) to 31 December 2007 (the "Relevant Period") for inclusion in the circular of eCyberChina Holdings Limited (the "Company") dated 23 May 2008 in connection with the very substantial acquisition of 100% equity interest in L & L Partners' Limited (the "Target") (the "Circular").

The PRC Subsidiary was established in the People's Republic of China (the "PRC") as a limited liability company on 25 May 2007. As at 31 December 2007, the PRC Subsidiary had registered and paid-up capital of RMB9,000,000 and RMB1,800,000 respectively and was owned by a number of independent third parties. On 1 January 2008, the Target entered into an agreement with the PRC Subsidiary and the existing equity holders of the PRC Subsidiary, pursuant to which the Target will acquire the 100% of the paid-up capital of the PRC Subsidiary from its existing equity holders (the "PRC Subsidiary Acquisition Agreement"). The PRC Subsidiary will then become a wholly foreign owned enterprise controlled by the Target upon completion of the PRC Subsidiary Acquisition (collectively, the "Target Group"). The PRC Subsidiary is principally engaged in the provision of outdoor media advertising services in the PRC.

The statutory financial statements of the PRC Subsidiary were prepared in accordance with the PRC accounting principles (the ''PRC GAAP Financial Statements''). The PRC GAAP Financial Statements for the period from 25 May 2007 (date of establishment) to 31 December 2007 were audited by Shanghai Gong Zheng Certified Public Accountants Co., Ltd. registered in the PRC.

For the purpose of preparing our report for inclusion in the Circular, the directors of the PRC Subsidiary have prepared the financial statements of the PRC Subsidiary for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards (''HKASs'') and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA'') (the "HKFRS Financial Statements").

The Financial Information, which includes the income statement, statement of changes in equity and cash flow statement of the PRC Subsidiary for the Relevant Period and the balance sheet of the PRC Subsidiary as at 31 December 2007 together with the notes thereto set out in this report, has been prepared in accordance with HKFRSs and is based on the HKFRS Financial Statements. No adjustments were considered necessary for the purpose of preparing this report for inclusion in the Circular.

For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and have carried out such additional procedures on the HKFRS Financial Statements as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of the PRC Subsidiary are responsible for the preparation of the HKFRS Financial Statements. The directors of the Company and the PRC Subsidiary are responsible for the contents of the Circular, including the preparation of the Financial Information which gives, for the purpose of the report, a true and fair view. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgments and estimates are made which are prudent and reasonable, and that the reasons for any significant departure from applicable accounting standards are stated. It is our responsibility to form an independent opinion on the Financial Information and to report our opinion to you. We believe that our work provides a reasonable basis for our opinion.

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the PRC Subsidiary as at 31 December 2007 and of the results and cash flows of the PRC Subsidiary for the Relevant Period.

I. FINANCIAL INFORMATION

Income Statement

	Notes	Period from 25 May 2007 (date of establishment) to 31 December 2007 HK$'000
Revenue	7	20,429
Cost of services		(11,512)
Gross profit		8,917
Other income	8	267
Administrative expenses		(1,277)
Profit before tax	9	7,907
Income tax expense	11	–
Profit for the period		7,907
Dividend	12	–

Balance Sheet

	Notes	**As at 31 December 2007** *HK$'000*
Non-current Asset		
Property, plant and equipment	*13*	36
Current Assets		
Trade and other receivables	*14*	4,887
Amounts due from related companies	*15*	13,409
Deferred expenses		10,022
Cash and cash equivalents	*16*	2,713
		31,031
Current Liabilities		
Trade and other payables	*17*	3,789
Deferred revenue		17,204
		20,993
Net Current Assets		10,038
Net Assets		10,074
Capital and Reserves		
Paid-up capital	*18*	1,869
Reserves		8,205
		10,074

Statement of Changes in Equity

	Notes	**Paid-up capital** *HK$'000*	**Statutory surplus reserve** *HK$'000*	**Foreign exchange reserve** *HK$'000*	**Retained earning** *HK$'000*	**Total** *HK$'000*
Capital contribution	*18*	1,869	–	–	–	1,869
Currency translation difference from functional currency to presentation currency		–	–	298	–	298
Total income and expense for the period recognised directly in equity		–	–	298	–	298
Profit for the period		–	–	–	7,907	7,907
Total recognised income and expense for the period		–	–	298	7,907	8,205
Appropriation to statutory surplus reserve	*19*	–	790	–	(790)	–
At 31 December 2007		1,869	790	298	7,117	10,074

Cash Flow Statement

	Notes	Period from 25 May 2007 (date of establishment) to 31 December 2007 HK$'000
Cash flows from operating activities		
Profit before tax		7,907
Adjustments for:		
Depreciation		3
Interest income		(10)
Operating profit before working capital changes		7,900
Increase in trade and other receivables		(4,742)
Increase in amounts due from related companies		(13,012)
Increase in deferred expenses		(9,725)
Increase in trade and other payables		3,677
Increase in deferred revenue		16,694
Cash generated from operations		792
Interest received		10
Net cash from operating activities		802
Cash flows from investing activities		
Acquisition of property, plant and equipment		(38)
Net cash used in investing activities		(38)
Cash flows from financing activities		
Proceeds from capital contribution	*18*	1,869
Net cash from financing activities		1,869
Net increase in cash and cash equivalents		2,633
Effect of exchange rate changes on cash and cash equivalents		80
Cash and cash equivalents, at the end of period	*16*	2,713

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The PRC Subsidiary was established in the People's Republic of China ("PRC") as a limited liability company on 25 May 2007 under the Company Law of the PRC. The address of its registered office is Room 204, Building 16, No.299 Limin Road, Chengqiao Town, Chongming, Shanghai, the PRC and its principal place of business is Room 1209, Gangtai Plaza, 700 East Yan'an Road, Huangpu District, Shanghai, the PRC.

During the Relevant Period, the PRC Subsidiary was principally engaged in the provision of outdoor media advertising services in the PRC.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. The Financial Information has been prepared under the historical cost convention.

The Financial Information is presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The PRC Subsidiary has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	"Presentation of Financial Statements"	1 January 2009
HKAS 23 (Revised)	"Borrowing Costs"	1 January 2009
HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"	1 July 2009
Amendment to HKFRS 2	"Share-based Payment"	1 January 2009
HKFRS 3 (Revised)	"Business Combinations"	1 July 2009
HKFRS 8	"Operating Segments"	1 January 2009
HK(IFRIC)-Int 11	"HKFRS 2 – Group and Treasury Share Transactions"	1 March 2007
HK(IFRIC)-Int 12	"Service Concession Arrangements"	1 January 2008
HK(IFRIC)-Int 13	"Customer Loyalty Programmes"	1 July 2008
HK(IFRIC)-Int 14	"HKAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	1 January 2008

The PRC Subsidiary anticipates that the adoption of these standards or interpretations will have no material impact on the results and the financial position of the PRC Subsidiary.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Impairment of non-financial assets

At each balance sheet date, the PRC Subsidiary reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Office equipment	5 years

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the PRC Subsidiary becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

(i) Financial assets

Financial assets of the PRC Subsidiary under the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are classified as loans and receivables. Management determines the classification of its financial assets at initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

(ii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the PRC Subsidiary 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 PRC Subsidiary after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

The PRC Subsidiary's financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the PRC Subsidiary has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

Deferred expenses

Deferred expenses represent costs incurred in connection with the generating of relevant outdoor media advertising services income and are recognised in the income statement as cost of services over the terms of the agreements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Deferred revenue

Cumulative billings in excess of revenue attributable to the current period are recorded as deferred revenue.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the PRC Subsidiary and when the revenue can be measured reliably, on the following bases:

(a) from the provision of outdoor media advertising services is recognised in the income statement over the terms of the agreements; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the PRC Subsidiary is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Pension scheme

The employees of the PRC Subsidiary are required to participate in a central pension scheme operated by the local municipal government. The PRC Subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the PRC Subsidiary are measured using the currency of the primary economic environment in which the PRC Subsidiary operates ("the functional currency"). The PRC Subsidiary's functional currency is Renminbi ("RMB"). The Financial Information is presented in HK$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Translation to the presentation currency

The results and financial position of the PRC Subsidiary in functional currency are translated into the presentation currency as follows:

(i) assets and liabilities for balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for income statement presented are translated at average exchange rate; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Related parties

A party is considered to be related to the PRC Subsidiary if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the PRC Subsidiary; (ii) has an interest in the PRC Subsidiary that gives it significant influence over the PRC Subsidiary; or (iii) has joint control over the PRC Subsidiary;

(b) the party is a member of the key management personnel of the PRC Subsidiary;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) 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 (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the PRC Subsidiary, or of any entity that is a related party of the PRC Subsidiary.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the PRC Subsidiary's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for impairment of trade and other receivables and amounts due from related companies

Trade and other receivables of HK$4,887,000 and amounts due from related companies of HK$13,409,000 were carried at amortised costs using the effective interest method, less any identified impairment losses. The PRC Subsidiary makes provision for impairment of trade and other receivables and amounts due from related companies based on an assessment of the recoverability of these receivables. Provisions are applied to trade and other receivables and amounts due from related companies where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables and amounts due from related companies requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

6. SEGMENT INFORMATION

Segment information is not presented as the PRC Subsidiary is principally engaged in the provision of outdoor media advertising services in the PRC, to which the PRC Subsidiary's entire revenue, profit and assets and liabilities relate during the Relevant Period.

7. REVENUE

Revenue, which is also the PRC Subsidiary's turnover, represents the value of outdoor media advertising services rendered during the Relevant Period.

8. OTHER INCOME

	Period from 25 May 2007 (date of establishment) to 31 December 2007
	HK$'000
Bank interest income	10
Other income	257
	267

9. PROFIT BEFORE TAX

The PRC Subsidiary's profit before tax is arrived at after charging:

	Period from 25 May 2007 (date of establishment) to 31 December 2007
	HK$'000
Depreciation	3
Staff costs (including directors' remuneration – *note 10*):	
Salaries and other benefits	498
Pension scheme contributions	9
	507
Minimum lease payments under operating leases for land and buildings	167
Foreign exchange loss, net	4

10. DIRECTORS' AND EMPLOYEES' REMUNERATIONS

(a) Directors' remuneration

The emoluments paid or payable to each director during the Relevant Period were as follows:

	Yang Zhenkun	Niu Jiahong	Yang Lin	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Directors' fees	–	–	–	–
Other emoluments				
Salaries and other benefits	150	–	–	150
Discretionary bonus	–	–	–	–
Pension scheme contributions	–	–	–	–
	150	–	–	150

During the Relevant Period, no remuneration was paid by the PRC Subsidiary to the directors as an inducement to join the PRC Subsidiary or agreed to waive any remuneration during the Relevant Period.

(b) Five highest paid individuals

The five highest paid employees during the Relevant Period included one director, details of whose remuneration are set out in note 10(a) above. Details of the remuneration of the remaining four non-directors, highest paid employees for the Relevant Period are as follows:

	HK$'000
Salaries and other benefits	238
Pension scheme contributions	–
	238

Each of the non-directors, highest paid employees' remuneration is fell within the range of zero to HK$1,000,000 for the Relevant Period.

11. INCOME TAX EXPENSE

The PRC Subsidiary is entitled to a full exemption from enterprise income tax ("EIT") for its operating profit for the Relevant Period ("the Tax Holiday"). The applicable EIT rate is 33%. No current income tax was provided for the PRC Subsidiary as the PRC Subsidiary is in Tax Holiday.

On 16 March 2007, the National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law unifies the tax rate of EIT to 25% with effect from 1 January 2008.

A reconciliation of the tax position applicable to profit before tax using the statutory rate in the PRC to the tax expense at the effective tax rate is as follows:

	Period from 25 May 2007 (date of establishment) to 31 December 2007 *HK$'000*
Profit before tax	7,907
Tax at the applicable tax rate of 33%	2,609
Tax effect on tax concession	(2,609)
Tax expense at the effective tax rate	–

There was no unprovided deferred tax in respect of the Relevant Period and as at the balance sheet date.

12. DIVIDEND

No dividend has been paid or declared by the PRC Subsidiary during the Relevant Period.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment *HK$'000*
Cost	
Additions	38
Exchange realignment	1
At 31 December 2007	39
Accumulated depreciation	
Provided for the period	3
At 31 December 2007	3
Net carrying amount	
At 31 December 2007	36

14. TRADE AND OTHER RECEIVABLES

	As at 31 December 2007 HK$'000
Trade receivables	4,820
Other receivables	67
	4,887

Payment in advance is the PRC Subsidiary's normal trading terms with its customers and the payment terms are as detailed in contracts for outdoor media advertising services. The PRC Subsidiary seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aged analysis of the PRC Subsidiary's trade receivables, based on the payment due date, is as follows:

	As at 31 December 2007 HK$'000
Within 3 months	2,653
4 to 6 months	776
Over 6 months	1,391
	4,820

As of 31 December 2007, all the trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

At 31 December 2007, included in trade receivables are amount approximately of HK$2,354,000 due from a company in which a key management personnel of the PRC Subsidiary is also a key management personnel of the related company, which are unsecured and interest-free.

15. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies are disclosed as follows:

Name of related company	As at 31 December 2007 HK$'000
Shanghai Renjie AD Co., Ltd.	869
上海格力德廣告有限公司	997
北京瀚天潤海廣告有限公司	482
寧波友誼傳媒投資有限公司	2,216
武漢希格爾廣告有限公司	208
無錫市成鷹廣告有限公司	1,711
Shandong BEIDOU Advertisement Co., Ltd.	1,465
Shanghai Feifan Advertising Co., Ltd.	1,455
Shanghai Continent Advertising Co., Ltd.	134
安徽無限傳播有限公司	695
中國民航蘭州藍天廣告中心	2,010
河南漢風文化發展有限公司	108
Guizhou High-Speed Advertisement Company Ltd.	481
廣州市五聖騰輝傳媒廣告有限公司	578
	13,409

The related companies are controlled or significantly influenced by a number of equity holders of the PRC Subsidiary. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	As at 31 December 2007
	HK$'000
Cash on hand and at banks	2,713

Cash and cash equivalents of the PRC Subsidiary were denominated in RMB during the Relevant Period. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC is subject to the rules and regulations of exchange control promulgated by the Mainland China Government. Cash at banks earn interest at floating rates based on daily bank deposit rates.

17. TRADE AND OTHER PAYABLES

	As at 31 December 2007
	HK$'000
Trade payables	3,082
Accruals	707
	3,789

An aged analysis of the PRC Subsidiary's trade payables as at the balance sheet date, based on the payment due date, is as follows:

	As at 31 December 2007
	HK$'000
Within 3 months	2,040
4 to 6 months	268
Over 6 months	774
	3,082

At 31 December 2007, trade payables are the amounts due to the PRC Subsidiary's related companies, which are unsecured and interest-free.

18. REGISTERED AND PAID-UP CAPITAL

	As at 31 December 2007	Equivalent amount
	RMB'000	*HK$'000*
Registered capital	9,000	
Paid-up capital	1,800	1,869

The following changes in the PRC Subsidiary's registered and paid-up capital took place during the Relevant Period:

(a) Upon establishment, the registered capital of the PRC Subsidiary was RMB9,000,000.

(b) On 26 April 2007, paid-up capital was contributed by equity holders, for cash of RMB1,800,000 to provide initial working capital.

19. STATUTORY SURPLUS RESERVE

Pursuant to the Company Law of the PRC and relevant financial regulations of the PRC applicable to enterprises established in the PRC, the PRC Subsidiary is required to appropriate 10% of the audited profit after tax arrived at in accordance with the PRC accounting principles to a statutory surplus reserve, until the reserve balance is equal to 50% of the PRC Subsidiary's registered capital. Statutory surplus reserve can be used to offset accumulated losses or capitalised as paid-up capital with the approval of equity holders.

20. OPERATING LEASE ARRANGEMENT

The PRC Subsidiary leases its office premises under an operating lease arrangement. Lease for office premises is negotiated for a term of two years with fixed monthly rental. At 31 December 2007, the PRC Subsidiary had total future minimum lease payments under non-cancellable operating lease in respect of office premises falling due as follows:

	HK$'000
Within one year	334
In the second to fifth years, inclusive	306
	640

21. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the PRC Subsidiary had the following material transactions and balances with its related parties during the Relevant Period.

(a) Transactions carried out with related parties

	Note	*HK$'000*
Related companies:		
Advertising income from		
北京天空海闊廣告有限公司	(i)	2,571
Subcontracting fees charged by		
Shanghai Renjie AD Co., Ltd.	(ii)	1,827
上海格力德廣告有限公司	(ii)	1,830
北京瀚天潤海廣告有限公司	(ii)	2,700
寧波友誼傳媒投資有限公司	(ii)	4,564
無錫市成鷹廣告有限公司	(ii)	1,090
Shandong BEIDOU Advertisement Co., Ltd	(ii)	1,698
Shanghai Feifan Advertising Co., Ltd.	(ii)	5,461
Shanghai Continent Advertising Co., Ltd.	(ii)	52
安徽無限傳播有限公司	(ii)	317
中國民航蘭州藍天廣告中心	(ii)	1,890
Guizhou High-Speed Advertisement Company Ltd.	(ii)	623
廣州市五聖騰輝傳媒廣告有限公司	(ii)	208

(i) A key management personnel, Mr. Lo Chun Chung Johnny, is also a key management personnel of the related company.

(ii) Related companies are controlled or influenced significantly by a number of equity holders of the PRC Subsidiary.

(b) Period-end balances with related parties

	HK$'000
Trade receivables from related company:	
北京天空海闊廣告有限公司	2,354
Trade payables to related companies:	
Shanghai Renjie AD Co., Ltd.	668
北京瀚天潤海廣告有限公司	1,178
寧波友誼傳媒投資有限公司	916
Guizhou High-Speed Advertisement Company Ltd.	321
	3,083

(c) Key management compensation

	Period from 25 May 2007 (date of establishment) to 31 December 2007
	HK$'000
Short term employee benefits	238

Further details of directors' emoluments are included in note 10(a) to the Financial Information.

22. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The PRC Subsidiary's activities expose it to a variety of financial risks: credit risk and liquidity risk. The PRC Subsidiary's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the PRC Subsidiary's financial performance.

The PRC Subsidiary does not have written risk management policies and guidelines. However, the directors of the PRC Subsidiary periodically analyse and formulate measures to manage its exposure to credit risk. Generally, the PRC Subsidiary employs a conservative strategy regarding its risk management. As its exposure to credit risk is kept at a minimum level, the PRC Subsidiary has not used any derivatives or other instruments for hedging purposes. The PRC Subsidiary does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the PRC Subsidiary is exposed to are discussed below.

(i) Credit risk

The PRC Subsidiary trades only with recognised and creditworthy third parties. Customers are required to make payment in advance. In addition, receivable balances are monitored on an ongoing basis and The PRC Subsidiary's exposure to bad debts is not significant.

The credit risk of the PRC Subsidiary's other financial assets, which comprise cash and cash equivalents, amounts due from related companies and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets. The management is satisfied with the credit quality of these financial assets.

Since the PRC Subsidiary trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk as the PRC Subsidiary's trade receivables relate to a large number of diversified customers.

Further quantitative data in respect of the PRC Subsidiary's exposure to credit risk arising from trade and other receivables are disclosed in note 14 to the Financial Information.

(ii) Liquidity risk

The PRC Subsidiary manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows from operations and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the PRC Subsidiary's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	Less than 1 year
	HK$'000
Trade and other payables	3,789

(b) Capital risk management

The primary objective of the PRC Subsidiary's capital management is to safeguard the PRC Subsidiary's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The PRC Subsidiary manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the PRC Subsidiary may adjust the dividend payment to shareholders, return capital to shareholders or increase in registered and paid-up capital. The PRC Subsidiary is not subject to any externally imposed capital requirements.

The PRC Subsidiary monitors capital using a debt-to-adjusted capital ratio, which is net debt divided by the adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less deferred revenue and cash and cash equivalents. Capital comprises all components of equity other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt. Management considers the debt-to-adjusted capital ratio of not more than 1.00 as solid and reasonable. The debt-to-adjusted capital ratio as at the balance sheet date was as follows:

	HK$'000
Total debt	20,993
Less: Deferred revenue	(17,204)
Cash and cash equivalents	(2,713)
Net debt	1,076
Total equity	10,074
Adjustments	–
Adjusted capital	10,074
Debt-to-adjusted capital ratio	0.11

(c) Fair value estimation

The carrying values of trade and other receivables, amounts due from related companies and trade and other payables are assumed to approximate their fair values.

III. SUBSEQUENT EVENTS

On 10 April 2008, the relevant government authority has approved the reduction of the PRC Subsidiary's registered capital from RMB9,000,000 to RMB1,800,000.

Save as aforesaid, no other significant events took place subsequent to 31 December 2007 up to the date of this report.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the PRC Subsidiary in respect of any period subsequent to 31 December 2007.

Yours faithfully,
Martin C. K. Pong & Company
Certified Public Accountants
Hong Kong

A. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants of the Company, Martin C. K. Pong & Company, Certified Public Accountants, Hong Kong.

龐志鈞會計師行
Martin C.K. Pong &Company

Unit B, 14/F., Dah Sing Life Building
99–105 Des Voeux Road Central
Central
Hong Kong

ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF ECYBERCHINA HOLDINGS LIMITED

We report on the unaudited pro forma financial information of eCyberChina Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred as the "Group") together with L & L Partners' Limited (the "Target") and Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司) (the "PRC Subsidiary") (collectively referred as the "Target Group") (hereinafter collectively referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial acquisition of 100% of the issued share capital of the Target might have affected the financial information presented, for inclusion as Appendix II to the circular of the Company dated 23 May 2008 (the "Circular"). The basis of preparation of the pro forma financial information is set out on page 139 to 146 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with 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 (the "HKICPA").

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 HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 Enlarged Group as at 31 December 2007 or any future date; or

- the results and cash flows of the Enlarged Group for the year ended 30 June 2007 or any future periods.

Opinion

In our opinion:

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

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

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

Martin C. K. Pong & Company
Certified Public Accountants
Hong Kong

23 May 2008

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. Unaudited Pro Forma Consolidated Income Statement of the Enlarged Group

The following table is the unaudited pro forma consolidated income statement of the Enlarged Group which has been prepared for the purpose of illustrating the effect of the proposed acquisition of 100% of the issued share capital of the Target (the "Acquisition") on the financial results of the Enlarged Group for the year ended 30 June 2007.

The unaudited pro forma consolidated income statement of the Enlarged Group is prepared based on (1) the audited consolidated income statement of the Group as extracted from the annual report of the Company for the year ended 30 June 2007; (2) the audited income statement of the Target for the year ended 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIA to this Circular; and (3) the audited income statement of the PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIB to this Circular as if the Acquisition had been completed on 1 July 2006, after taking into account the pro forma adjustments relating to the Acquisition as set out below.

The unaudited pro forma consolidated income statement of the Enlarged Group is prepared by the directors of the Company to provide the unaudited pro forma financial information of the Enlarged Group upon completion of the Acquisition. As it is prepared for illustration purposes only, it does not purport to give a true picture of the financial results of the Enlarged Group as at the date to which it is made up to or at any future dates.

	The Group for the year ended 30 June 2007	The Target for the year ended 31 December 2007	The PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007	Subtotal	Pro forma adjustments	Note	Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
Turnover	11,224	1,454	20,429	33,107			33,107
Direct costs	(9,549)	(1,056)	(11,512)	(22,117)			(22,117)
Gross profit	1,675	398	8,917	10,990			10,990
Other income	4,143	2	267	4,412			4,412
Reversal of written down of properties held for sale	414	–	–	414			414
Administrative and operating expenses	(11,947)	(15)	(1,277)	(13,239)			(13,239)
Profit (loss) from operations	(5,715)	385	7,907	2,577			2,577
Finance costs	(5,057)	–	–	(5,057)			(5,057)
Profit (loss) before tax	(10,772)	385	7,907	(2,480)			(2,480)
Income tax expense	(1,097)	–	–	(1,097)			(1,097)
Profit (loss) attributable to shareholders	(11,869)	385	7,907	(3,577)			(3,577)

2. Unaudited Pro Forma Consolidated Balance Sheet of The Enlarged Group

The following table is the unaudited pro forma consolidated balance sheet of the Enlarged Group which has been prepared for the purpose of illustrating the effect of the Acquisition on the financial position of the Enlarged Group as at 31 December 2007.

The unaudited pro forma consolidated balance sheet of the Enlarged Group is prepared based on (1) the unaudited consolidated balance sheet of the Group as at 31 December 2007 as extracted from the interim report of the Company for the six months ended 31 December 2007; (2) the audited balance sheet of the Target as at 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIA to this Circular; and (3) the audited balance sheet of the PRC Subsidiary as at 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIB to this Circular as if the Acquisition had been completed on 31 December 2007, after taking into account the pro forma adjustments relating to the Acquisition as set out below.

The unaudited pro forma consolidated balance sheet of the Enlarged Group is prepared by the directors of the Company to provide the unaudited pro forma financial information of the Enlarged Group upon completion of the Acquisition. As it is prepared for illustration purposes only, it does not purport to give a true picture of the financial position of the Enlarged Group as at the date to which it is made up to or at any future dates.

	The Group as at 31 December 2007	The Target as at 31 December 2007	The PRC Subsidiary as at 31 December 2007	Subtotal	Pro forma adjustments	Notes	Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-Current Assets							
Property, plant and equipment	579	–	36	615			615
Investment property	74,136	–	–	74,136			74,136
Goodwill	–	–	–	–	246,532	*v*	246,532
	74,715	–	36	74,751			321,283
Current Assets							
Properties held for sale	5,278	–	–	5,278			5,278
Trade and other receivables	11,546	–	4,887	16,433			16,433
Amounts due from related parties	–	1,440	13,409	14,849			14,849
Deferred expenses	–	–	10,022	10,022			10,022
Cash and bank deposits	33,635	36	2,713	36,384	(2,787)	*i*	33,597
	50,459	1,476	31,031	82,966			80,179

	The Group as at 31 December 2007	The Target as at 31 December 2007	The PRC Subsidiary as at 31 December 2007	Subtotal	Pro forma adjustments		Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Current Liabilities							
Trade and other payables	38,369	15	3,789	42,173			42,173
Deferred revenue	–	–	17,204	17,204			17,204
Borrowings	3,842	–	–	3,842			3,842
Tax payable	2,369	–	–	2,369			2,369
	44,580	15	20,993	65,588			65,588
Net Current Assets	5,879	1,461	10,038	17,378			14,591
Total Assets Less Current Liabilities	80,594	1,461	10,074	92,129			335,874
Non-Current Liabilities							
Convertible bonds	–	–	–	–	26,285	*iv*	26,285
Borrowings	–	–	–	–			–
Deferred tax liabilities	3,067	–	–	3,067			3,067
	3,067	–	–	3,067			29,352
Net Assets	77,527	1,461	10,074	89,062			306,522
Capital and Reserves							
Share capital/paid-up capital	9,329	–	1,869	11,198	233	*i*	12,629
					2,500	*ii*	
					800	*iii*	
					(2,102)	*v*	
Reserves	68,198	1,461	8,205	77,864	197,500	*ii*	293,893
					14,480	*iii*	
					13,715	*iv*	
					(9,666)	*v*	
Equity	77,527	1,461	10,074	89,062			306,522

Notes:

i. The adjustment represents the net effect from (a) the proceeds of US$29,866 (equivalent approximately to HK$233,000) from further issue and allotment of 29,866 ordinary shares of US$1 each in the Target at par to its existing shareholders; (b) the expenses in relation to the Acquisition approximately of HK$7,600,000; (c) issue and allotment of 80,000,000 Placing Shares at a price of HK$0.2 per Placing Share, which resulted in proceeds of HK$16,000,000; (d) the expenses in relation to the issue of Placing Shares approximately of HK$720,000; and (e) the payment of cash consideration of RMB10,000,000 (equivalent approximately to HK$10,700,000) for the acquisition of the PRC Subsidiary. In arriving at the above figures, it is assumed that the Acquisition is completed on 31 December 2007.

ii. The adjustment represents increase in share capital of HK$2,500,000 as a result of the issue of 50,000,000 Consideration Shares on Completion and the remaining of 200,000,000 Consideration Shares as if the EBITDA Guarantee is fulfilled and the increase in share premium totaling of HK$197,500,000 which has been credited to share premium account.

iii. The adjustment represents increase in share capital of HK$800,000 as a result of the issue of 80,000,000 Placing Shares and the increase in share premium totaling of HK$14,480,000 (net of the expenses in relation to the issue of Placing Shares approximately of HK$720,000) which has been credited to share premium account.

iv. The adjustment represents the settlement part of the consideration of the Acquisition ("Consideration") by the issue of Convertible Bonds. The part of Consideration will be settled by the Convertible Bonds in the principal amount of HK$40,000,000 to the Vendor (or his nominee(s)), assuming no conversion of the Convertible Bonds will take place as at the date of issue of the Convertible Bonds.

The fair value of the liability component of the Convertible Bonds at the date of issue is determined to be HK$26,285,000 by an independent professional valuer. The equity component is therefore HK$13,715,000. In arriving at the above figures, it is assumed that the date of issue is on 31 December 2007.

v. The adjustment represents the recognition of goodwill of HK$246,532,000 that would arise from the Acquisition and the elimination of the equity of the Target and the PRC Subsidiaries with the consideration.

The goodwill is calculated as the excess of the cost of the Acquisition over the 100% of total fair value of the identifiable assets and liabilities of the Target acquired as at 31 December 2007 plus the goodwill arising from the acquisition of the PRC Subsidiary by the Target as at that date.

The cost of the Acquisition of HK$247.6 million is calculated as the summation of the following:

(a) the issue of 250,000,000 Consideration Shares at the issue price of HK$0.8 per share upon the Completion to give rise to the consideration of a total amount of HK$200,000,000. The issue price of HK$0.8 per share has been determined after arm's length negotiations between the Company and the Vendor by reference to the market price for the Shares. It represents a 234.72% over the closing price on the last trading day immediately prior to the entering into the Agreement and a 236.98% over the average of the closing prices for the last five consecutive trading days up to the last trading day immediately prior to the entering into the Agreement.

(b) the issue of Convertible Bonds upon the Completion to give rise to the consideration of a total amount of HK$40,000,000.

(c) the expenses in relation to the Acquisition approximately of HK$7,600,000.

The fair value of the Target's identifiable assets and liabilities acquired is HK$1,694,000 as at 31 December 2007, which is calculated based on (a) the audited net asset value of the Target of HK$1,461,000 as at 31 December 2007 plus (b) the cost of investment in the PRC Subsidiary of RMB10,000,000 (equivalent approximately to HK$10,700,000) as at 31 December 2007 less (c) the payment of cash consideration of RMB10,000,000 (equivalent approximately to HK$10,700,000) for the acquisition of the PRC Subsidiary plus (d) the proceeds of US$29,866 (equivalent approximately to HK$233,000) from further issue and allotment of the Target's shares to its existing shareholders.

The cost of investment of HK$10,700,000 represents (a) the audited net asset value of the PRC Subsidiary of HK$10,074,000 as at 31 December 2007 plus (b) the goodwill of HK$626,000 arising from the acquisition of 100% equity interest in the PRC Subsidiary from its existing equity holders.

The market value of Consideration Shares that should be issued and, accordingly, the goodwill, will be subject to further changes upon the completion of the Acquisition.

3. Unaudited Pro Forma Consolidated Cash Flow Statement of The Enlarged Group

The following table is the unaudited pro forma consolidated cash flow statement of the Enlarged Group which has been prepared for the purpose of illustrating the effect of the Acquisition on the cash position of the Enlarged Group for the year ended 30 June 2007.

The unaudited pro forma consolidated cash flow statement of the Enlarged Group is prepared based on (1) the audited consolidated cash flow statement of the Group as extracted from the annual report of the Company for the year ended 30 June 2007; (2) the audited cash flow statement of the Target for the year ended 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIA to this Circular; and (3) the audited cash flow statement of the PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007, as extracted from the accountants' report as set out in Appendix IIIB to this Circular as if the Acquisition had been completed on 1 July 2006, after taking into account the pro forma adjustments relating to the Acquisition as set out below.

The unaudited pro forma consolidated cash flow statement of the Enlarged Group is prepared by the directors of the Company to provide the unaudited pro forma financial information of the Enlarged Group upon completion of the Acquisition. As it is prepared for illustration purposes only, it does not purport to give a true picture of the cash position of the Enlarged Group as at the date to which it is made up to or at any future dates.

	The Group for the year ended 30 June 2007	The Target for the year ended 31 December 2007	The PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007	Subtotal	Pro forma adjustments	Notes	Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Cash flows from operating activities							
Profit (loss) for the year/period	(11,869)	385	7,907	(3,577)			(3,577)
Adjustments for:							
Accruals reversed	(1,558)	–	–	(1,558)			(1,558)
Dividend income	(1)	–	–	(1)			(1)
Depreciation	97	–	3	100			100
Finance costs	5,057	–	–	5,057			5,057
Interest income	–	(2)	(10)	(12)			(12)
Income tax expense	1,097	–	–	1,097			1,097

	The Group for the year ended 30 June 2007	The Target for the year ended 31 December 2007	The PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007	Subtotal	Pro forma adjustments	Notes	Unaudited Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Operating profit (loss) before working capital changes	(7,177)	383	7,900	1,106			1,106
Decrease in properties held for sale	8,864	–	–	8,864			8,864
(Increase) decrease in:							
Trade and other receivables	(2,550)	1,439	(4,742)	(5,853)			(5,853)
Amounts due from related parties	–	(796)	(13,012)	(13,808)			(13,808)
Deferred expenses	–	256	(9,725)	(9,469)			(9,469)
Increase (decrease) in:							
Trade and other payables	1,516	(962)	3,677	4,231			4,231
Deferred revenue	–	(300)	16,694	16,394			16,394
Net cash generated from operating activities	653	20	792	1,465			1,465
Interest received	–	2	10	12			12
Interests and charges paid on bank and other loans	(5,056)	–	–	(5,056)			(5,056)
Income taxes paid	(1,097)	–	–	(1,097)			(1,097)
Net cash from (used in) operating activities	(5,500)	22	802	(4,676)			(4,676)
Cash flows from investing activities							
Payment of deposit for purchase of investment property	(13,371)	–	–	(13,371)			(13,371)
Payment for acquisition of subsidiaries net of cash acquired	–	–	–	–	(18,286)	*i*	(18,286)
Payment to purchase property, plant and equipment	(1)	–	(38)	(39)			(39)
Dividend received	1	–	–	1			1
Net cash used in investing activities	(13,371)	–	(38)	(13,409)			(31,695)

	The Group for the year ended 30 June 2007 *HK$'000*	The Target for the year ended 31 December 2007 *HK$'000*	The PRC Subsidiary for the period from 25 May 2007 (date of establishment) to 31 December 2007 *HK$'000*	Subtotal *HK$'000*	Pro forma adjustments *HK$'000*	*Notes*	Unaudited Enlarged Group *HK$'000*
Cash flows from financing activities							
Proceeds from capital contributions/ the issue of shares	–	–	1,869	1,869	15,513	*ii*	17,382
Proceeds from borrowings	13,371	–	–	13,371			13,371
Repayment of borrowings	(17,667)	–	–	(17,667)			(17,667)
Payment of finance lease liabilities	(8)	–	–	(8)			(8)
Net cash from (used in) financing activities	(4,304)	–	1,869	(2,435)			13,078
Net increase (decrease) in cash and cash equivalents	(23,175)	22	2,633	(20,520)			(23,293)
Effect of exchange rate changes on cash and cash equivalents	–	–	80	80			80
Cash and cash equivalents at the beginning of the year/period	27,370	14	–	27,384	(14)	*i*	27,370
Cash and cash equivalents at the end of the year/period	4,195	36	2,713	6,944			4,157

Notes:

i. The adjustment represents the net effect of (a) the acquisition of the cash and cash equivalents of the Target of HK$14,000; (b) the expenses in relation to the Acquisition approximately of HK$7,600,000; and (c) the payment of cash consideration of RMB10,000,000 (equivalent approximately to HK$10,700,000) for the acquisition of the PRC Subsidiary.

ii. The adjustment represents the net proceed from (a) further issue and allotment of 29,866 ordinary shares of US$1 each in the Target at par to the Vendor which resulted in proceeds of US$29,866 (equivalent approximately to HK$233,000); (b) issue and allotment of 80,000,000 Placing Shares at a price of HK$0.2 per Placing Share, which resulted in proceeds of HK$16,000,000; and (c) the expenses in relation to the issue of Placing Shares approximately of HK$720,000.

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

Authorised		*HK$*
20,000,000,000	Shares	200,000,000
Issued and to be issued, fully paid or credited as fully paid		
1,049,285,000	Shares in issue as at the Latest Practicable Date	10,492,850
250,000,000	Consideration Shares to be allotted and issued upon Completion	2,500,000
1,299,285,000	Shares	12,992,850

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

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

(i) *Shares:*

Name of Director	*Note*	**Nature of interest**	**Total**	**Approximate percentage or attributable percentage of shareholdings** *(%)*
Mr. Lau Chi Yuen, Joseph ("**Mr. Lau**")	*1*	Personal	270,471,900 (L)	25.78

(L) Long position

Notes:

1. Upon completion of the open offer on 5 October 2007, Mr. Lau became a substantial Shareholders.

(ii) *Share options:*

Name of Director	**Number of options held**	**Nature of interest**	**Number of underlying Shares**	**Approximate Percentage of the issued share capital of the Company** *(%)*
Mr. Lu Liang	3,200,000 *(Note 1)*	Personal	3,200,000	0.30
Mr. Chan Sing Fai	2,200,000 *(Note 1)*	Personal	2,200,000	0.21

Notes:

1. These share options were granted pursuant to the refreshment of the existing scheme mandate limit of the share option scheme adopted by the member of the Company at the extraordinary general meeting held on 23 November 2007.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to

Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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:

(i) Substantial shareholders of the Company:

Name of Shareholders	*Notes*	**Nature of interest**	**Total**	**Approximate percentage or attributable percentage of shareholdings** *(%)*
Win Today Limited ("**WT**")	*1*	Beneficial	100,000,000 (L)	9.53
Big Good Management Limited ("**BG**")	*1*	Beneficial	88,800,000 (L)	8.46

(L) Long position

Notes:

1. Upon the completion of the open offer on 5 October 2007, WT and BG became Shareholders.

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

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(i) the agreement, irrevocable guarantee and the supplemental agreement entered into by Huhehaote Zhongwei Estate Development Company Limited, as vendor and First Union Limited as purchase, all dated 5 March 2007 in relation to the purchase of 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 for a consideration of RMB58,000,000 as set out in the circular of the Company dated 12 June 2007;

(ii) the underwriting agreement dated 18 July 2007 and entered into between the Company and Tanrich Capital Limited in relation to the open offer of 860,250,000 offer Shares on the basis of 30 offer Shares for every one Share;

(iii) the arranger agreement dated 17 July 2007 and entered into between the Company and Executive Talent Limited in relation to the open offer of 860,250,000 offer Shares on the basis of 30 offer Shares for every one Share;

(iv) the agreement dated 12 December 2007 entered into among the Purchase, Aviate Investments Limited and Mr. So Yeung in relation to the proposed acquisition of the 100 shares of US$1.00 each in the share capital of Fadara Limited;

(v) the Original Agreement and the Deed of Termination;

(vi) the Placing Agreement; and

(vii) the Agreement.

5. DIRECTORS' SERVICE CONTRACTS

Mr Chan Sing Fai, an executive director of the Company has entered into a service contract with the Company for an initial term of two years commencing from 21 August 2007 and may be terminated by either party by giving not less than two months' written notice at the end of the initial terms or any time thereafter.

Mr Lau Chi Yuen, Joseph, an executive director of the Company has entered into a service contract with the Company for an initial term of one year commencing from 27 November 2007 subject to retirement by rotating and re-election at the next annual general meeting of the Company and may be terminated by either party by giving not less than two months' written notice at the end of the initial terms or any time thereafter.

Save as disclosed above, none of the directors of the Company had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. EXPERTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
RHL Appraisal Limited ("RHL")	Professional valuer
Martin C.K. Pong & Company ("MCK")	Certified Public Accountants
China Law Office ("CLO")	Legal advisor on PRC law – Shanghai Property
GFE Law Firm ("GFE")	Legal advisor on PRC law – Inner Mongolia Property

Each of RHL, MCK, CLO and GFE has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of RHL, MCK, CLO and GFE does not have any shareholding 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.

7. 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.

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 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 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 circular.

(c) On 14 September 2007, the Company filed an Amended Statement of claim against CIL Holdings Limited ("CIL") for the sum of approximately HK$9 million being the amount due by CIL. CIL has filed its Defence to deny the said claims. After exchanging of Affirmations, the Company applied to the court for summary judgment against CIL.

The Company has on 30 April 2008 obtained judgment against CIL in the sum of approximately HK$6.9 million. On 14 May 2008, CIL has filed a Notice of Appeal to the Court. For the time being, the Company is waiting for the hearing date of Appeal given by the Court.

Save as disclosed, as at the Latest Practicable Date, no member of the Enlarged Group had engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2007, being the date to which the latest published audited financial statements of the Group was made up.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) As at the Latest Practicable Date, neither RHL, MCK, CLO and GFE nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 30 June 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) The registered office of the Company is located at Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong. The share registrar of the Company in Hong Kong is Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary and the qualified accountant of the Company is Ms. Ng Ka Sim. Ms. Ng has 10 years' experience in auditing and is a member of both The Hong Kong Institute of Certified Public Accountants and the CPA Australia.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Unit 2508, 25th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 18 June 2008, Wednesday and at the EGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(c) the written consents of the experts referred to in the paragraph headed "Experts" in this Appendix;

(d) the valuation report on the property interests of the Enlarged Group, the text of which is set out in Appendix I to this circular;

(e) the accountants' report on the Target Group prepared by MCK, the text of which is set out in Appendix III to this circular;

(f) the accountants' report from MCK in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(g) the annual reports of the Company for each of the two financial years ended 30 June 2006 and 30 June 2007;

(h) a copy of the circular of the Company relating to a very substantial transaction dated 12 June 2007;

(i) a copy of the prospectus of the Company relating to the open offer of the Company dated 13 September 2007;

(j) a copy of the circular of the Company relating to a share transaction dated 4 January 2008; and

(k) a copy of this circular.

eCyberChina Holdings Limited
光訊控股集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 254)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of eCyberChina Holdings Limited (the "**Company**") will be held at Unit 3203, 32/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong on Wednesday, 18 June 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the conditional agreement (the "**Agreement**") dated 3 April 2008 (as supplemented by the supplemental agreement dated 14 April 2008) and entered into between Konmate Investments Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company and Mr. Lo Chun Chung Johnny (the "**Vendor**") in relation to, among other matters, the sale and purchase of the 29,868 shares of US$1.00 each in the capital of L&L Partners' Limited (the "**Target**") representing the entire issued share capital of the Target by the Purchaser (a copy of which is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved and the directors (the "**Directors**") of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder;

(b) the allotment and issue of 250,000,000 ordinary shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$0.01 each in the share capital of the Company credited as fully paid at an issue price of HK$0.80 per Consideration Share to the Vendor (or his nominee(s)) pursuant to the Agreement be and is hereby approved and any Director be and is hereby authorised to allot and issue the Consideration Shares in accordance with the terms of the Agreement and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Consideration Shares;

(c) the issue of the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$40,000,000 by the Company in accordance with the terms and conditions of the Agreement and the transactions contemplated thereunder be and are hereby approved and any Director be and is hereby authorised to take all steps necessary, desirable or expedient in his opinion to implement and/or give effect to the issue of the Convertible Bonds and the transactions contemplated thereunder including but not limited to the allotment and issue of ordinary shares (the "**Conversion Shares**") of HK$0.01 each in the share capital of the Company of which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds; and

(d) the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Consideration Shares and the Conversion Shares be and is hereby approved."

SPECIAL RESOLUTIONS

2. "**THAT** the name of the Company be and is hereby changed from "eCyberChina Holdings Limited" to "China Outdoor Media Group Limited" and the new Chinese name "中國戶外媒體集團有限公司" to be adopted to replace "光訊控股集團有限公司" with effect from the date of entry of the new name of the register maintained by the Companies Registrar in Hong Kong and that the Directors be and are hereby authorised to do all such acts and things and execute all such documents they consider necessary, desirable or expedient to give effect to the aforesaid change of name of the Company."

3. "**THAT** the articles of association (the "**Articles**") of the Company be and are hereby amended by adding of the following new Article 91A immediately after the existing Article 91:

   "Where that shareholder and/or warrantholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any shareholders' meeting or any meetings of any class of shareholders and/or warrantholders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares and/or warrants in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence of substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual shareholder and/or warrant holder of the Company.""

By order of the Board
eCyberChina Holdings Limited
Lau Chi Yuen, Joseph
Director

Hong Kong, 23 May 2008

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

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's share registrar in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.