**eCyberChina Holdings Limited**

**光訊控股集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 254)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2007

## RESULTS

The Board of Directors (the "Board") of eCyberChina Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (herein collectively referred to as the "Group") for the year ended 30 June 2007 together with the comparative figures for 2006 as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 30 June 2007*

| | *Notes* | **2007 HK$'000** | 2006 HK$'000 |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| Turnover | | **11,224** | 43,337 |
| Direct costs | | **(9,549)** | (41,183) |
| Gross profit | | **1,675** | 2,154 |
| Other income | | **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 | | **(5,057)** | (10,092) |
| 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 before tax | | **(10,772)** | (30,194) |
| Income tax | 3 | **(1,097)** | (938) |
| Loss for the year from continuing operations | | **(11,869)** | (31,132) |
| DISCONTINUED OPERATION | | | |
| Profit for the year from discontinued operation | | **–** | 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 | 5 | **(0.4)** | (0.8) |
| From continuing operations | | | |
| – Basic | 5 | **(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 | | **222** | 318 |
| Investment property | 6 | **–** | – |
| Deposit paid for purchase of investment property | | **13,371** | – |
| | | **13,593** | 318 |
| CURRENT ASSETS | | | |
| Properties held for sale | | **9,586** | 18,450 |
| Financial assets | | **–** | 10,978 |
| Trade and other receivables | 7 | **3,032** | 482 |
| Cash and bank deposits | | **4,195** | 17,263 |
| | | **16,813** | 47,173 |
| CURRENT LIABILITIES | | | |
| Financial liabilities | | **–** | 871 |
| Trade and other payables | 8 | **4,563** | 4,605 |
| Obligations under finance leases | | **–** | 7 |
| Borrowings | | **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 | | **–** | 11,781 |
| Borrowings | | **13,371** | 21,420 |
| | | **(13,371)** | (33,201) |
| NET ASSETS/(LIABILITIES) | | **(4,585)** | 7,284 |
| CAPITAL AND RESERVES | | | |
| Share capital | | **573,500** | 573,500 |
| Reserves | | **(578,085)** | (566,216) |
| EQUITY/(DEFICIT) | | **(4,585)** | 7,284 |

## 1. 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 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

## 2. 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 |

## 3. 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 | **–** | – | **–** | – | **–** | – |
| 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.

## 4. DIVIDEND

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

## 5. 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.

## 6. 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.

## 7. 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** | – | **–** | – |

## 8. 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 |

## MANAGEMENT DISCUSSION AND ANALYSIS

**Business Review**

During the year under review, the Group was mainly engaged in property investment.

**Turnover**

The total revenue for the year was approximately HK$11 million, 100% contributed from the property segment.

**Net Loss**

The Group's net loss for the year was approximately HK$11.9 million (2006: HK$24 million).

**Expenses**

Administrative and other operating expenses amounted to approximately HK$11.9 million (2006: HK$14 million).

Total finance costs amounted to approximately HK$5 million (2006: HK$10 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% (2006: 48%). This situation has been improved when the Group successfully raised funds of approximately HK$100 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 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 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.

**Contingent Liabilities**

As at 30 June 2007, the Group's had contingent liabilities as follow:

(a) Possible claims arising from guarautee related to former related company of approximately HK$5 million and indemnity related to former subsidiary of approximately HK$5.8 million.

(b) Possible profits tax that may be charged by the Hong Kong Revenue Department in respect of the deductibility of management fees charged in previous years of which the effect cannot be reasonably estimated at this stage.

**Working Capital**

The Company had successfully raised capital of HK$100 million in October 2007. The funds are sufficient for the Group's development projects and to meet its working capital requirements.

**Employees and remuneration**

The approximate number of employees of the Group as at 30 June 2007 was 15 (2006: 15) and the staff costs were approximately HK$1,270,000 (2006: HK$1,303,000).

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.

## CORPORATE GOVERNANCE REPORT

### Corporate Governance Practices

Pursuant to the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), an audit committee was established by the Company in 2004 to review and supervise the Group's financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors, Mr. Cheng Sheung Hing, Mr. Cheng Kwong Choi, Alexander and Mr. Law Tai Yan. The annual results for the year ended 30 June 2007 have been reviewed by the Audit Committee.

### Mode Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 30 June 2007.

### COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the reporting period, except for the following deviations:

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

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the year ended 30 June 2007.

### AUDIT COMMITTEE

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

## DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

A detailed results announcement of the Group for the year ended 30 June 2007 containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Website of the Stock Exchange in due course.

By order of the Board
**eCyberChina Holdings Limited**
**Ho Chi Wing**
*Chairman*

Hong Kong, 26 October 2007

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*