



CyberM International (Holdings) Limited

美域數碼國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

2000

INTERIM REPORT

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of CyberM International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SUMMARY

- Turnover achieved a 45% period-to-period growth to approximately HK\$9,866,000.
- Profit attributable to shareholders increased by 19% to HK\$812,000.
- Basic earnings per share rose to HK0.37 cents, representing an increment of 16%.
- Successfully listed on GEM on 17th August, 2000

CHAIRMAN’S STATEMENT

The Company and its subsidiaries (collectively referred to as the “Group”) have been delivering quality business application solutions to small and medium enterprises in Hong Kong since the establishment of the Group in 1990. Led by a team of experienced and dynamic management, the Group is implementing a visionary plan to capture the sweeping growth and enormous demand in the e-commerce and m-commerce market. Internet-based B2B eBusiness solutions and mobile and wireless computing have been the focuses of the Group. CyberM Business Series, using the ASP approach and CyberM Mobile Series, were successfully launched respectively in July 2000 and September 2000.

On 17th August, 2000, the Company achieved another milestone by being successfully listed on GEM. For the six months ended 30th September, 2000, the Group achieved growth in both turnover and operating results.

Looking ahead, the rapid growth of technology will transform the business landscape. As one of the pioneers in providing mobile B2B e-business solution by using the ASP approach, I believe that our new product series will bring in solid revenue and growth. In addition, the Group will further strengthen its technical and marketing proficiency to tap further into this vigorous market.

On behalf of the board of directors (the “Directors”) of the Company, I am pleased to present the unaudited results of the Group for the six months ended 30th September, 2000 and three months ended 30th September, 2000.

RESULTS

The unaudited consolidated results of the Group for the six months and three months ended 30th September, 2000 together with the unaudited comparatives for the corresponding period in 1999 are as follows:

	<i>Note</i>	Six months ended 30th September,		Three months ended 30th September,	
		2000	1999	2000	1999
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	9,866	6,782	4,204	3,763
Cost of sales		<u>(2,800)</u>	<u>(1,830)</u>	<u>(653)</u>	<u>(1,038)</u>
Gross profit		7,066	4,952	3,551	2,725
Other revenue		69	24	56	24
Distribution and selling expenses		(393)	(317)	(136)	(208)
General and administrative expenses		<u>(5,781)</u>	<u>(3,680)</u>	<u>(3,180)</u>	<u>(2,120)</u>
Profit from operation		961	979	291	421
Interest income		202	–	180	–
Interest expense		<u>(140)</u>	<u>(124)</u>	<u>(72)</u>	<u>(64)</u>
Profit before taxation		1,023	855	399	357
Taxation	3	<u>(211)</u>	<u>(172)</u>	<u>(76)</u>	<u>(72)</u>
Profit attributable to shareholders		<u>812</u>	<u>683</u>	<u>323</u>	<u>285</u>
Earnings per share – Basic	4	<u>0.37 cents</u>	<u>0.32 cents</u>	<u>0.14 cents</u>	<u>0.13 cents</u>
– Diluted		<u>0.37 cents</u>	<u>N/A</u>	<u>0.14 cents</u>	<u>N/A</u>

1. Basis of preparation

The Company was incorporated in Bermuda on 3rd March, 2000 as an exempted company under the Companies Act 1981 of Bermuda (as amended). The Company's shares were successfully listed on GEM on 17th August, 2000. On 1st August, 2000, pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM, the Company became the holding company of the Group.

The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the consolidated results of operation have been prepared as if the Company had been the holding company of the other companies comprising the Group throughout the six months and three months period ended 30th September, 2000 and 1999 rather than from the date on which the Reorganisation was completed.

2. Turnover

The consolidated turnover of the Group is consisted of:

	Six months ended 30th September,		Three months ended 30th September,	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of computer hardware	2,306	1,633	579	942
Sales and lease of packaged software	2,585	2,142	782	814
Fees for developing customised solutions	3,201	2,107	2,023	1,498
Fees for technical support and maintenance services	1,708	900	787	509
Rental income	66	-	33	-
	<u>9,866</u>	<u>6,782</u>	<u>4,204</u>	<u>3,763</u>

3. Taxation

Hong Kong profits tax was provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in or derived from Hong Kong.

4. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to the shareholders for the six months and three months ended 30th September, 2000 of respectively HK\$812,000 and HK\$323,000 (six months and three months ended 30th September, 1999: HK\$683,000 and HK\$285,000 respectively) and the weighted average of 221,929,508 shares and 231,256,522 shares respectively for the six months and three months ended 30th September, 2000 (1999: 212,500,000 shares for both periods) deemed to be in issue during the periods assuming the 212,500,000 shares issued pursuant to the Reorganisation described in Note 1 above had been outstanding throughout the six months and three months period ended 30th September, 2000 and 1999.

The calculation of diluted earnings per share for the six months and three months ended 30th September, 2000 was based on profit attributable to shareholders of approximately HK\$812,000 and HK\$323,000, respectively and the diluted weighted average number of approximately 222,185,814 shares and 231,766,348 shares, respectively in issue during the periods. They have been calculated after taking into account all dilutive instruments outstanding as at 30th September, 2000. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding employee share option on the weighted average number of shares in issue during the six months and three months ended 30th September, 2000 were approximately 256,306 shares and 509,826 shares respectively which were deemed to have been issued at no consideration as if all outstanding employee share options had been exercised on the date the option were granted.

Diluted earnings per share is not presented for the six months and three months ended 30th September, 1999 because there were no dilutive potential ordinary shares in existence during the periods.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2000 (six months ended 30th September, 1999: Nil).

MOVEMENT IN RESERVES

During the six months ended 30th September, 2000, the Group and the Company has the following movement in reserves:

Share premium

- issue of 37,500,000 new shares at HK\$0.93 each, resulting in increase of approximately HK\$24,070,000, net of share issuance expenditure, in share premium.
- Capitalisation of 185,220,000 shares, resulting in reduction in share premium of HK\$18,522,000.
- issue of shares pursuant to the exercise of share options resulting in increase of approximately HK\$65,000

Retained profits

- During the six months ended 30th September, 2000, an effect of group reorganisation of approximately HK\$340,000 was written off against the retained profit, which represents the excess of the nominal value of the shares issued (4,176,150 shares of HK\$0.1 each) by the Company in exchange for the shares of the subsidiaries (with value of HK\$77,500) under the group reorganisation as detailed in the Company's prospectus dated 11th August, 2000 (the "Prospectus").

Other than the profit retained for the period, there was no reserve movement for the six months ended 30th September, 1999.

BUSINESS REVIEW AND PROSPECTS

General

For the six months ended 30th September, 2000, the Group achieved growth in both turnover and profit attributable to shareholders by respectively 45% and 19% to approximately HK\$9,866,000 and HK\$812,000. Earnings per share at HK0.37 cents per share, an increment of 16%.

Business Development

CyberM Business Series, using the ASP approach, was launched in July 2000. Up to September 2000, two ASPs have been engaged by the Group to host and to jointly promote CyberM Business Series. The Group is also negotiating with other ASPs and ISPs.

During the period under review, two modules of the CyberM Mobile Series were launched to the market, with encouraging feedback from customers. As a recognised and well-established solution provider, we are ready to catch the opportunities arising from the flourishing market of mobile and wireless computing.

Offices will be set up in Guangzhou and Shenzhen in the fourth quarter of 2000 as our first presence in the Mainland China. The Group will continue to explore new business opportunities in the Greater China Region.

Research and Development

The Group will continue to focus on the development of Internet-based B2B eBusiness solutions. To keep abreast of market development, the Group has set up a team specialising in research on the mobile technology including WAP and Window CE. The CyberM Business Series running on the Linux platform is also under study. The development teams of the Group are committed to bring CyberM Business Series and CyberM Mobile Series to meet every need and expectation of the customers in the market.

Expansion and Business Alliance

In May 2000, the Group entered into a collaboration agreement with Sybase Hong Kong Limited. Such strategic alliance has strengthened the Group's technical competence in applying mobile and wireless computing technologies to the Group's Internet-based B2B eBusiness solutions. Besides, the Group is also one of the partners of the Asian Solutions Centre ("ASC") through which the Group's products are promoted, not only to the local customers but also to other Asian countries. In the coming periods, the Group will continue to develop business and technical alliances with established international IT companies and local business partners.

Sales and marketing

During the six months under review, the Group has participated in a number of marketing events including the Computer Expo in May 2000, the Hong Kong International E-commerce in July 2000, the Asian IT Expo in September 2000 and the mBusiness Discovery Day organised by ASC in July 2000. The Group also actively organised seminars and gave presentations on mobile computing in order to enhance public recognition of the Group and its products.

Prospects

Looking ahead, as an experienced application solution provider, using ASP approach, the Group sees exciting opportunities presented by the proliferation of intelligent devices and the advancement and dissemination of Internet-based and mobile and wireless computing technologies. Needs and opportunities have arisen for organisations to seamlessly extend all of their electronic business information through the new Internet-based systems to anywhere transactions occur. In addition, the Group anticipates that the impending opening of the Internet industry in China following its admission to the World Trade Organisation ("WTO") will bring ample business opportunities to the Group.

COMPARISON OF ACTUAL BUSINESS PROGRESS TO BUSINESS OBJECTIVES

Set out below is a comparison between the Group's actual business progress and its business objectives for the period under review, as set out in the Prospectus:

Principal area	Key business objectives	Actual business progress
Business development		
Hong Kong	Provide CyberM Business Series on an ASP approach	Launched in July 2000.
	Promote CyberM Business Series and CyberM Mobile Series through ASC and conduct marketing campaigns	The Group participated in the Computer Expo held in May 2000, the Hong Kong International E-commerce in July 2000, the Asian IT Expo held in September 2000 and also the mBusiness Discovery Day organised by ASC in July 2000. Moreover, the Group also actively organised seminars and gave presentations on mobile computing.

Principal area	Key business objectives	Actual business progress
	Expand the sales and marketing department	Seven new staff for the Group's Sales & Marketing and Business Development have been recruited.
	Strengthen customer service functions	One additional staff has been recruited to handle customer service matters.
Taiwan	Study and research the market and formulate marketing strategies	Still in the preliminary stage, study on market feasibility yet to be finalised.
PRC	Study and research the market and formulate marketing strategies	Offices will be set up in Guangzhou and Shenzhen during the fourth Quarter of 2000.
Product and Services	Launch CyberM Business Series and CyberM Mobile Series	Both CyberM Business Series and CyberM Mobile Series were successfully launched respectively in July and September 2000.
	Develop interfaces with banks, shipping companies and / or freight forwarders	The development of an e-Payment interface with a major international bank completed successfully. Development of other interfaces are still under study.
	Continue to monitor and analyse the latest market trends and feedback from the users on the business application solutions	Two modules of CyberM Mobile Series were launched to meet the upsurge in demand of Mobile B2B business solution.
Research & Development	Enhance CyberM Business Series to suit the local requirements for the PRC and Taiwan market	Enhancement works for the PRC market are ongoing.
	Further develop the CyberM Mobile Series and other mobile business application solutions	Two modules of CyberM Mobile Series were launched in September 2000 and another module is under development.
	Enhance the performance, capability and security of CyberM Business Series and CyberM Mobile Series	Enhancement works are in progress.
Expansion and Business Alliance	Contemplate alliance with ASP(s) to host and promote CyberM Business Series	The Group has entered into co-operation agreements with two ASPs in Hong Kong to host and promote CyberM Business Series. The Group will continue to explore and develop business and technical alliances with local and international business partners.
	Explore alliance opportunities in Hong Kong and PRC to promote and host CyberM Business Series and continue the negotiation with local business partners in Taiwan.	In negotiation with several ISPs and ASPs in Hong Kong, PRC and Taiwan.

USE OF PROCEEDS

Up to 30th September, 2000, approximately HK\$0.15 million has been used for research and development in the technology, new functions and customisation of B2B eBusiness solutions and mobile and wireless mobile computing technologies and approximately HK\$0.14 million for promotion and marketing purposes, as set out in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE INTEREST IN SECURITIES

As at 30th September, 2000, the interests of the Directors and their associates in the share capital and listed securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interest) Ordinance (the "SDI Ordinance")) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name of Directors	Type of Interest	Number of shares	Percentage of shareholdings (%)
Lau Chiu Pui (Mr. Lau)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%
Yip Ho Pong (Mr. Yip)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%
Lai Shu Pui, Fergus (Mr. Lai)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%
Wong Kit Mei (Mr. Wong)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%
Fung Yiu Fai (Mr. Fung)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%

Note: The 191,250,000 shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited. The entire issued share capital in Noble Class Group Limited is in turn held by Sunrise International (Holdings) Limited ("Sunrise"), a company incorporated in Cayman Islands. Mr. Lau and his spouse, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung are the holders of all the issued non-voting redeemable and retractable preferred shares of Sunrise with the rights to a fixed 5% cumulative dividend and redemption at fixed redemption prices in the aggregate amount of HK\$9 million only. All the issued ordinary shares of Sunrise are held by Arawak Trust Company Limited, a corporate trustee of a discretionary trust, the discretionary objects of which include:

- (i) Prophecy Associates Limited *
- (ii) Mr. Yip, his spouse, their issue and spouses of their issue **
- (iii) Mr. Lai, his spouse, their issue and spouses of their issue **
- (iv) Mr. Wong, his spouse, their issue and spouses of their issue **
- (v) Mr. Fung, his spouse, their issue and the spouses of their issue **
- (vi) Mr. Chan Wing Fuk, his spouse, their issue and the spouses of their issue **

The discretionary trust described above is subject to a non-binding arrangement that any distribution of trust funds will be in the following proportions:

Discretionary objects	Proportion
Prophecy Associates Limited *	86.68%
Mr. Yip (upon his death, his spouse, and upon the death of Mr. Yip and his spouse, their children)	3.33%
Mr. Lai (upon his death, his spouse, and upon the death of Mr. Lai and his spouse, their children)	3.33%
Mr. Wong (upon his death, his spouse, and upon the death of Mr. Wong and his spouse, their children)	3.33%
Mr. Fung (upon his death, his spouse, and upon the death of Mr. Fung and his spouse, their children)	3.33%

* *All the issued ordinary shares of Prophecy Associates Limited are held by AMS Trustees Limited, a corporate trustee of a discretionary trust, the discretionary objects of which are the lineal descendants of the paternal and maternal grandfathers of Mr. Lau and his spouse but exclude, inter alia, residents of Canada.*

** *The families of Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong, Mr. Fung and Mr. Chan Wing Fuk as described above are not relatives of each other. Mr. Chan Wing Fuk is the godfather of Mr. Lau's spouse.*

Each of Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung is therefore taken to have an interest in the 191,250,000 shares held by Noble Class Group Limited under the SDI Ordinance.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests in the share capital and listed securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES AND OPTIONS GRANTED

Under a share option scheme adopted by the shareholders of the Company on 1st August, 2000, the Directors of the Company may, at their discretion, offer to full-time employees, and executive Directors of the Company, options to subscribe for shares in the company subject to the terms and conditions stipulated therein. As at 30th September, 2000, certain options had been granted to the following executive Directors and full-time employees:

Grantee	Date of grant	Exercise price HK\$	Exercise period	No. of ordinary shares eligible for subscription under the share options	Type of interest
<i>Executive Directors</i>					
Yip Ho Pong	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000 60,000	Personal Family ***
Lai Shu Pui, Fergus	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000	Personal
Wong Kit Mei	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000 44,000	Personal Family ***
Fung Yiu Fai	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000	Personal
<i>Other participants</i>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	15,776,000	

*** *Represent options granted to their spouses who are employees of the Company.*

As at 30th September, 2000, none of the options being granted to the executive Directors have been exercised or cancelled.

During the six months ended 30th September, 2000, 60,000 shares of HK\$0.1 each of the Company were issued at a price of HK\$1.18 per share to a full-time employee on the exercise of share options at a

total cash consideration of HK\$70,800. The closing price of the Company's shares immediately before the date on which the options were exercised was HK\$1.32. As at 30th September, 2000, there were outstanding options granted to the full-time employees eligible to subscribe for 15,716,000 shares of the Company.

Except as disclosed above, as at 30th September, 2000, the Company had not granted any rights to subscribe for shares of the Company to any directors or chief executives of the Company or to their spouses or children under 18 years of age.

Except as disclosed above, at no time during the period under review was the Company, its holding companies or its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Other than the interests as disclosed above in respect of the Directors and their associates, as at 30th September, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10 percent or more of the Company's issued share capital.

Name	Number of shares held	Percentage of shareholdings (%)
Noble Class Group Limited (<i>see Note above</i>)	191,250,000	76.48%
Sunrise International (Holdings) Limited (<i>see Note above</i>)	191,250,000	76.48%
Arawak Trust Company Limited (<i>see Note above</i>)	191,250,000	76.48%

Save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30th September, 2000.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, Core Pacific – Yamaichi Capital Limited ("Core Pacific – Yamaichi"), neither Core Pacific – Yamaichi nor its directors, employees or associates had any interest in the share capital of the Company as at 30th September, 2000 and 8th November, 2000 pursuant to Rules 6.35 and 18.63 of the GEM Listing Rules.

Pursuant to the agreement dated 11th August, 2000 entered into between the Company and Core Pacific – Yamaichi, Core Pacific – Yamaichi has received and will receive a fee for acting as the Company's retained sponsor for the period from 17th August, 2000 to 31st March, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

YEAR 2000 COMPLIANCE

The Directors are pleased to announce that all accounting, financial, functional and operational applications in the Group were fully Year 2000 compliant and therefore, the Year 2000 compliance had no material adverse impact on the business operations in all functional areas of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 1st August, 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and providing supervision over the financial reporting process and internal control system of the Group. The audit committee comprises Mr. Yip Ho Pong and the two independent non-executive directors, Mr. Chan Siu Yeung and Ms. Kwan Ngan Hing, Edith. The Group's unaudited results for the six months ended 30th September, 2000 have been reviewed by the audit committee, who were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30th September, 2000, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

On behalf of the Board
Lau Chiu Pui
Chairman

8th November, 2000, Hong Kong