

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares of CyberM International (Holdings) Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, 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 document.

This circular, for which the directors of CyberM International (Holdings) Limited 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 for the purpose of giving information with regard to CyberM International (Holdings) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular 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 circular misleading; and (3) all opinions expressed in this circular has been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



# **CyberM International (Holdings) Limited** **美域數碼國際(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

## **GENERAL MANDATE** **FOR THE REPURCHASE BY THE COMPANY** **OF ITS OWN SHARES**

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This circular is dispatched together with the Annual Report which comprises of the directors' report, the auditors' report by Messrs. Arthur Andersen & Co and the financial statements of the Company for the year ended 31 March, 2001.

A notice convening the annual general meeting of the Company to be held at the Tai Tam Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 23rd August, 2001 at 4:00 p.m. is set out on pages 14 to 15 of the Annual Report. Whether or not you are able to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Central Registration Hong Kong Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so wish.

29th June, 2001

## **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 sector 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.*



# CyberM International (Holdings) Limited

## 美域數碼國際(控股)有限公司

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. Lau Chiu Pui  
Mr. Yip Ho Pong  
Mr. Lai Shu Pui Fergus  
Mr. Wong Kit Mei  
Mr. Fung Yiu Fai

*Non-executive Directors:*

Mr. Chiu Raymond Yim

*Independent Non-executive Directors:*

Mr. Chan Siu Yeung  
Ms. Kwan Ngan Hing Edith

*Principal Office:*

Units 05-07, 26/F,  
Laws Commercial Plaza  
788 Cheung Sha Wan Road  
Kowloon  
Hong Kong

*Registered Office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

29th June, 2001

*To the shareholders of the Company*

Dear Sir or Madam,

### **GENERAL MANDATE FOR THE REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

#### **INTRODUCTION**

This letter contains the explanatory statement required to be sent to shareholders under the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") in connection with the proposed resolution for the approval of the renewal of the general mandate for the repurchase by the Company of its own shares.

#### **GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting of the Company to be held on 23rd August, 2001, an ordinary resolution will be proposed for the renewal of the general mandate given to the directors of the Company to exercise all the powers of the Company to repurchase its issued and fully paid shares. The Company's authority is restricted as regards purchases made on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in accordance with the GEM Listing Rules. Under such mandate, the number of issued shares that the Company is authorised to repurchase on the Stock Exchange may not exceed 10 per cent. of the issued share capital of the Company as at the date of passing the resolution granting the general mandate.

As at 26th June, 2001, being the latest practicable date prior to the printing of this letter, there were in issue 250,060,000 shares of HK\$0.10 each in the Company. Exercise in full of the mandate, if approved by the shareholders of the Company at the Annual General Meeting, on the basis that no further shares are issued or repurchased prior to the date of the Annual General Meeting, the Company has the authority to repurchase its own shares up to 25,006,000 shares during the period (“Relevant Period”) ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by its Bye-laws or any applicable law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders at a general meeting of the Company.

The Directors have no present intention to repurchase any shares but consider that the mandate will provide the flexibility to make such repurchases when appropriate and beneficial to the Company and its shareholders. Such repurchases may enhance the net asset value of the Company and its assets and/or its earnings per share.

The directors would consider the Company’s financial position at times in exercising the repurchase mandate and would not propose to exercise any repurchases to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels.

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the applicable laws of Bermuda. The Company is empowered under its Memorandum of Association to repurchase shares and the same authority is given under section 42A of the Companies Act 1981 of Bermuda. The Companies Act 1981 of Bermuda provides that the funds permitted to be utilized in connection with a share repurchase may only be paid out of either the capital paid up on the relevant repurchased shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution, or out of the share premium account of the Company. Under Bermuda law, a company’s repurchased shares shall be treated as cancelled upon purchase and the company’s issued share capital shall be diminished by the nominal value of those shares accordingly (but such repurchase is not to be taken as reducing the amount of the company’s authorised share capital).

## **DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the directors nor, to the best knowledge and belief of the directors, having made all reasonable enquiries, any of their associates have any present intention, in the event that the mandate is approved by shareholders, to sell shares to the Company or its subsidiaries.

No connected persons (as defined in the GEM Listing Rules) has notified the Company that he/she has a present intention to sell shares to the Company nor has he/she undertaken not to do so in the event that the Company is authorised to make purchases of shares.

## UNDERTAKING OF THE DIRECTORS

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the Memorandum of Association and the Bye-laws of the Company.

## TAKEOVERS CODE CONSEQUENCES

If as the result of a repurchase of shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances. As at 26th June, 2001 (being the latest practicable date prior to printing of this letter), Prophecy Associates Limited, Mr. Yip Ho Pong ("Mr. Yip"), Mr. Lai Shu Pui Fergus ("Mr. Lai"), Mr. Wong Kit Mei ("Mr. Wong") and Mr. Fung Yiu Fai ("Mr. Fung") and their respective families are the discretionary objects of a discretionary trust. 191,250,000 shares in the capital of the Company, being 76.48% of the total issued capital of the Company, are assets of the trust held through Noble Class Group Limited. 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 Chiu Pui and his spouse but exclude, inter alia, residents of Canada.

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

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

The directors are not aware of any shareholder, or group of shareholders acting in concert, who will become obliged to make a mandatory offer as a result of repurchases of shares.

## **PROVISIONS OF THE GEM LISTING RULES**

The GEM Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase in cash their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

### **(a) Shareholders' approval**

All repurchases of shares on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by specific approval in relation to specific transactions.

### **(b) Source of funds**

Repurchases must be funded out of funds legally available for the purpose.

### **(c) Trading restrictions**

The total number of shares which a company is authorised to repurchase on the Stock Exchange is shares representing up to a maximum of 10 per cent. of the existing issued share capital at the date of passing the relevant resolution. A company may not make a new issue of shares or announce a proposed new issue of shares of the type that has been repurchased for a period of 30 days immediately following a repurchase (other than an issue of shares pursuant to the exercise of share options or similar instruments outstanding prior to the repurchase). A company may only purchase shares on the Stock Exchange if (1) the purchase price is not higher than the latest (or current) independent bid price or the last independent sale (contract) price quoted or reported on the system (as defined in the Rules of the Stock Exchange), whichever is higher; and (2) the company has not made the opening bid nor any bid in the last 30 minutes before the close of normal trading hours as stipulated in the Rules of the Stock Exchange. The GEM Listing Rules also prohibit a company from making repurchases of its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company shall not purchase shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

### **(d) Status of repurchased shares**

The listing (whether on the Stock Exchange or otherwise) of all repurchased shares will be automatically cancelled and the relevant certificates must be destroyed.

**(e) Suspension of repurchases**

Any share repurchase programme is required to be suspended after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced. A company is also prohibited from making any repurchase of shares on the Stock Exchange during the period of one month immediately preceding either the preliminary announcement of the company's annual results or the publication of the company's interim report, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of shares on the Stock Exchange if the company has breached the GEM Listing Rules.

**(f) Reporting requirements**

Repurchases of shares on the Stock Exchange must be reported to the Stock Exchange not later than 9:30 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of shares made during the year, including the number of shares repurchased each month (whether on GEM or otherwise), the purchase price per share, or the highest or lowest price for all such purchases where relevant, and the aggregate price paid for such purchases. The company shall procure that any broker appointed by the company to effect the purchase of shares disclose to the Stock Exchange such information with respect to purchases made on behalf of the company as the Stock Exchange may request.

**(g) Connected parties**

A company is prohibited from knowingly repurchasing its own shares on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company, or any of its subsidiaries or their associates (as defined in the GEM Listing Rules) and a connected person shall not knowingly sell his shares to the company.

**SHARE REPURCHASES MADE BY THE COMPANY**

During the six months preceding the date of this letter, no shares have been repurchased by the Company.

## MARKET PRICES

During each of the previous eleven months after the initial listing of the shares and up to the latest practicable date prior to the printing of this letter, the highest and lowest closing prices for shares on the Stock Exchange were as follows:

Month	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
August, 2000	1.28	1.08
September, 2000	1.39	1.17
October, 2000	1.43	1.13
November, 2000	1.26	1.05
December, 2000	1.05	0.86
January, 2001	0.90	0.60
February, 2001	0.70	0.46
March, 2001	0.30	0.28
April, 2001	0.34	0.25
May, 2001	0.30	0.28
June, 2001 (up to 26th June, 2001)	0.50	0.28

## RECOMMENDATION

The directors consider the renewal of the mandate to repurchase the issued and fully paid shares of the Company are in the interest of the Company and its shareholders and so recommend you to vote in favour of the resolutions at the forthcoming Annual General Meeting. The directors will vote all their shareholders in favour of the resolutions.

Yours faithfully,

**Lau Chiu Pui**

*Chairman*