



# **CyberM International (Holdings) Limited**

**美域數碼國際(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

## **Results Announcement**

**For the six months ended 30th September, 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 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.

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*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 for the six months ended 30th September, 2001 amounted to HK\$8,191,000.
- Loss attributable to shareholders amounted to HK\$3,623,000 corresponding to a basic loss per share of HK1.45 cents.

## **RESULTS**

The unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30th September, 2001 together with the comparatives for the corresponding periods in 2000 are as follows:

	Note	Six months ended 30th September,		Three months ended 30th September,	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	1	8,191	9,866	3,337	4,204
(Loss) profit from operation		(3,882)	961	(3,942)	291
Interest income		284	202	97	180
Interest expenses		(25)	(140)	(10)	(72)
(Loss) profit before taxation		(3,623)	1,023	(3,855)	399
Taxation	2	-	(211)	37	(76)
(Loss) profit attributable to shareholders		(3,623)	812	(3,818)	323
(Loss) earnings per share	3				
- Basic		(1.45 cents)	0.37 cents	(1.53 cents)	0.14 cents
- Diluted		N/A	0.37 cents	N/A	0.14 cents

## 1 Turnover

The consolidated turnover of the Group consisted of:

	Six months ended 30th September, 2001		Three months ended 30th September, 2001	
	HK\$'000	2000 HK\$'000	HK\$'000	2000 HK\$'000
Fees for development of customised software and sales of related computer equipment	3,787	5,507	1,392	2,602
Sales and lease of packaged software	2,859	2,585	1,173	782
Fees for technical support and maintenance services	1,482	1,708	737	787
Rental income	63	66	35	33
	<u>8,191</u>	<u>9,866</u>	<u>3,337</u>	<u>4,204</u>

## 2 Taxation

No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in and derived from Hong Kong for the six months ended 30th September, 2001.

## 3 (Loss) earnings per share

The calculation of basic (loss) earnings per share is based on the loss attributable to the shareholders for the six months and three months ended 30th September, 2001 of respectively HK\$3,623,000 and HK\$3,818,000 (six months and three months ended 30th September, 2000: profit of HK\$812,000 and HK\$323,000 respectively) and on the weighted average of 250,060,000 shares for the six months and three months ended 30th September, 2001 (2000: 221,929,508 shares and 231,256,522 shares respectively for the six months and three months ended 30th September, 2000) in issue.

No diluted loss per share is presented for the six months and three months ended 30th September, 2001 as the outstanding share options were anti-dilutive.

## DIVIDEND

The board of directors of the Company does not recommend payment of dividend for the six months ended 30th September, 2001 (six months ended 30th September, 2000: Nil).

## REVIEW

The generally bad economic climate has adversely impact the Group causing its turnover for the three months ended 30th September, 2001 decreased by 20.6% to HK\$3,337,000, compared to the same period last year and reported a loss attributable to shareholders of HK\$3,818,000. The Group believes that its commitment to develop quality products to meet the needs of different customers in a variety of industries is the key to overcome the challenging time. During the period under review, new releases of the Group's CyberM Business Series -"t-business lite" and "One Shop POS" have been launched. Both of them are tailored to assist the SMEs in Hong Kong and China. Besides, the mobile POS has also been released, with a hand held PDA, the efficiencies in making sales orders are greatly improved. Similarly, the SchoolPlus scheme is also adding on the mobile feature to make school administrative works easier. With the successful operation of the Group's research and development and customer service centre in Guangzhou, the Group is now establishing its sales force to explore new markets in the mainland China. The enormous China market will certainly brought with the Group fruitful results.

## COMPARISON OF ACTUAL BUSINESS PROGRESS TO BUSINESS OBJECTIVES

### Key Business Objectives For The Six Months Ended 30th September, 2001

### Actual Business Progress

#### *Revenue and Business Development*

Continue the business development activities from the previous period

#### Hong Kong

The Group has focused on developing packaged products which are user friendly and cost effective to SMEs in Hong Kong such as the One Shop POS and t-business lite.

#### Taiwan

Due to the unfavourable market condition in Taiwan, feasibility study is still in progress

#### The PRC

The R & D and customer service centers were relocated to Guangzhou with larger office space to accommodate further expansion.

Subject to the expansion needs, set up a new office at the Cyber-Port in Hong Kong

In view of the current market condition, the proposal for the new office at the Cyber-Port is suspended. The Group is now considering another office relocation plan.

Evaluate the feasibility of developing an industry-specific vertical B2B enterprise portal, which purpose is to provide information for users from a particular industry

Following the successful pilot run and live run of the SchoolPlus scheme in June and September 2001 respectively, the Group is developing a portal specifically for the educational sector.

Subject to the setting up of a business partnership in Taiwan, establish a customer service center in Taiwan

Due to the unfavourable market condition in Taiwan, feasibility study is still in progress.

Subject to the feasibility studies in Southern China Market and the setting up of the relevant joint venture(s), establish a customer service center in Southern China.

A customer service center has been set up in Guangzhou

Subject to the setting up of the relevant partnership(s)/ joint venture(s), conduct marketing campaigns in Taiwan and Southern China.

Taiwan  
Due to the unfavourable market condition in Taiwan, feasibility study is still in progress

Southern China  
The Group is recruiting talented persons to establish its own sales force to explore the markets in the region.

Research and study the market situation and business environment in Eastern China

The Group's CyberM Business Series customised for Photo-finishing has been implemented in Shanghai. The Group is now considering setting up an office there.

Formulate the marketing strategies and identify potential marketing channels in Eastern China

The Group has engaged an application solutions provider active in the Eastern China to promote CyberM products.

### *Products and Services*

Continue the products and services activities from the previous period

The Group is doing research on applying the 2.5G technologies to enhance the Group's product features.

Launch CyberM Mobile Series supporting mobile computing devices including WAP phones

The Group has successfully developed the prototype for the CyberM Series supporting WAP phones. The product is expected to be brought to the market in the third quarter in 2002 when the GPRS is implemented. By then, the use of WAP phones is expected to increase.

Subject to the setting up of the relevant partnership(s)/joint venture(s), launch CyberM Business Series and CyberM Mobile Series in Taiwan and Southern China

#### Taiwan

Due to the unfavourable market condition in Taiwan, feasibility study is still in progress

#### Southern China

The Retail module of the CyberM Business Series is now implementing in the region. In addition, the Group is establishing its sales force to further explore the markets.

### *R&D*

Continue the R & D activities from the previous period

POS system with the feature of mobility added has been released in Sept 2001.

Continue to enhance CyberM Business Series

New series of CyberM products tailored to Beauty & Cosmetics and educational sectors are under development.

Research the customization of CyberM Business Series according to the local business requirements and regulations of the Eastern China Market

CyberM Business Series customised for Photo-finishing has been developed and implemented.

Commence the development of the B2B enterprise portal with specifications for the Greater China Region environment

In view of the generally poor performance of the dot com companies in the market. The Group is cautiously looking for suitable industries for development of B2B enterprise portals in the Greater China Region.

Research and upgrade the Windows-based Magic Retail System onto Internet-based CyberM Retail Series

An internet-based CyberM Retail Series has been developed and launched.

### *Expansion and Business Alliance*

Continue the expansion and business alliance activities from the previous period

The Group has engaged an application solutions provider, active in the Eastern China region, to promote CyberM products.

Establish new alliance(s) with ASP(s) to host and promote CyberM Business Series and CyberM Mobile Series in Taiwan and Southern China.

Due to the slower-than-expected rate of market acceptance of ASP, the development of ASP has slowed down until the efficiency of the network infrastructure in the mainland China has been improved. By then, ASP would be more popular.

Explore alliance opportunities with local bodies and organizations in Southern China and Taiwan to promote CyberM Business Series and CyberM Mobile Series

The Group has engaged an application solutions provider, active in the Eastern China region, to promote CyberM products.

Explore the possibilities of forming alliances with local partners in Eastern China

In addition to engaging other application solution providers to promote the Group's products. The Group is also considering setting up an office in Shanghai.

Explore the possibilities of forming alliances and partnerships with network operators, distributors and mobile phone manufacturers to promote CyberM Mobile Series

The Group is a co-founder of The Hong Kong Wireless Technology Industry Association ("HKWTIA"), established in May 2001 and the founding member of Hong Kong ASP Industry Consortium ("HKASPIC") founded in September 2001. Both associations comprise many well-known network operators, distributors and application solution providers. Through participating in the associations, the Group can explore more opportunities to co-operate with them to promote the Group's products.

## USE OF PROCEEDS

The net proceeds from the public listing had been applied in the following areas:

<b>For the six months ended 30th September, 2001</b>	<b>Budgeted</b> HK\$ million	<b>Actual</b> HK\$ million
R&D in the technology, new functions and customisation of B2B ebusiness solutions	0.49	0.48
Promotion of CyberM Business Series	0.92	1.13
R&D in the new functions and customisation of mobile and wireless mobile computing technologies	0.92	0.98
Promotion of CyberM Mobile Series	0.99	1.08
R&D and promotion of a B2B enterprise portal	0.78	0.64
Set up and expand new offices in Hong Kong	1.00	-
Expand into the Greater China Region	4.60	1.42
	<u>9.7</u>	<u>5.73</u>

## DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES

As at 30th September, 2001, the following Directors of the Company had or were deemed to have interests in the equity securities of the Company within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company pursuant to Section 29 of the SDI Ordinance or otherwise notified to the Company pursuant to the minimum standard of dealings by the Directors as referred to in Rules 5.40 to 5.59 of the GEM Listing Rules:

<b>Name of Director</b>	<b>Type of Interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding (%)</b>
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%

*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 Yiu Fai (Mr. Fung), formerly an executive director of the Company, who has been resigned effective 18th July, 2001, 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 the spouses of their issue \*\**
- (iii) Mr. Lai, his spouse, their issue and the 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:*



<b><i>Discretionary objects</i></b>	<b><i>Proportion</i></b>
<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%

\* *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 and their respective spouses 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 any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES AND OPTIONS GRANTED**

The Company adopted a share option scheme on 1st August, 2000, pursuant to which it may grant options to full-time employees of the Group and including executive directors of the Company to subscribe for shares in the Company. As at 30th September, 2001, certain options had been granted to the following executive directors and full-time employees:

<b>Grantee</b>	<b>Date of grant</b>	<b>Exercise price HK\$</b>	<b>Exercise period</b>	<b>No. of ordinary shares eligible for subscription under the share options</b>	<b>Type of interest</b>
<u>Executive Directors</u>					
Yip Ho Pong	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000 60,000	Personal Family <sup>(1)</sup>
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 <sup>(1)</sup>
<u>Other participants</u>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	6,672,000 <sup>(2)</sup>	

(1) Represent options granted to their respective spouses who are employees of the Company.

(2) During the three months ended 30th September, 2001, options to subscribe for 72,000 shares in the Company previously granted to certain full time employees lapsed upon their respective resignation. As at 30th September, 2001, options to subscribe for 6,672,000 shares in the Company granted to the full-time employees of the Company remained outstanding.

Mr. Fung Yiu Fai resigned as an executive director of the Company on 18th July, 2001. The options to subscribe for 1,000,000 in the Company granted to him lapsed on the same date. Save as disclosed above, none of the options granted to the executive directors had been exercised or cancelled.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. Save as disclosed above, none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

## **SUBSTANTIAL SHAREHOLDERS**

Other than the interests as disclosed above in respect of the directors and their associates, as at 30th September, 2001, 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.

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of shareholdings (%)</b>
Noble Class Group Limited	191,250,000	76.48%*
Sunrise International (Holdings) Limited	191,250,000	76.48%*
Arawak Trust Company Limited	191,250,000	76.48%*
Fung Yiu Fai	191,250,000	76.48%*

\* Duplication, all shareholdings are under a discretionary trust as stated above.

Save as disclosed above, no other person was recorded in the register pursuant to Section 16(1) of the SDI Ordinance as having an interest of ten per cent or more of the issued share capital of the Company as at 30th September, 2001.

## **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, 2001 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.

## **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 to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the two independent non-executive directors, Mr. Chan Siu Yeung and Ms. Kwan Ngan Hing, Edith and an executive director, Mr. Yip Ho Pong. The Group's unaudited results for the six months ended 30th September, 2001 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, 2001, 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*

13th November, 2001, Hong Kong

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" page for seven days from the day of its posting.*