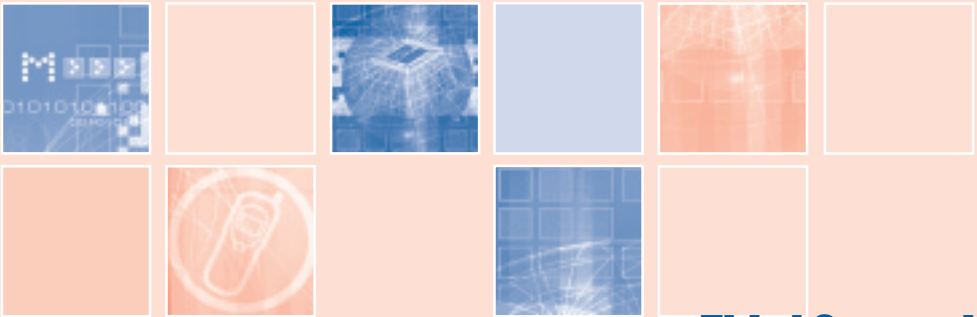


CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



**Third Quarterly
Report
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.

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. GEM 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 report, 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 report.

This report, 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 report 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 report misleading; and (3) all opinions expressed in this report 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 nine months ended 31st December, 2001 amounted to HK\$10,658,000.
- Loss attributable to shareholders amounted to HK\$7,687,000 corresponding to a basic loss per share of HK3.07 cents.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31st December, 2001 together with the comparatives for the corresponding periods in 2000 are as follows:

	Note	Nine months ended		Three months ended	
		31st December, 2001	2000	31st December, 2001	2000
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1	10,658	12,190	2,467	2,324
Loss from operation		(7,984)	(1,464)	(4,102)	(2,425)
Interest income		329	544	45	342
Interest expenses		(32)	(153)	(7)	(13)
Loss before taxation		(7,687)	(1,073)	(4,064)	(2,096)
Taxation	2	-	-	-	211
Loss attributable to shareholders		(7,687)	(1,073)	(4,064)	(1,885)
Loss per share	3				
- Basic		(3.07 cents)	(0.46 cents)	(1.63 cents)	(0.75 cents)
- Diluted		N/A	N/A	N/A	N/A



1 Turnover

The consolidated turnover of the Group consisted of:

	Nine months ended 31st December, 2001		Three months ended 31st December, 2001	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees for development of customised software and sales of related computer equipment	4,678	6,629	891	1,122
Sales and lease of packaged software	3,154	2,977	295	392
Fees for technical support and maintenance services	2,728	2,485	1,246	777
Rental income	98	99	35	33
	<u>10,658</u>	<u>12,190</u>	<u>2,467</u>	<u>2,324</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 nine months ended 31st December, 2001.

3 Loss per share

The calculation of basic loss per share is based on the loss attributable to the shareholders for the nine months and three months ended 31st December, 2001 of respectively HK\$7,687,000 and HK\$4,064,000 (nine months and three months ended 31st December, 2000: HK\$1,073,000 and HK\$1,885,000 respectively) and on the weighted average of 250,060,000 shares for the nine months and three months ended 31st December, 2001 (2000: 231,340,000 shares and 250,060,000 shares respectively for the nine months and three months ended 31st December, 2000) in issue.

No diluted loss per share is presented for the nine months and three months ended 31st December, 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 nine months ended 31st December, 2001 (nine months ended 31st December, 2000: Nil).



REVIEW

The Group's turnover for the nine months ended 31st December, 2001 reported HK\$10,658,000, decreased by 12.56% as compared with the corresponding period last year. Loss attributable to shareholders is approximately HK\$7,687,000. The difficult economic environment driving most enterprises especially those SMEs, the Group's target customers, to become cautious in spending, particularly on technology aspects and thus, the Group's performance has adversely affected.

In spite of the difficult conditions, during the period under review, the Group placed significant effort in developing and marketing the Group's two focal products, SchoolPlus Scheme and CyberM Beauty System, both products are tailored specifically to meet the needs of the respective industries. The Group is also doing research on applying mobile and wireless technologies in different industries to improve their efficiencies. The Group's development and customer service center in Guangzhou is running smoothly. The Group is planning to set up a local Sales and Marketing team to develop the China market.

To overcome the adverse conditions, the Group is implementing a cost saving program which include an organisation restructuring to streamline the operations of the Group. The Group will also closely monitor and review its marketing plan and continue to invest in research on application of new technologies and development of new products to meet different market needs.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES

As at 31st December, 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:

Name of Director	Type of Interest	Number of shares	Percentage of shareholding (%)
Lau Chiu Pui (Mr. Lau)	Discretionary trust (Note)	191,250,000	76.48%
Yip Ho Pong (Mr. Yip)	Discretionary trust (Note)	191,250,000	76.48%
Lai Shu Pui, Fergus (Mr. Lai)	Discretionary trust (Note)	191,250,000	76.48%
Wong Kit Mei (Mr. Wong)	Discretionary trust (Note)	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, 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 the 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 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 and Mr. Wong 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 31st December, 2001, 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
<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 ⁽¹⁾
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 ⁽¹⁾
<u>Other participants</u>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	6,656,000 ⁽²⁾	

- (1) Represent options granted to their respective spouses who are employees of the Company.
- (2) During the three months ended 31st December, 2001, options to subscribe for 16,000 shares in the Company previously granted to certain full time employees lapsed upon their respective resignation. As at 31st December, 2001, options to subscribe for 6,656,000 shares in the Company granted to the full-time employees of the Company remained outstanding.

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 31st December, 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.

Name	Number of shares held	Percentage of shareholdings (%)
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 31st December, 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 31st December, 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 nine months ended 31st December 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 nine months ended 31st December, 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

8th February, 2002, Hong Kong