



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 year ended 31st March, 2002

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 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 for the year ended 31st March, 2002 amounted to HK\$14,145,000.
- Loss attributable to shareholders amounted to HK\$12,224,000 corresponding to a basic loss per share of HK4.9 cents

RESULTS

The audited consolidated results of CyberM International (Holdings) Limited and its subsidiaries (the “Group”) for the year ended 31st March, 2002 together with the comparatives for the corresponding period in 2001 are as follows:

	<i>Note</i>	Year ended 31st March,	
		2002	2001
		HK\$'000	HK\$'000
Turnover	2	14,145	19,385
Material and equipment		(4,730)	(6,634)
Staff costs		(10,479)	(7,590)
Depreciation and impairment loss of furniture and equipment		(1,070)	(585)
Amortisation and impairment loss of development expenditures		(2,442)	(883)
Provision for bad and doubtful debts		(16)	(1,003)
Deficit on revaluation of an investment property		(150)	(50)
Other operating expenses		(7,540)	(5,112)
		<hr/>	<hr/>
Loss from operation		(12,282)	(2,472)
Provision for impairment in value of a long-term investment		(250)	(1,350)
Interest income		347	771
Interest expense		(39)	(156)
		<hr/>	<hr/>
Loss before taxation		(12,224)	(3,207)
Taxation	3	-	59
		<hr/>	<hr/>
Loss attributable to shareholders		(12,224)	(3,148)
Accumulated deficit, beginning of year		(3,224)	(76)
		<hr/>	<hr/>
Accumulated deficit, end of year		(15,448)	(3,224)
		<hr/>	<hr/>
Loss per share	4		
- Basic		(4.9) cents	(1.3) cents
		<hr/>	<hr/>
- Diluted		N/A	N/A
		<hr/>	<hr/>

1 Basis of preparation

The Group's consolidated accounts have been prepared in accordance with the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Companies Ordinance of Hong Kong and the GEM Listing Rules.

2 Turnover

The consolidated turnover of the Group consisted of:

	Year ended 31st March,	
	2002	2001
	HK\$'000	HK\$'000
Fees for development of customised software and sales of related computer equipment	6,585	11,349
Sales and lease of packaged software	3,482	4,532
Fees for technical support and maintenance services	3,946	3,372
Rental income	132	132
	<u>14,145</u>	<u>19,385</u>

3 Taxation

Taxation consisted of:

	Year ended 31st March,	
	2002	2001
	HK\$'000	HK\$'000
Current Hong Kong profits tax		
- current year	-	-
- overprovision in prior year	-	59
	<u>-</u>	<u>59</u>

No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in or derived from Hong Kong for the years ended 31st March 2002 and 2001 respectively.

4 Loss per share

The calculation of basic loss per share is based on the loss attributable to the shareholders for the year ended 31st March, 2002 of approximately HK\$12,224,000 (year ended 31st March, 2001: HK\$3,148,000) and on the weighted average number of approximately 250,060,000 shares (2001: 235,956,000 shares) in issue during the year.

No diluted loss per share is presented as the outstanding share options were anti-dilutive.

DIVIDEND

The Board of Directors does not recommend payment of a dividend for the year ended 31st March, 2002 (year ended 31st March, 2001: Nil).

SEGMENT INFORMATION

1 Primary segment

An analysis by business segment is as follows:

	Year ended 31st March,	
	2002	2001
Turnover	HK\$'000	HK\$'000
Development of customised software and sales of related computer equipment	6,585	11,349
Sales and lease of packaged software	3,482	4,532
Technical support and maintenance services	3,946	3,372
Lease of property	132	132
	<u>14,145</u>	<u>19,385</u>
(Loss) Profit from operations		
Development of customised software and sales of related computer equipment	(3,301)	(10)
Sales and lease of packaged software	(3,839)	(50)
Technical support and maintenance services	(1,462)	403
Lease of property	(18)	82
Unallocated corporate expenses	(3,662)	(2,897)
	<u>(12,282)</u>	<u>(2,472)</u>
Depreciation, amortisation and impairment loss		
Development of customised software and sales of related computer equipment	1,361	724
Sales and lease of packaged software	2,037	631
Technical support and maintenance services	-	-
Lease of property	-	-
Unallocated corporate expenses	114	113
	<u>3,512</u>	<u>1,468</u>

2 Secondary segment

An analysis by geographical location is as follows:

	Year ended 31st March,	
	2002	2001
	HK\$'000	HK\$'000
Turnover		
Mainland China	-	-
Hong Kong	14,145	19,385
	<u>14,145</u>	<u>19,385</u>
Loss from operations		
Mainland China	(1,930)	(289)
Hong Kong	(10,352)	(2,183)
	<u>(12,282)</u>	<u>(2,472)</u>

RESERVES

Movement of reserves during the year were as follows:

	Share premium	Merger reserve	Cumulative translation adjustments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2000	-	-	-	-
Premium on issue of shares	31,125	-	-	31,125
Share issuance expenses	(7,055)	-	-	(7,055)
Capitalisation of share premium	(18,522)	-	-	(18,522)
Exercise of share options	65	-	-	65
Merger reserve arising from the Reorganisation	-	(341)	-	(341)
Translation adjustments	-	-	(27)	(27)
At 31st March, 2001	5,613	(341)	(27)	5,245
Translation adjustments	-	-	23	23
At 31st March, 2002	<u>5,613</u>	<u>(341)</u>	<u>(4)</u>	<u>5,268</u>

MANAGEMENT DISCUSSION AND ANALYSIS

It was a difficult year for CyberM International (Holdings) Ltd. The difficult economic environment has affected the Group's performance significantly. The generally pessimistic attitudes towards the internet-based business and the burst of the information technology bubble have caused many enterprises to slow down in upgrading their IT applications. Nevertheless, the Group sees this as an opportunity to consolidate its market position for the years ahead.

For the year ended 31st March 2002, the Group's turnover was HK\$14,145,000, down by 27% from previous year's of HK\$19,385,000. Net loss attributable to shareholders increased to HK\$12,224,000 (2001: 3,148,000) where the loss per share rose to HK4.9 cents per share (2001: loss of HK1.3 cents per share). In the year under review, there was a substantial increase in expenditure of the Group, especially on staff costs and related overheads, resulting from the Group's expansion after it was listed on the Exchange in August 2000. Moreover, with global economic recession, most SMEs are very cautious on their spending especially on technological facilities, which they generally considered to be luxuries. This presented a big obstacle to the Group's sales and marketing team.

In view of the difficult operating environment and to maintain the Group's competitiveness, the Group has exercised prudent measures in controlling costs and streamlining its operations. With the expansion of the Guangzhou office, the number of staff in Hong Kong had been reduced by 34% to 40 as at 31st March 2002 as compared to the peak month during the year. Accordingly, the staff costs reduced by more than 40% from approximately HK\$1.4 million in the peak month during the year to approximately HK\$0.8 million in February and March 2002.

As at 31st March, 2002, the Group had contracts on hand for sales amounting to approximately HK\$2.7million (2001: HK\$ 4.9 million), which will be booked as revenue upon delivery and implementation of the relevant products.

Research and Development

Innovation is the soul of the Group. The Group believes that keeping pace with market trends and technological advancement is the only way to equip the Group to meet the challenges ahead. For the past two years, the Group has focused on developing new products to meet different market demands, most of them have been completed and launched to the market during the year. The Group believes that the products will be well received by the market and bring with Group fruitful results in the coming years. Some of the Group's focal products are:

Beauty & Salon Management solution

A total integrated solution specifically developed for the Beauty and Salon industry. It supports membership and loyalty schemes. Customer details including personal information, treatment courses purchased, service bookings and payment records can all be handled by a single system. It also supports different product pricing schemes and cross product discounts.

Education solution

A solution to promote all schools to smart campus at a reasonable price. By integrating with the Octopus system, this solution allows payment, access control, library borrowing records and attendance records to be easily processed with the use of a single Octopus card.

Wireless solution

A solution offers full mobility to meet various business requirements. It has different modules including sales order automation, mobile point-of-sales, mobile stock take and purchase request, for commercial application or even for education sector.

Sales and Marketing

The Group believes that building a well-recognised product brand name and corporate image and enhancing customer satisfaction through new product development are the most effective means to capture larger market share. During the year under review, the Group participated actively in exhibitions, seminars, tradeshow and other promotion events organized by the Hong Kong Productivity Council, the Asian Solution Centre, the Hong Kong Wireless Technology Industry Association and other prominent I.T. associations, both local and abroad.

Financial Resources and liquidity

As at 31st March 2002, the Group has a cash and bank balance of approximately HK\$8,442,000. The Group's current assets are approximately 3.5 times (2001: 5.3 times) over its current liabilities while the gearing ratio, representing long-term liabilities divided by shareholders funds, was maintained at a very low level of 0.43% (2001: 0.82%). As at 31st March, 2002, the Group has neither contingent liabilities nor any charges on assets.

Foreign Currency Exposure

The reporting currency adopted by the Group was Hong Kong dollars. As most of the Group's sales, expenditures, assets and liabilities were denominated in Hong Kong dollars, the Group's exposure to foreign currencies fluctuation is minimal and therefore, no hedging against foreign currency exposure is considered necessary.

Employees

As at 31st March, 2002, the Group has 64 employees (2001: 57) in Hong Kong and Guangzhou. The total remuneration to employees, including that to the executive Directors, for the year ended 31st March, 2002 amounted to approximately HK\$12.1 million (2001: HK\$9.8 million). Remuneration is commensurate with individual performance and experience. Employees in Hong Kong are also entitled to provident fund contributions, medical coverage and share options. For employees in Guangzhou, the Group is required to contribute to a stated-sponsored retirement plan for them at certain prescribed rates of their basic salaries.

To maintain the standard of services and for staff development, the Group provided comprehensive on-the-job trainings to its staff. The Group also subsidized those taking part in job-related training courses provided by certain recognized institutions.

Commencing the financial year 2003, the year-end bonus (the 13th month pay) will be distributed on a discretionary basis. Moreover, as a determination to stand by the Group and share the burden at this difficult time, several management staff, including the Chairman, have had their monthly salaries cut by 25% commencing February 2002 until the financial condition of the Group has improved.

Future Prospects

Although China's admission to the World Trade Organisation may bring with the businesses in Hong Kong huge opportunities and there were signs that Hong Kong is on the way to economic recovery, the Group expects more pressure and competitions in the coming years. Confronted with the coming difficulties, the Group will take every measure to enhance its operating efficiency and to control operating costs so as to increase its competitiveness. At the same time, the Group will launch more value-added services to its customers to strengthen its customer base. These will prepare the Group to benefit from the coming economic recoveries.

COMPARISON OF ACTUAL BUSINESS PROGRESS TO BUSINESS OBJECTIVES

Key business objectives for the six months ended 31st March, 2002

Revenue and Business Development

Continue the business development activities from the previous six months ended 30th September, 2001.

Conduct marketing campaigns to promote the B2B enterprise portal along with CyberM Business Series and CyberM Mobile Series in the Greater China Region.

Study the market condition and business environment of the potential Northern China market and formulate the marketing strategies and identify the marketing channels

Actual business progress

Hong Kong

The group continued to focus on developing packaged products which are user friendly and cost effective to SMEs in Hong Kong such as the CyberM Beauty & Salon Management Solution and the CyberM Octopus Smart Card e-payment solution.

Taiwan

Due to the unfavorable economic conditions of the region, the Group has put its plan to enter the market in Taiwan on hold until the market conditions improved

The PRC

The Group has launched its internet-based retail module of the CyberM Business Series to its customers in Beijing and Shanghai in October 2001. The Group's customer service center in Guangzhou provided real time support to its customers in the mainland China.

The Group has participated in a number of marketing events held in Hong Kong and in the mainland China including:

- CosmoProf Asia 2001 in November 2001
- Software Exhibition in November 2001
- IBM user conference in December 2001
- 廣州美容美髮展覽會 in December 2001
- Hong Kong Information and Infrastructure Exhibition in March 2002

The Group is working with an experienced IT solution provider on selling and distributing the CyberM Retail Series to a Commercial Complex in Beijing.

Products and Services

Continue the products and services activities from the previous six months ended 30th September, 2001.

Launch B2B enterprise portal in the Greater China Region

Subject to the setting up of the relevant joint venture(s), research and develop interface with banks, shipping companies and/or freight forwarders in Eastern China Region

Continue the development of Internet-based CyberM Retail Series

Research and Development

Continue the R&D activities from the previous six months ended 30th September, 2001

Study and research the customization of CyberM Business Series to cater for individual market segments in the PRC

Expansion and Business Alliance

Continue the expansion and business alliance activities from the previous six months ended 30th September, 2001.

The SchoolPlus Scheme and the Beauty & Salon Management Solution were launched in September 2001 and October 2001 respectively.

Due to the slowdown in the internet market, most enterprise portals are not profitable. The Group was cautious in looking for suitable industries for the development of B2B enterprise portal. The Group does not want to rush into the portal market until the internet businesses are more widely accepted.

During the past six months, the Group has discussed with several local (in Eastern China region) IT companies, however, no agreement has come up with. The Group is still looking for a suitable partner for the joint ventures.

The Group has launched its internet-based Retail module of the CyberM Business Series to the customers in Beijing and Shanghai in October 2001. The SchoolPlus Scheme is run on internet environment.

The Group is doing research on applying the GPRS (General Packet Radio Service) technology to enhance the Group's product features.

In addition to the photo-finishing industry, the Group is focusing on customizing its CyberM Beauty & Salon Management Solution to suit the market demand in the mainland China.

The Group is negotiating with a business partner (a database provider) to promote its products to the SMEs in the mainland China.

Subject to the setting up of the relevant joint venture(s), establish local customer services team(s) and sales office(s) in Eastern China

Subject to the setting up of the relevant joint venture(s), establish a regional headquarter of Eastern China in Shanghai.

Explore the possibility of forming alliances with local partners in Northern China

The Group is reconsidering the plan of setting up of a local customer service team and sales office in Eastern China and establishment of a regional headquarter in Shanghai because no suitable partner identified so far. Instead, the Group has strengthened its customer service team in Guangzhou. The Group believes that, at the current stage, it is more cost effective to have one strong team serving all the customers in the mainland China.

Discussion with the potential partner (an IT solution provider) is in progress.

USE OF PROCEEDS

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

For the six months ended 31st March, 2002	Budgeted	Actual
	HK\$ million	HK\$ million
R&D in the technology, new functions and customization of B2B eBusiness solutions	0.60	0.43
Promotion of CyberM Business Series (note 1)	1.97	1.46
R&D in the new functions and customisation of mobile and wireless mobile computing technologies	1.01	1.13
Promotion of CyberM Mobile Series	0.66	0.76
R&D and promotion of a B2B enterprise portal (note 2)	0.87	0.43
Expand into the Greater China Region (note 3)	0.75	1.14
	<u>5.86</u>	<u>5.35</u>

Notes : The significant variation from the budget is due to:

- 1 The result of the promotion campaigns launched were not satisfactory, therefore, expenditure on promoting the CyberM Business Series were reduced near the end of the financial year.
- 2 The slow down in the internet market and therefore, the Group has suspend most of the promotion activities of the B2B enterprise portal until the internet business are more widely accepted.
- 3 More funding injected to the Group's offices in Guangzhou to expand the customer service and R&D teams.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES

As at 31st March, 2002, 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 standards of dealings by the Directors as referred to in Rules 5.40 to 5.59 of the GEM Listing Rules:

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%

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 the 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 whose resignation effective on 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 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:

<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%

** 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 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 March, 2002,

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 ⁽²⁾	Personal
<u>Other participants</u>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	6,548,000 ⁽³⁾	

⁽¹⁾ Represent options granted to Mr. Yip's spouse who is an employee of the Company.

⁽²⁾ The 44,000 options granted to the ex-spouse of Mr. Wong Kit Mei, who is employee of the Company, is excluded.

⁽³⁾ During the year ended 31st March, 2002, options to subscribe for 2,240,000 shares in the Company granted to certain full time employees have lapsed upon their resignation. As at 31st March, 2002, options to subscribe for 6,548,000 shares in the Company granted to the full-time employees of the Company remained outstanding.

As at 18th July, 2001, Mr. Fung Yiu Fai resigned as an executive director of the Company. The options granted to him lapsed on the same date.

Save as disclosed above, during the year ended 31st March, 2002, none of the options being granted to the executive Directors have 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 March, 2002, 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 in ten per cent or more of the issued share capital of the Company as at 31st March, 2002.

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 March, 2002 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 of the Company and an executive director. Mr. Chan Siu Yeung, for personal reasons, resigned as an independent non-executive director and chairman of the audit committee of the Company on 14 June 2002 and Mr. Chan Wai Choi, Glenn was appointed an independent non-executive director and chairman of the audit committee of the Company on 17th June, 2002. The Group's audited results for the year ended 31st March, 2002 have been reviewed by the audit committee at its meeting held on 19th June, 2002. Members of the committee 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.

CHANGE OF AUDITORS

The accompanying financial statements were audited by Messrs. Arthur Anderson & Co. ("Arthur Anderson") which do not seek re-appointment upon their retirement at the forthcoming annual general meeting following the combination of their practice with PricewaterhouseCoopers from 1st July, 2002. Arthur Anderson has waived the requirement of sending a notice of change of auditors to the shareholders of the Company pursuant to Bye-law 165 of the Company. A resolution for the appointment of PricewaterhouseCoopers as the Company's new auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

BOARD PRACTICES AND PROCEDURES

Throughout the financial year 2002, the Company has complied with rules 5.28 to 5.39 of the GEM Listing Rules covering board practices and procedures. None of the independent non-executive directors have been paid any fees or other reimbursements or emoluments during the year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31st March, 2002, 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

21st June, 2002, Hong Kong

This announcement will remain on the GEM website at www.hkgem.com on the 'Latest Company Announcement' page for seven days from the day of its posting.