



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, 2003

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, 2003 amounted to HK\$13,701,000.
- Loss attributable to shareholders amounted to HK\$2,584,000 corresponding to a basic loss per share of HK1.0 cent.

RESULTS

The audited consolidated results of CyberM International (Holdings) Limited and its subsidiaries (the “Group”) for the year ended 31st March, 2003 together with the comparatives for the corresponding period in 2002 are as follows:

		Year ended 31st March,	
	<i>Note</i>	2003	2002
		HK\$'000	HK\$'000
Turnover	2	13,701	14,145
Material and equipment		(4,003)	(4,730)
Staff costs		(6,175)	(10,479)
Depreciation and impairment loss of property, plant and equipment		(662)	(1,070)
Amortisation and impairment loss of development expenditures		(1,458)	(2,442)
Write back of (provision for) bad and doubtful debts		20	(16)
Deficit on revaluation of an investment property		-	(150)
Other operating expenses		(4,120)	(7,540)
		<hr/>	<hr/>
Loss from operation		(2,697)	(12,282)
Provision for impairment in value of an investment in securities		-	(250)
Interest income		68	347
Interest expense		(32)	(39)
		<hr/>	<hr/>
Loss before taxation		(2,661)	(12,224)
Taxation	3	-	-
		<hr/>	<hr/>
		(2,661)	(12,224)
Minority interests		77	-
		<hr/>	<hr/>
Loss attributable to shareholders		(2,584)	(12,224)
		<hr/>	<hr/>
Loss per share	4		
- Basic		(1.0) cent	(4.9) 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,	
	2003	2002
	HK\$'000	HK\$'000
Fees for development of customised software and sales of related computer equipment	4,863	6,585
Sales and lease of packaged software	4,497	3,482
Fees for technical support and maintenance services	4,202	3,946
Rental income	139	132
	<u>13,701</u>	<u>14,145</u>

3 Taxation

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 2003 and 2002 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, 2003 of approximately HK\$2,584,000 (year ended 31st March, 2002: HK\$12,224,000) and on the weighted average number of 250,060,000 shares in issue during the years.

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 final dividend for the year ended 31st March, 2003 (year ended 31st March, 2002: Nil).

SEGMENT INFORMATION

1 Primary segment

An analysis by business segment is as follows:

	Year ended 31st March,	
	2003	2002
Turnover	HK\$'000	HK\$'000
Development of customised software and sales of related computer equipment	4,863	6,585
Sales and lease of packaged software	4,497	3,482
Technical support and maintenance services	4,202	3,946
Lease of property	139	132
	<u>13,701</u>	<u>14,145</u>
(Loss) Profit from operations		
Development of customised software and sales of related computer equipment	51	(3,301)
Sales and lease of packaged software	(689)	(3,839)
Technical support and maintenance services	828	(1,462)
Lease of property	139	(18)
Unallocated corporate expenses	<u>(3,026)</u>	<u>(3,662)</u>
	<u>(2,697)</u>	<u>(12,282)</u>
Depreciation, amortisation and impairment loss		
Development of customised software and sales of related computer equipment	580	1,361
Sales and lease of packaged software	1,426	2,037
Technical support and maintenance services	-	-
Lease of property	-	-
Unallocated corporate expenses	<u>114</u>	<u>114</u>
	<u>2,120</u>	<u>3,512</u>

The unfavourable environment affected most seriously the sales of the Group in customized software as customers were generally cautious in spending on system upgrade and enhancement.

2 Secondary segment

An analysis by geographical location is as follows:

	Year ended 31st March,	
	2003	2002
	HK\$'000	HK\$'000
Turnover		
Mainland China	261	-
Hong Kong	13,440	14,145
	<u>13,701</u>	<u>14,145</u>
Loss from operations		
Mainland China	(1,354)	(1,930)
Hong Kong	(1,343)	(10,352)
	<u>(2,697)</u>	<u>(12,282)</u>

The office in Guangzhou continued to be the Group's development and customer support center which provides services mainly to customers in Hong Kong. The Group is actively developing markets in mainland China.

RESERVES

Consolidated movement of reserves during the year were as follows:

	Share premium HK\$'000	Merger reserve HK\$'000	Cumulative translation adjustments HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April, 2001	5,613	(341)	(27)	(3,224)	2,021
Loss attributable to shareholders	-	-	-	(12,224)	(12,224)
Translation adjustments	-	-	23	-	23
At 31st March, 2002	5,613	(341)	(4)	(15,448)	(10,180)
Loss attributable to shareholders	-	-	-	(2,584)	(2,584)
Translation adjustments	-	-	(1)	-	(1)
At 31st March, 2003	<u>5,613</u>	<u>(341)</u>	<u>(5)</u>	<u>(18,032)</u>	<u>(12,765)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

There is improvement in the results of the Group for the year. Net loss attributable to shareholders decreased to HK\$2,584,000 (2002: HK\$12,224,000) while the loss per share drop to HK1.0 cent (2002: loss of HK4.9 cents). The improvement is mainly attributable to the success of the Group's cost control plan. Staff remuneration decreased by 30% from HK\$12.1 million in 2002 to HK\$8.5 million in 2003 resulting from a series of internal measures including operations streamlining, structure simplification and pay deductions. Other operating costs also decreased by 45% to HK\$4.1 million. On the other hand, sales revenue remains sluggish due to the poor business environment. This is particularly true for sales in system upgrade and enhancement in a period when budgets are generally tight and spending highly cautious. Fortunately, revenue from maintenance continued to be the Group's steady income stream.

As at 31st March 2003, the Group had sales contracts on hand amounting to approximately HK\$1.6 million (2002: HK\$2.7 million), which will be booked as revenue upon delivery and implementation of the relevant products.

New Products

Research and development has long been the Group's focus. The main idea is to develop products that bring convenience and enhance efficiencies to our customers. During the year, several new products have been completed and launched in the market.

CyberM Registration System

A system designed to help exhibition and conference organizers in speeding up and simplifying the registration and access logistic processes. The system allows exhibition and conference attendees to conduct online registration as well as onsite registration during the course of events. Having their smart cards read by the readers at the entrances, attendees can have speedy access to the event without the bother of filling in forms. The system can also handle admission fee payment with smart cards, thus eliminating the hassle in handling cash. In addition, the system enhances data capture and analytical processes in a more effective and efficient manner.

SchoolPlus Message System

A new bulk message dispatch feature in the SchoolPlus system, a campus "Octopus" card system, to provide easy communication channel between schools and parents, to meet their routine and emergency communication. The system, with the support of mobile phone network operators, allows parents to receive short messages on their mobile phones when their children have checked in or out at school using Octopus cards. Schools can also use the system to dispatch bulk messages to parents for various communications purposes especially in emergency situations such as when typhoon or

black rainstorm signals are hoisted. The system is also a good option for sending school notices and reminders to parents. It provides an effective tool for parents to monitor their children's performance and activities in school, such as whether they go to school on time; the kind of books they borrow from the school library and the kind of food they purchase from tuck shops.

M-Plus System

The first mobile point-of-sales (POS) system with 'Octopus' function in Hong Kong, which includes a specially designed handheld device providing 'Octopus' payment function, through the use of the latest wireless technology. In addition to all the functions that were required for a POS system like handling of sales transactions, inventory control and providing product information, the most unique feature of the system is its mobile handheld device which allows retailers to use 'Octopus' payment function to conduct sales activities anywhere, whether in a retail shop or outdoors. It facilitates retailers with extra flexibility in providing better customer-centric services. For example, in a fast-food restaurant, the handheld device, which can be used by a staff moving around the stores to collect payment, can be a good supplement to the cashier counter. It does not occupy any floor space and yet it can effectively help minimizing the queuing time of customers especially during the rush hours. The system also suits industries that involve outdoor sales activities such as fast-food home delivery, newspaper retailers, short-term promotion counters in shopping malls or flea markets.

Financial Resources, liquidity, contingent liabilities and pledge of assets

As at 31st March 2003, the Group had a cash and bank balance of approximately HK\$6,018,000 (2002: HK\$8,442,000). The Group's current assets are approximately 2.1 times (2002: 3.5 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 0.20% (2002: 0.43%).

The Group has pledged its fixed deposits amounted to HK\$5,500,000 to secure a banking facility granted to the Group. As at 31st March 2003, none of the facilities has been utilized. A subsidiary of the Company had received a writ of summons during the year ended 31st March 2003 in relation to disputes with a customer on a project implementation. The total amount claimed under the writ is HK\$440,814. The subsidiary has counter-claimed the customer for HK\$157,500, being the unpaid amount in relation to the project.

Saved as disclosed above, as at 31st March 2003, the Group has no other contingent liability or charge on assets.

Foreign Currency Exposure

The reporting currency adopted by the Group is 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, 2003, the Group had 53 employees (2002: 64) in Hong Kong and Guangzhou. The total remuneration paid to employees, including that to the executive Directors, for the year ended 31st March, 2003 amounted to approximately HK\$8.5 million (2002: HK\$12.1 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.

Acquisition and disposal

There was no material acquisition, disposal of subsidiaries and affiliated companies or material investment held during the year ended 31st March 2003.

Future Prospects

In the coming years, the Group will focus on developing the China market. It is now negotiating with a potential partner and the Hunan provincial government with a view to developing a "smart" city in Changsha, the municipal city of Hunan Province. In addition, the Group is preparing to distribute its CyberM Beauty System in Hunan Province with the help of the Hunan Provincial Women's Organization.

Mr. Lau Chiu Pui, Duncan, the Chairman and Managing Director of the Company, is an appointed member of the Changsha Municipal People's Government Foreign Economic Advisory Committee, the Hunan Chinese Cultural Institute and the Hunan Provincial Women's Talent Development Federation. Through these connections, the Group is developing the two projects and exploring further opportunities with the intention to appreciate returns to shareholders.

COMPARISON OF ACTUAL BUSINESS PROGRESS TO BUSINESS OBJECTIVES

Key business objectives for the six months ended 31st March, 2003 (Note)	Actual business progress
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(Note: The actual business progress of the Group, as compared with its business objectives during the period between 1st April 2002 and 30th September 2002 was set forth in the Company’s interim report dated 12th November 2002.)

Revenue and Business Development

Continue the business development activities from the previous six months ended 30th September, 2002.

Hong Kong
The stagnant condition in Hong Kong had made the Group’s business development difficult. Sales were slow to pick up. In the coming periods, more effort will be put in developing the markets in China, especially those in central China.

Taiwan
Because of the unfavourable conditions in Taiwan, the Group has diverted its resources to develop the market in central China.

The PRC
The Group has switched its focus to central China. The Group is negotiating to have a joint venture set up in Hunan.

Subject to the setting up of the relevant joint venture(s), conduct marketing activities in northern China.

Focus of the Group has been switched to the central China. The Group is now negotiating with a potential partner and the Hunan provincial government with a view to developing a “smart” city in Changsha, the municipal city of Hunan Province. In addition, the Group is preparing to distribute its CyberM Beauty System in Hunan Province with the help of the Hunan Provincial Women’s Organization.

Subject to the feasibility studies of the northern China market and the setting up of the relevant joint venture(s), establish a customer service system in northern China.

Nevertheless, the Group is still exploring and hopes to identify investment opportunities in northern China.

Products and Services

Continue the products and services activities from the previous six months ended 30th September, 2002.

Subject to the setting up of the relevant joint venture(s), launch CyberM Business Series and CyberM Mobile Series in northern China.

Besides those solutions developed by the Group, during the period under review, the Group started to distribute and implement a world leading ERP (Enterprise Resources Planning) solution. The Group’s customer base was broadened with this new line of business.

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Nevertheless, the Group is still exploring and hopes to identify investment opportunities in northern China.

Research and Development

Continue the R&D activities from the previous six months ended 30th September, 2002
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Subject to the result of the feasibility studies, carry out the R&D in the development of vertical B2B eBusiness solutions on an ASP approach for selected industries in the Greater China Region.

During the period under review, the Group focused on developing application software that brings convenience to customers by using contactless smart cards. The CyberM Registration System that helps exhibition and conference organizers in speeding up and simplifying the registration and access logistic processes was launched during the year.

Due to the low rate of acceptance of ASP, the development of ASP had slowed down until the concept of business on-line is more widely accepted and efficiency of the network infrastructure has been improved. By then, ASP would be more popular.

Expansion and Business Alliance

Continue the expansion and business alliance activities from the previous six months ended 30th September, 2002.

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

Establish new alliances with ASP(s) to host and promote CyberM Business Series and CyberM Mobile Series in northern China.

Focus of the Group has been switched to the central China. The Group is now negotiating with a potential partner and the Hunan provincial government with a view to developing a “smart” city in Changsha, the municipal city of Hunan Province. In addition, the Group is preparing to distribute its CyberM Beauty System in Hunan Province with the help of the Hunan Provincial Women’s Organization.

Nevertheless, the Group is still exploring and hopes to identify investment opportunities in northern China.

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USE OF PROCEEDS

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

	Notes	For the six months ended 31st March 2003		Accumulated amount up to 31st March 2003 as in Prospectus dated 11th August 2000	
		Budgeted HK\$ million	Actual HK\$ million	Budgeted HK\$ million	Actual HK\$ million
R&D in the technology, new functions and customization of B2B eBusiness solutions	1	-	-	1.91	2.27
Promotion of CyberM Business Series	1	-	-	4.27	3.56
R&D in the new functions and customization of mobile computing technologies	1	-	-	2.72	3.07
Promotion of CyberM Mobile Series	1	-	-	2.45	2.35
R&D and promotion of a B2B enterprise portal	2	-	-	1.65	1.06
Set up and expand new offices in Hong Kong	3	-	0.29	1.00	0.29
Expand into the Greater China Region		1.25	3.38	7.50	7.57
		<u>1.25</u>	<u>3.67</u>	<u>21.50</u>	<u>20.17</u>

Note 1: Resources were diverted from promotion and marketing activities to R&D, as the Group considered that product functions and qualities would be the most important factors to the Group’s success.

Note 2: As a result of the slow-down in the internet market, the Group had suspended most of the promotion activities of the B2B enterprise portal until the internet businesses are more widely accepted.

Note 3: The original plan of setting up a new office at the Cyber-Port was not pursued due to the unfavourable traffic condition there. Instead, the Group had moved to its existing new office in Wan Chai.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTEREST IN SECURITIES

As at 31st March, 2003, 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”) (see the remark at the end of this announcement), 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 5.58 of the GEM Listing Rules:

		Number of	Percentage of
Name of Directors	Type of Interest	shares	shareholdings (%)
Lau Chiu Pui (Mr. Lau)	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. Lai, Mr. Wong, Mr. Fung Yiu Fai (Mr. Fung) and Mr. Yip Ho Pong (Mr. Yip) (both Mr. Fung and Mr. Yip were executive directors of the Company whose respective resignation became effective on 18th July 2001 and 7th August 2002), 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. 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 (see the remark at the end of this announcement).

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 (see the remark at the end of this announcement) which was discloseable for the year ended 31st March, 2003.

SHARE OPTION SCHEME

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, 2003, 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>					
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	Personal
<u>Other participants</u>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	7,600,000 ⁽¹⁾	

Note

- ⁽¹⁾ The 7,600,000 share options in the Company include 1,000,000 share options granted to Mr. Yip Ho Pong (“Mr. Yip”), former executive director of the Company who resigned as executive director on 7th August, 2002 but remained a full-time employee of the Group as at 31st March, 2003, and 60,000 shares options granted to Mr. Yip’s spouse (who is also a full-time employee of the Group). As Mr. Yip resigned as director of the Company, his interest and his spouse’s interest ceased to be discloseable information (i.e. director’s rights to acquire shares or options to subscribe for shares in the Company) pursuant to the GEM Listing Rules and the SDI Ordinance (see the remark at the end of this announcement).

During the year ended 31st March, 2003, options to subscribe for 8,000 shares in the Company granted to certain full time employees have lapsed upon their resignation. As at 31st March, 2003, options to subscribe for 7,600,000 shares in the Company granted to the full-time employees of the Company remained outstanding.

Save as disclosed above, during the year ended 31st March, 2003, 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.

At the forthcoming annual general meeting, ordinary resolutions will be proposed for (a) termination of the existing share option scheme and (b) adoption of a new option scheme. This is to bring the Company's share option scheme in line with the new requirements of Chapter 23 of the GEM Listing Rules which took effect on 1st October, 2001. Upon termination of the existing scheme, no further options shall be offered or granted thereunder. However, the provisions of the existing scheme shall remain in full force in all other aspects and the subsisting options granted prior to the termination shall remain valid and exercisable in accordance with its terms.

SUBSTANTIAL SHAREHOLDERS

Other than the interests as disclosed above in respect of the Directors and their associates, as at 31st March, 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance (see the remark at the end of this announcement) 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%*
Yip Ho Pong	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 (see the remark at the end of this announcement) as having an interest in ten per cent or more of the issued share capital of the Company as at 31st March, 2003.

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 or had any other conflicts of interest with 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, 2003 pursuant to Rule 6.35 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. Upon expiry of the agreement, Core Pacific-Yamaichi has ceased to be the retained sponsor of the Company.

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 to 5.25 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 two independent non-executive directors of the Company and an executive director. Mr. Yip Ho Pong, who for personal reasons, resigned as an executive director and member of the audit committee of the Company on 7th August 2002 and Mr. Wong Kit Mei, an existing executive director was appointed on the same date as a member of the audit committee of the Company. Ms. Kwan Ngan Hing, Edith and Mr. Chan Wai Choi, Glenn, the independent non-executive directors, remain the audit committee members of the Group throughout the financial year. The committee had met four times during the year with the management to discuss and review the Group's various internal control and audit issues with a view to further improving the Group's corporate governance. The Group's audited results for the year ended 31st March, 2003 have been reviewed by the audit committee at its meeting held on 20th June, 2003. 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 financial statements of the Group for the year were audited by Messrs. Charles Chan, Ip & Fung CPA Ltd. On 19th March 2003, Messrs. PricewaterhouseCoopers resigned as auditors of the Company and its subsidiaries. Messrs. Charles Chan, Ip & Fung CPA Ltd were appointed as the new auditors with effect from the same date to hold office until the conclusion of the next annual general meeting.

BOARD PRACTICES AND PROCEDURES

Throughout the financial year 2003, 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, 2003, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

Remark:

The SDI Ordinance was repealed on 1st April, 2003. Certain disclosure requirements in the SDI Ordinance have been incorporated in Part XV of the Securities and Futures Ordinance (the “SFO”) which came into force on 1st April, 2003. Information about the relevant interests held by certain persons for the year ended 31st March, 2003 are therefore disclosed in this announcement pursuant to the SDI Ordinance.

On behalf of the Board
Lau Chiu Pui
Chairman

25th June, 2003, 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.