



## **CyberM International (Holdings) Limited**

### **美域數碼國際(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 8017)

### **Final Results Announcement For the year ended 31 March 2004**

**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 of the Group for the year ended 31 March 2004 was approximately HK\$14,674,000, representing an increase of 7% over the previous year.
- Loss attributable to shareholders for the year ended 31 March 2004 was approximately HK\$9,729,000 corresponding to a loss per share of approximately HK3.9 cents as compared to the loss attributable to shareholders and a loss per share of approximately HK\$2,584,000 and HK1.0 cents respectively reported in the previous year.

## ANNUAL RESULTS

The audited consolidated results of CyberM International (Holdings) Limited and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2004 together with the comparatives for the corresponding year in 2003 are as follows:

	Note	2004 HK\$' 000	2003 HK\$' 000
Turnover	3	14,674	13,701
Other revenue	3	29	68
Raw materials and consumables used		(6,774)	(4,003)
Staff costs		(8,175)	(6,175)
Depreciation and impairment loss on fixed assets		(772)	(662)
Amortisation and impairment loss on intangible assets		(3,382)	(1,458)
Impairment loss on investments in securities		(250)	-
(Provision for)/write back of bad and doubtful debts		(694)	20
Other operating expenses		<u>(4,345)</u>	<u>(4,120)</u>
Operating loss	4	(9,689)	(2,629)
Finance costs	5	<u>(263)</u>	<u>(32)</u>
Loss before taxation		(9,952)	(2,661)
Taxation	6	<u>-</u>	<u>-</u>
Loss after taxation		(9,952)	(2,661)
Minority interests		<u>223</u>	<u>77</u>
Loss attributable to shareholders		<u>(9,729)</u>	<u>(2,584)</u>
Loss per share	8		
Basic		<u>(HK3.9 cents)</u>	<u>(HK1.0 cents)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

## **1 Basis of preparation**

The Group's consolidated accounts have been prepared under the historical cost convention as modified for the investment property and in accordance with accounting principles generally accepted in Hong Kong.

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). The term HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP(s)") and Interpretations approved by the HKSA.

### **Income taxes**

In the current year, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

The adoption of SSAP 12 (Revised) has had no material effect on the results for the current and prior years. Accordingly, no prior period adjustment has been required.

## **2 Segment information**

During the year ended 31 March 2004, the Group is organised into five (2003: four) major operating units: (i) development of customised software and sales of related computer equipment; (ii) sales and lease of packaged software; (iii) technical support and maintenance services; (iv) lease of property and (v) provision of beauty-salon services. An analysis of the Group's turnover and results by business segments are as follows:

2004

	Customised software and related computer equipment HK\$'000	Packaged software HK\$'000	Technical support and maintenance HK\$'000	Lease of investment property HK\$'000	Beauty-salon HK\$'000	Group HK\$'000
Turnover	6,156	3,936	4,326	133	123	14,674
Segment results	(2,370)	(4,895)	434	133	(185)	(6,883)
Other revenue						29
Unallocated corporate expenses						(2,835)
Operating loss						(9,689)
Finance costs						(263)
Minority interests						223
Loss attributable to shareholders						(9,729)

2003

	Customised software and related computer equipment HK\$'000	Packaged software HK\$'000	Technical support and maintenance HK\$'000	Lease of investment property HK\$'000	Group HK\$'000
Turnover	4,863	4,497	4,202	139	13,701
Segment results	51	(689)	828	139	329
Other revenue					68
Unallocated corporate expenses					(3,026)
Operating loss					(2,629)
Finance costs					(32)
Minority interests					77
Loss attributable to shareholders					(2,584)

The Group has business operations in Hong Kong and the People's Republic of China (the "PRC"). An analysis of the Group's turnover and results by geographical segments are as follows:

	2004		2003	
	Turnover HK\$'000	Segment results HK\$'000	Turnover HK\$'000	Segment results HK\$'000
Hong Kong	14,346	(8,229)	13,440	(1,343)
PRC	328	(1,489)	261	(1,354)
	<u>14,674</u>	<u>(9,718)</u>	<u>13,701</u>	<u>(2,697)</u>
Other revenue		29		68
Operating loss		<u>(9,689)</u>		<u>(2,629)</u>

### 3 Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the year (2003: Nil).

No provision for PRC enterprise income tax has been made in the accounts as all subsidiaries of the Company operating in the PRC are eligible for tax exemptions during the year ended 31 March 2004 (2003: Nil).

Deferred tax assets have not been recognised in respect of the tax losses incurred by the Group as they have arisen in companies that have been loss-making for some time.

### 4 Loss per share

The calculation of the basic loss per share is based on the Group's loss attributable to shareholders for the year of HK\$9,729,000 (2003: HK\$2,584,000) and on the weighted average number of 250,060,000 (2003: 250,060,000) ordinary shares in issue during the year.

No diluted loss per share is presented as the outstanding share options of the Company had anti-dilutive effects on the basic loss per share.

### 5 Movement of reserves

	Share premium HK\$'000	Merger reserve HK\$'000	Exchange differences HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2003	5,613	(341)	(5)	(18,032)	(12,765)
Exchange differences	-	-	(24)	-	(24)
Loss for the year	-	-	-	(9,729)	(9,729)
At 31 March 2004	<u>5,613</u>	<u>(341)</u>	<u>(29)</u>	<u>(27,761)</u>	<u>(22,518)</u>
At 1 April 2002	5,613	(341)	(4)	(15,448)	(10,180)
Exchange differences	-	-	(1)	-	(1)
Loss for the year	-	-	-	(2,584)	(2,584)
At 31 March 2003	<u>5,613</u>	<u>(341)</u>	<u>(5)</u>	<u>(18,032)</u>	<u>(12,765)</u>

### DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend for the year ended 31 March 2004 (2003: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

During the year under review, the core business of the Group comprises (i) implementation of POS systems for local retailers and educational institutions; (ii) distribution and implementation of ERP solutions to local and PRC customers and (iii) provision of support and maintenance services on the systems implemented.

During the year under review, the Group relocated resources from developing customised solutions to the marketing and sales of branded ERP solutions and related services. The Group believed that the provision of these business solutions in both Hong Kong and the PRC would generate tremendous opportunities and boost up revenues for the Group.

### **Financial Review**

#### ***Turnover and loss attributable to shareholders***

During the year under review, turnover was approximately HK\$14.7 million, representing a mild increase of 7% as compared to last year. The turnover remained relatively stable despite the exploration and development of new businesses took the Group time and resources to accommodate the new product and service lines. Loss attributable to shareholders was HK\$9.7 million, being 3.8 folds of that of last year. The significant loss incurred for the year under review was mainly due to the impairment of development expenditures upon failure of certain projects invested and additional marketing and promotion campaigns held for new products launched during the year.

#### ***Segment performance***

During the year under review, turnover contributed by sales of customised software and related computer equipment and sales and lease of packaged software continued to be the primary business segments of the Group which together accounted for nearly 69% (2003: 68%) of the total turnover. The support and maintenance service revenue which accounted for approximately 29% (2003: 31%) of the total revenue for the financial year 2004 was considered relatively stable.

On the other hand, the Group adopted a cautious approach in conducting businesses in the PRC and only 2% (2003: 2%) of the turnover was attributable from the PRC business. Development of the PRC market had been sluggish due to the dampening effect of the SARS outbreak in 2003. Nevertheless, the Group had monitored closely on the dynamic PRC environment and was actively looking for strategic partners to jointly penetrate the PRC market.

### ***Financial resources, liquidity and gearing***

As at 31 March 2004, the Group has cash and bank balances of approximately HK\$6.8 million (2003: HK\$6.0 million). The Group's current assets are approximately 0.9 times (2003: 2.1 times) over its current liabilities. For the year under review, the Group was financed by bank borrowings and its own working capital and the gearing ratio which represents long-term liabilities divided by shareholders' funds was 30% (2003: 0.2%).

In view of the Group's current liquidity position and the additional stand-by banking facilities obtained by the Group subsequent to year-end, the directors expect the Group will have sufficient funds to meet its operational and investment needs in the foreseeable future.

### ***Charge of Group's assets***

As at 31 March 2004, a fixed bank deposit of approximately HK\$5.6 million (2003: HK\$5.5 million) was pledged to a bank in Hong Kong to secure the general banking facilities granted to the Group.

### ***Foreign currency exposure***

Whilst the sales, expenditures, assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi, the directors believe that the Group's exposure to foreign currency fluctuations is minimal and no hedging is considered necessary.

### ***Contingent liabilities***

As at 31 March 2004, the directors expect that the Group had no significant contingent liabilities that would crystallise.

### ***Employees***

As at 31 March 2004, the Group has approximately 49 (2003: 53) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK\$8.2 million (2003: H\$6.2 million). Employees in Hong Kong are also entitled to provident fund contributions, medical insurance and share options. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards.

### ***Future plan of capital investments***

During the year under review, the Group acquired 30% equity interest in an associated company



which entered into an agreement on 14 July 2003 to set up an equity joint venture company in Changsha. With the joint venture, the Group will be able to kickstart the contactless smart card system and related application software to the business, learning and living environments of the Changsha market. The total investment fund expected from the Group is estimated to be US\$2.1 million and it will be financed by bank borrowings and internal resources of the Group.

### *Acquisition and disposal*

There was no material acquisition and disposal during the year under review. As at 31 March 2004, the Group had no material investment held.

### **Prospects**

Looking forward, there is a new sense of confidence in CyberM – confidence that the Group is moving in a direction that will allow us to reduce risk and achieve steady, sustainable growth on behalf of all of our shareholders. The Group builds on its extensive platform of e-payment system and the joint venture we entered in 2003 with Octopus Cards Limited, one of our strategic partners, in Changsha enables the Group to set up a strategic framework and quicken its penetrating pace into the People’s Republic of China (the “PRC”) market. Fundamentally, the Group possesses an excellent reputation and solid foundation in the ERP solution service provision. With the partnership recently created with SAP, one of the internationally recognised ERP solution providers, the Group is optimistic and confident that we shall capture a substantial market share, ultimately revenue growth in both Hong Kong and the PRC.

In addition, with the CEPA (the Mainland China and Hong Kong Closer Economic Partnership Arrangement) expecting to drive the recovery of economy in Hong Kong generally, the Group has the capability to meet future challenges by taking advantages of new investment opportunities in both Hong Kong and the PRC.

### **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 March 2004, the following directors of the Company had or were deemed to have interests in the equity shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register kept by the Company pursuant to Part XV of the SFO or otherwise notified to the Company pursuant to the minimum standards of dealings by the directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules:

Name of directors	Type of interest	Number of ordinary shares in the Company	Percentage of shareholding
Lau Chiu Pui (Mr. Lau)	Beneficial ownership ( <i>Note</i> )	191,250,000	76.48
Lai Shu Pui, Fergus (Mr. Lai)	Beneficial ownership ( <i>Note</i> )	191,250,000	76.48
Wong Kit Mei (Mr. Wong)	Beneficial ownership ( <i>Note</i> )	191,250,000	76.48

*Note: The 191,250,000 ordinary shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited (“Noble Class”), a company incorporated in the British Virgin Islands. Noble Class Group Limited is in turn wholly held by Sunrise International (Holdings) Limited (“Sunrise”), a company incorporated in the Cayman Islands. 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, are held by 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 formerly executive directors of the Company). The issued ordinary shares of Sunrise are held in the following proportions:*

Name of shareholders	Class of ordinary shares	Participating proportion
Pro Nes Genesis Anstalt (the “Anstalt”)*	A – Voting, non-participating	-
Mr. Lau	B – Non-voting, participating	86.68%
Mr. Yip	C - Non-voting, participating	3.33%
Mr. Lai	D - Non-voting, participating	3.33%
Mr. Wong	E - Non-voting, participating	3.33%
Mr. Fung	F - Non-voting, participating	3.33%
		100.00%

\* *The Anstalt is a corporate entity under Liechtenstein in which Mr. Lau has sole beneficial interest.*

*Each of Mr. Lau, Mr. Lai and Mr. Wong is therefore taken to have a beneficial interest in the 191,250,000 ordinary shares owned by Noble Class under Part XV of the SFO.*

Share options are granted to directors and chief executive under the share option scheme approved on 18 August 2003.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement 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 and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the directors, chief executive or their associates had any interests in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2004.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2004, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Name	Number of ordinary shares held	Percentage of shareholding
Noble Class Group Limited	191,250,000	76.48*
Sunrise International (Holdings) Limited	191,250,000	76.48*
Pro Nes Genesis Anstalt (the "Anstalt")	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 beneficially held by the Anstalt, Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung as stated above.*

Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest being 5 per cent or more of the issued share capital of the Company as at 31 March 2004.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at 31 March 2004, the directors are not aware of any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **BOARD PRACTICES AND PROCEDURES**

Throughout the year, the Company was in compliance with the Board Practices and Procedures as set out in rules 5.34 to 5.45 of the Listing Rules.

## **AUDIT COMMITTEE**

The Company established an audit committee on 1 August 2000 with written terms of reference in compliance with Rules 5.28 and 5.33 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. 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 improve the Group's corporate

governance. The Group's audited results for the year ended 31 March 2004 have been reviewed by the audit committee at its meeting held on 21 June 2004. Members of the committee were of the opinion that the preparation of the such results were in compliance with applicable accounting standards, the Stock Exchange and legal requirements and adequate disclosures had been made.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the year ended 31 March 2004, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

By the order of the Board  
**Lau Chiu Pui**  
*Chairman*

Hong Kong , 23 June 2004

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. Lau Chiu Pui

Ms. Chan Pui Fong, Trish

Non-executive Director:

Mr. Chiu Raymond Yim

Independent Non-executive Directors:

Dr. Kwan Ngan Hing, Edith

Mr. Chan Wai Choi, Glenn

*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.*