



CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



FIRST QUARTERLY REPORT

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 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 of the Group for the three months ended 30 June, 2004 was approximately HK\$7,324,000 as compared to HK\$3,445,000 for the corresponding period in 2003.
- Net loss of the Group for the three months ended 30 June, 2004 was approximately HK\$130,000 as compared to profit attributable to shareholders amounted to HK\$85,000 for the corresponding period in 2003
- Loss per share for the Group was approximately HK0.05 cent for the three months ended 30 June, 2004 as compared to profit per share of HK0.03 cent for the corresponding period in 2003.

RESULTS

The unaudited consolidated results of CyberM International (Holdings) Limited and its subsidiaries (the "Group") for the three months ended 30 June, 2004 together with the comparatives for the corresponding period in 2003 are as follows:

	Note	Three months ended 30 June,	
		2004 HK\$'000	2003 HK\$'000
Turnover	2	<u>7,324</u>	<u>3,445</u>
(Loss)/Profit from operation	7	(59)	3
Interest income		0	14
Interest expense		(71)	(25)
Loss before taxation		(130)	(8)
Taxation	3	-	-
		(130)	(8)
Minority interests		-	93
(Loss)/Profit attributable to shareholders		<u>(130)</u>	<u>85</u>
Dividend	4	-	-
(Loss)/Profit per share	5		
– Basic		<u>(0.05 cent)</u>	<u>0.03 cent</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1 Basis of preparation

The Group's unaudited 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

An analysis of the Group's turnover is as follows:

	Three months ended 30 June,	
	2004 HK\$'000	2003 HK\$'000
Development of customised software and sales of related computer equipment	5,547	664
Sales of packaged software	973	1,718
Fees for technical support and maintenance services	771	1,029
Rental income	33	34
	<u>7,324</u>	<u>3,445</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 arising in Hong Kong for the three months ended 30 June 2004. No provision for the enterprise income tax in the PRC has been made as all PRC subsidiaries were in a loss position during the three months ended 30 June 2004.

4 Dividend

No dividend had been paid or declared by the Company during the three months ended 30 June, 2004 (three months ended 30 June, 2003: Nil).

5 Loss/(Profit) per share

The calculation of basic loss (profit) per share is based on the loss (profit) attributable to the shareholders for the three months ended 30 June, 2004 of approximately HK\$130,000 (profit for the three months ended 30 June, 2003: HK\$85,000) and on the weighted average number of 250,060,000 (2003: 250,060,000) ordinary shares in issue during the periods.

No diluted loss (profit) per share is presented as the outstanding share options were anti – dilutive.

6 Movements in Reserves

There were no movement in reserves for the three months ended 30 June, 2004 and 2003 except for the loss for the period amounted to HK\$130,000 (2003: profit for the period amounted to HK\$85,000).

7 Provision

The loss of HK\$130,000 from operation includes a provision of HK\$1,700,000 in connection to a legal suitcase filed against one of the subsidiary in the Group at 22 July, 2004. The Group is now seeking legal opinion. The provision made is approximately the total receipt in connection to such project and is made simply for prudent reason before any concrete legal opinion is obtained.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the three months ended 30 June, 2004 was HK\$7,324,000, representing an increase of 113% as compared to the same period in 2003. The loss HK\$130,000 was largely due to the provision HK\$1,700,000 made for a pending lawsuit filed to one of the subsidiary in the Group at 22 July 2004 as discussed in note 7 above. We are seeking legal opinion and the provision is made simply for prudent reason.

Prospect

To expand the revenue base, the Group will continue to explore new business opportunities in both Hong Kong and the People's Republic of China. Among various efforts in strengthening the Group's marketing endeavor and reducing overhead cost, the Group will contract with servicing companies which solicit new projects and the Group will supply services and products accordingly.

Looking forward, improved operating results are anticipated in view of the continuous recovery of the local economy combined with the strong marketing team developed by the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June, 2004, the following Directors of the Company had or were deemed to have interests in the equity securities 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 shareholdings (%)
Lau Chiu Pui (Mr. Lau)	Discretionary trust (<i>Note</i>)	191,250,000	76.48%
Chan Pui Fong (Ms Chan)	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 ("Noble Class"), a company incorporated in the British Virgin Islands. Noble Class 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, Ms Chan (Mr. Lau's spouse), Mr. Lai Shu Pui, Fergus (Mr. Lai), Mr. Wong Kit Mei (Mr. Wong), Mr. Fung Yiu Fai (Mr. Fung) and Mr. Yip Ho Pong (Mr. Yip). (Mr. Fung, Mr. Yip, Mr. Lai and Mr. Wong were executive directors of the Company whose respective resignation became effective on 18 July, 2001, 7 August, 2002, 30 April, 2004 and 30 April, 2004). 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%

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

Mr. Lau and Ms. Chan (Mr. Lau's spouse) 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.

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, chief executives or their associates had any interests in any securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was disclosable for the three months ended 30 June 2004.

SHARE OPTION SCHEME

Following the amendments of Chapter 23 of the GEM Listing Rules on 1 September 2001, the share option scheme adopted by the Company on 1 August 2000 (the "Old Scheme") has been terminated and replaced by a new share option scheme on 13 August 2003 (the "New Scheme"). Since then, no further option can be granted under the Old Scheme while all options granted prior to such termination continue to be valid and exercisable.

The principal terms of the New Scheme are summarized in a circular dated 30 June 2003.

Details of the share options granted and remain outstanding as at 30 June 2004 are as follows:

Name and category of eligible participants	Date of grant	Exercise price per share HK\$	Number of share options				Exercisable period
			As at 1.4. 2004	Granted during the period	Lapsed during the period	As at 30.6.2004	
Executive Directors							
Lau Chiu Pui	4.9.2000	0.20	250,000	0	0	250,000	15.12.2003 to 13.6.2009
Lai Shu Pui, Fergus (Note a)	4.9.2000 12.12.2003	1.18 0.20	1,000,000 220,000	0	1,000,000 220,000	0 0	
Wong Kit Mei (Note a)	4.9.2000 12.12.2003	1.18 0.20	1,000,000 220,000	0	1,000,000 220,000	0 0	
Chief Executive							
Chan Oi Chu	12.12.2003	0.20	24,000	0	24,000	0	
Other Participants							
Full time employees	4.9.2000 12.12.2003	1.18 0.20	4,368,000 1,236,000	0	0 88,000	4,368,000 1,148,000	4.9.2000 to 3.9.2010 14.6.2004 to 13.6.2009

Note a: Mr. Lai Shu Pui, Fergus and Mr. Wong Kit Mei resigned as directors at 30 April 2004.

Save as disclosed above, during the three months ended 30th June, 2004, none of the options being granted to the Executive Directors have been exercised or cancelled.

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2004, the Company had been notified of the following substantial shareholders' interests, being 5 percent 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 shares held	Percentage of shareholdings (%)
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%*
Lai Shu Pui	191,250,000	76.48%*
Wong Kit Mei	191,250,000	76.48%*

* Duplication, all shareholdings are beneficially held 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 in 5 per cent or more of the issued share capital of the Company as at 30 June, 2004.

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.

AUDIT COMMITTEE

The Company established an audit committee on 1 August 2000 with written terms of reference in compliance with the requirements as set out in 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 the two independent non-executive directors (Mr. Chan Wai Choi, Glenn and Ms. Kwan Ngan Hing, Edith). The Group's unaudited results for the three months ended 30th June, 2004 have been reviewed by the audit committee. 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.

BOARD PRACTICES AND PROCEDURES

Throughout the three months ended 30 June, 2004, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures. None of the independent non-executive directors have been paid any fees or other reimbursements or emoluments during the period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 30 June, 2004, 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

13 August, 2004, Hong Kong