



CyberM International (Holdings) Limited
美域數碼國際（控股）有限公司
(Incorporated in Bermuda with limited liability)



INTERIM 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.

HIGHLIGHTS

- Turnover of the Group for the six months ended 30 September 2004 was approximately HK\$13,302,000, as compared to HK\$12,571,000 for the corresponding period in 2003.
- Net profit attributable to shareholders for the six months ended 30 September 2004 was approximately HK\$585,000 as compared to profit attributable to shareholders of HK\$164,000 for the corresponding period in 2003.
- Earning per share for the Group was approximately HK\$0.23 cents for the 30 September 2004 as compared to earning per share of HK\$0.07 cents in the corresponding period in 2003.

INTERIM RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months and three months ended 30 September 2004 together with the comparatives for the corresponding periods in 2003 are as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited			
		Six months ended 30 September		Three months ended 30 September	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	2	13,302	12,571	5,978	9,126
Material and equipment		(2,925)	(4,943)	(1,410)	(3,970)
Staff costs		(5,062)	(3,442)	(2,441)	(2,011)
Depreciation of property, plant and equipment		(226)	(342)	(91)	(163)
Amortisation of development expenditures		(761)	(287)	(381)	(287)
Reversal of provision for bad and doubtful debts		0	154	0	154
Other operating expenses		(3,599)	(2,333)	(867)	(1,474)
Operating profit		729	1,378	788	1,375
Interest income		0	25	0	11
Interest expense		(144)	(82)	(73)	(57)
Profit before taxation		585	1,321	715	1,329
Taxation	3	-	-	-	-
Profit/(loss) after taxation		585	1,321	715	1,329
Minority interests		0	(1,157)	0	(1,250)
Profit attributable to shareholders		585	164	715	79
Earnings per share	4				
- Basic		HK0.23 cents	HK0.07 cents	HK0.29 cents	HK0.03 cents
- Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 September 2004 HK\$'000	Audited 31 March 2004 HK\$'000
NON-CURRENT ASSETS			
Development expenditures	6	1,067	1,857
Property, plant and equipment	6	564	2,213
Investments in securities		330	330
		<u>1,961</u>	<u>4,400</u>
CURRENT ASSETS			
Inventories		1,528	246
Trade receivables	7	4,360	1,778
Prepayments, deposits and other receivables		758	827
Pledged Deposits	9	5,558	5,556
Cash and bank deposits		753	1,254
		<u>12,957</u>	<u>9,661</u>
CURRENT LIABILITIES			
Trade payables	8	964	1,268
Accruals and other payables		4,351	2,027
Receipts in advance		826	2,128
Amount due to a director		375	700
Current portion of obligations under finance leases		4	25
Current portion of secured long-term bank loan		491	485
Bank overdrafts, secured	9	4,391	4,193
		<u>11,402</u>	<u>10,826</u>
Net current assets / (liabilities)		<u>1,555</u>	<u>(1,165)</u>
Total assets less current liabilities		<u>3,516</u>	<u>3,235</u>
NON-CURRENT LIABILITIES			
Long-term bank loan		504	747
		<u>3,012</u>	<u>2,488</u>
Net assets		<u>3,012</u>	<u>2,488</u>
FINANCED BY			
Share capital		25,006	25,006
Reserves		(21,994)	(22,518)
		<u>3,012</u>	<u>2,488</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserves	Unaudited Cumulative translation adjustments	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2003	25,006	5,613	(341)	(5)	(18,032)	12,241
Translation adjustments	-	-	-	(24)	-	(24)
Loss for the year	-	-	-	-	(9729)	(9729)
	<u>25,006</u>	<u>5,613</u>	<u>(341)</u>	<u>(29)</u>	<u>(27,761)</u>	<u>2,488</u>
At 31 March 2004	25,006	5,613	(341)	(29)	(27,761)	2,488
Translation adjustments	-	-	(61)	-	-	(61)
Profit for the period	-	-	-	-	585	585
	<u>25,006</u>	<u>5,613</u>	<u>(402)</u>	<u>(29)</u>	<u>(27,176)</u>	<u>3,012</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 September 2004		2003
	HK\$'000	HK\$'000	HK\$'000
Net cash (outflow) from operating activities	(597)		(3,358)
Net cash inflow / (outflow) from investing activities	137		(442)
Net cash (outflow) / inflow from financing activities	(237)		2,944
Decrease in cash and cash equivalents	(697)		(856)
Cash and cash equivalents at the beginning of period	2,617		6,018
Cash and cash equivalents at the end of period	1,920		5,162
Analysis of balances of cash and cash equivalents:			
Cash and bank deposits	753		2,731
Pledged deposits	5,558		5,554
Bank overdrafts	(4,391)		(3,123)
	1,920		5,162

Notes:

1 Basis of preparation

The Group's unaudited condensed consolidated interim accounts have been prepared in accordance with Statement of Standard Accounting Practice (SSAP) 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the disclosure requirements of the GEM Listing Rules. The same accounting policies and methods of computation are followed as compared with the 2003 annual accounts.

The unaudited condensed consolidated interim accounts have been reviewed by the audit committee. The composition of the audit committee is discussed in subsequent section.

2 Turnover and segment information

The Group is organised into 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; and (iv) lease of property. An analysis of the Group's turnover and operating profit/(loss) by business segments is as follows:

	Six months ended 30 September 2004		Six months ended 30 September 2003	
	Turnover	Operating profit	Turnover	Operating Profit
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Development of customised software and sales of related computer equipment	9,083	7,364	3,773	(496)
Sales and lease of packaged software	2,313	1,756	6,617	2,085
Technical support and maintenance services	1,884	1,624	2,114	911
Lease of property	22	22	67	67
	<u>13,302</u>	<u>10,766</u>	<u>12,571</u>	<u>2,567</u>
Unallocated corporate expenses		(10,037)		(1,189)
		<u>729</u>		<u>1,378</u>

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 operating profit/(loss) by geographical segments is as follows:

	Six months ended 30 September 2004		Six months ended 30 September 2003	
	Turnover	Operating profit/(loss)	Turnover	Operating profit/(loss)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	13,147	905	12,511	1,894
The PRC	155	(176)	60	(516)
	<u>13,302</u>	<u>729</u>	<u>12,571</u>	<u>1,378</u>

3 Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group could utilize the tax loss carried forward for the assessable profit arising in Hong Kong for the six months ended 30 September 2004. No provision for enterprise income tax in the PRC has been made as all PRC subsidiaries were in a loss position during the six months ended 30 September 2004.

4 Earnings/(loss) per share

The calculation of basic earning / (loss) per share is based on the Group's profit / (loss) attributable to shareholders for the six months and three months ended 30 September 2004 of HK\$585,000 and (HK\$130,000) respectively (profit attributable to shareholders for the six months and three months ended 30 September 2003: HK\$164,000 and HK\$79,000 respectively) and on the weighted average number of 250,060,000 ordinary shares (2003: 250,060,000 shares) in issue during the periods.

No diluted earnings/(loss) per share is presented for the six months and three months ended 30 September 2004 and 2003 as the outstanding share options were anti-dilutive.

5 Interim dividends

The directors do not recommend the payment of interim dividend for the half-yearly period (2003: Nil).

6 Capital expenditure

	Unaudited	
	Six months ended	
	30 September 2004	
	Development	Property, plant
	expenditures	and equipment
	& software	
	HK\$'000	HK\$'000
Net book value as at 1 April 2004	1,857	2,213
Additions	-	-
Amortisation/depreciation	761	226
Disposals	29	1,423
	1,067	564
Net book value as at 30 September 2004		

7. Trade receivables

The ageing analysis of trade receivables is as follows:

	Unaudited	Audited
	30 September	31 March
	2004	2004
	HK\$'000	HK\$'000
Within three months	3,208	842
Over three months but within six months	809	207
Over six months but within one year	227	675
Over one year but within two years	116	54
	4,360	1,778

The Group normally grants to its customers credit periods for sales of goods ranging from 0 to 14 days. Consideration in respect of contracts for development of customised software, sales of related computer equipment, sales and lease of packaged software, the provision of technical support and maintenance services is payable pursuant to the terms of the respective contracts. Rentals in respect of the leased property are payable by tenants on a monthly basis.

8. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2004 HK\$'000	Audited 31 March 2004 HK\$'000
Within three months	606	760
Over three months but within six months	353	502
Over one year but within two years	5	1
Over two years	-	5
	<u>964</u>	<u>1,268</u>

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9 Banking facilities

As at 30 September 2004, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK\$5,558,000 (31 March 2004: HK\$5,556,000).

10 Provision

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. After discussion with our solicitors, the Group has filed a counter-claim against that company. As the legal process is only in preliminary stage, the provision made (approximately the total receipt in connection to such project) is made simply for prudent reason.

11 Movements in Reserves

The movement in reserves for the six months ended 30 September 2004 is HK\$524,000 (2003: profit for the period amounted to HK\$164,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

The Group's turnover for the six months ended 30 September 2004 was HK\$13,302,000, representing an increase of 6% as compared to \$12,571,000 in the same period in 2003. The net profit \$585,000 is after 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 10 above. Excluding that, the profit shall be HK\$2,285,000, which is a significant improvement as compared to HK\$164,000 in the same period in 2003.

Prospect

From the second quarter, the Group has focused on developing SAP projects, which provides all-in-one business solutions (including CRM, ERP, etc) to companies ranging from multi-national corporations to small and medium enterprises. Looking forward, improved operating results are anticipated in view of the continuous recovery of the local economy, the strong team dedicated for SAP projects and the tightening cost control.

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 September 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%
		<hr/>
		100%
		<hr/> <hr/>

* 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 six months ended 30 September 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 September 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 30.9.2004	
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 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 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	92,000 90,000	4,276,000 1,146,000	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 six months ended 30 September 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 September 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 September 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 AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Rule 5.05(1) of the GEM Listing Rules requires every board of directors of an issuer include at least 3 independent non-executive directors. Rule 5.05(2) of the GEM Listing Rules requires at least one of the independent non-executive directors of a listed issuer ("INED") to have appropriate professional qualifications or accounting or related financial management expertise. Rule 5.28 of the GEM Listing Rules requires every listed issuer to establish an audit committee comprising at least three non-executive directors, at least one of whom should be an INED who can meet the requirement of Rule 5.05(2) of the GEM Listing Rules. These requirements have taken effect from 31 March 2004 and every listed issuer must fulfill these requirements by 30 September 2004.

The board of directors of the Company comprises two Executive Directors, one Non-Executive Director and two INEDs. The Audit Committee of the Company comprises of these two INEDs.

The Company has endeavored to identify an appropriate candidate for appointment as an INED and a member of the Audit Committee to meet the requirements of Rules 5.05(1), 5.05(2) and 5.28 respectively of the GEM Listing Rules.

As at the date of this announcement, the Company has not yet appointed an extra INED meeting the requirement set out in Rule 5.05(1) and 5.05(2) and has not appointed such INED to sit in Audit Committee of the Company pursuant to Rule 5.28 of the GEM Listing Rules. The Company will make every effort to ensure that a suitable candidate be appointed as soon as possible to fulfill the requirements of Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

Save as disclosed above, the Company established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 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 six months ended 30 September 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 six months ended 30 September 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 September 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

15 November 2004, Hong Kong