



CyberM International (Holdings) Limited

美域數碼國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

2000

THIRD QUARTERLY REPORT

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. 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 three months ended 31st December, 2000 amounted to HK\$2,324,000
- Loss attributable to shareholders amounted to HK\$1,885,000 corresponding to a basic loss per share of HK0.75 cents

CHAIRMAN’S STATEMENT

For the past three months, we have continued our commitments to the e-commerce and m-commerce markets. Considerable resources have been allocated to enhance CyberM Business Series and develop new products under CyberM Mobile Series. Our efforts have been well recognized. In the past few months, we were awarded the Sybase Innovative Award, New World Mobility – Most Opportunity Award and SQA Certificate of Quality.

The development of ASP business is still in the initial stage in the Greater China Region and therefore the usage of ASP approach in the market is below our expectation. However, as one of the leading mobile B2B eBusiness solutions providers, we are confident of the future of the business in the region.

The unaudited results of the Company and its subsidiaries (collectively referred to as “the Group”) for the nine months ended 31st December, 2000 and three months ended 31st December, 2000 are presented herewith.

RESULTS

The unaudited consolidated results of the Group for the nine months and three months ended 31st December, 2000 together with the unaudited comparatives for the corresponding period in 1999 are as follows:

		Nine months ended 31st December,		Three months ended 31st December,	
		2000	1999	2000	1999
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	12,190	11,950	2,324	5,168
Cost of sales		<u>(3,520)</u>	<u>(3,490)</u>	<u>(720)</u>	<u>(1,660)</u>
Gross profit		8,670	8,460	1,604	3,508
Other revenue		70	25	1	1
Distribution and selling expenses		(601)	(534)	(208)	(217)
General and administrative expenses		<u>(9,603)</u>	<u>(5,962)</u>	<u>(3,822)</u>	<u>(2,282)</u>
(Loss)/profit from operation		(1,464)	1,989	(2,425)	1,010
Interest income		544	4	342	4
Interest expense		<u>(153)</u>	<u>(191)</u>	<u>(13)</u>	<u>(67)</u>
Profit before taxation		(1,073)	1,802	(2,096)	947
Taxation	3	<u>-</u>	<u>(362)</u>	<u>211</u>	<u>(190)</u>
(Loss)/profit attributable to Shareholders		<u>(1,073)</u>	<u>1,440</u>	<u>(1,885)</u>	<u>757</u>
(Loss)/earnings per share	4				
- Basic		<u>(0.46 cents)</u>	<u>0.68 cents</u>	<u>(0.75 cents)</u>	<u>0.36 cents</u>
- Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

1 Basis of preparation

The Company was incorporated in Bermuda on 3rd March, 2000 as an exempted company under the Companies Act 1981 of Bermuda (as amended). The Company's shares were successfully listed on GEM on 17th August, 2000. On 1st August, 2000, pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM, the Company became the holding company of the Group.

The Reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the consolidated results of operation have been prepared as if the Company had been the holding company of the other companies comprising the Group throughout the nine months and three months periods ended 31st December, 2000 and 1999 rather than from the date on which the Reorganisation was completed.

2 Turnover

The consolidated turnover of the Group is consisted of:

	Nine months ended 31st December,		Three months ended 31st December,	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Sales of computer hardware	2,977	3,163	671	1,530
Sales and lease of packaged software	2,977	2,736	392	594
Fees for developing customised Solutions	3,652	4,267	451	2,160
Fees for technical support and maintenance services	2,485	1,784	777	884
Rental income	99	–	33	–
	<u>12,190</u>	<u>11,950</u>	<u>2,324</u>	<u>5,168</u>

3 Taxation

No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in and derived from Hong Kong for the nine months ended 31st December, 2000.

4 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to the shareholders for the nine months and three months ended 31st December, 2000 of respectively HK\$1,073,000 and HK\$1,885,000 (nine months and three months ended 31st December, 1999: profit of HK\$1,440,000 and HK\$757,000 respectively) and the weighted average of 231,340,000 shares and 250,060,000 shares respectively for the nine months and three months ended 31st December, 2000 (1999: 212,500,000 shares for both periods) deemed to be in issue during the periods assuming the 212,500,000 shares issued pursuant to the Reorganisation described in Note 1 above had been outstanding throughout the nine months and three months periods ended 31st December, 2000 and 1999.

Diluted loss per share is not presented for the nine months and three months ended 31st December, 2000 as there is no dilution effect arising from the outstanding share options granted by the Company. No dilutive potential ordinary shares existed during the nine months and three months ended 31st December, 1999.

DIVIDEND

The Board of directors does not recommend the payment of a dividend for the nine months ended 31st December, 2000 (nine months ended 31st December, 1999: Nil).

BUSINESS AND FINANCIAL REVIEW

Financial

For the three months ended 31st December, 2000, the group's turnover was approximately HK\$2,324,000. Net loss attributable to shareholder amounted to approximately HK\$1,885,000. The loss was primarily attributable to the reduction in revenue for developing customised solutions and increase in resources for research and development.

Business

For the three months ended 31st December, 2000, the Group has the following achievements:

Office expansion

Additional 3,200 sq.ft. office space was rented for the business expansion of the Group, and high caliber staff were recruited for research and development and customer services.

New office in mainland China

The operation of the Shenzhen office commenced in December 2000. It is the first office of the Group established in mainland China to provide total solutions for the local customers. Currently, several contracts to provide services in mainland China are under negotiation with reputable enterprises.

ASP business

The Group has teamed up with another business partner to promote the CyberM Business Series. In order to satisfy the requirements of different industries, the Group has been developing various versions of the CyberM Business Series to meet the requirements of specific industries.

Product development

With the effort of the Group's dedicated research and development team, more and more new products have been developed such as CyberM Mobile Series running on Window CE. The Group's products were awarded the Sybase Innovative Award, the New World Mobility - Most Opportunity Award, the SQA Certificate of Quality. The Group has also successfully obtained the renewal of the ISO 9001 certificate.

Sales and marketing

The Group has continued to participate actively in exhibitions, such as Press Conference and Exhibition of Toxynet.com in October 2000, Palm Enterprises Open Day in October 2000, Software exhibition in November 2000 and ITU Telecom Asia 2000 in December 2000. The Group was also invited to give speeches and presentations in seminars and conferences, topics included "How to migrate your window business application to web and mobile environment", "How ASP can minimize SMEs operating costs" and "IT as enabler for business success". Moreover, the Group is also a co-founder of the Hong Kong Wireless Technology Association, aiming at promoting the mobile and wireless technologies.

Through these activities, we have not only promoted the Group's products but also aroused the public's interest and awareness in new IT technologies.

New business opportunity

In addition to the existing lines of business, the Group has been looking for other business opportunities such as provision of IT training and info-link services to strengthen the Group's product and service foundation.

DIRECTORS' AND CHIEF EXECUTIVE INTEREST IN SECURITIES

As at 31st December, 2000, the interests of the Directors and their associates in the share capital and listed securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interest) Ordinance (the "SDI Ordinance")) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name of Directors	Type of Interest	Number of shares	Percentage of shareholdings (%)
Lau Chiu Pui (Mr. Lau)	Discretionary trust (Note)	191,250,000	76.48%
Yip Ho Pong (Mr. Yip)	Discretionary trust (Note)	191,250,000	76.48%
Lai Shu Pui, Fergus (Mr. Lai)	Discretionary trust (Note)	191,250,000	76.48%
Wong Kit Mei (Mr. Wong)	Discretionary trust (Note)	191,250,000	76.48%
Fung Yiu Fai (Mr. Fung)	Discretionary trust (Note)	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 Cayman Islands. Mr. Lau and his spouse, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung 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:

Discretionary objects	Proportion
Prophecy Associates Limited *	86.68%
Mr. Yip (upon his death, his spouse, and upon the death of Mr. Yip and his spouse, their children)	3.33%
Mr. Lai (upon his death, his spouse, and upon the death of Mr. Lai and his spouse, their children)	3.33%
Mr. Wong (upon his death, his spouse, and upon the death of Mr. Wong and his spouse, their children)	3.33%
Mr. Fung (upon his death, his spouse, and upon the death of Mr. Fung and his spouse, their children)	3.33%

* *All the issued ordinary shares of Prophecy Associates Limited are held by AMS Trustees Limited, a corporate trustee of a discretionary trust, the discretionary objects of which are the lineal descendants of the paternal and maternal grandfathers of Mr. Lau and his spouse but exclude, inter alia, residents of Canada.*

** *The families of Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong, Mr. Fung and Mr. Chan Wing Fuk as described above are not relatives of each other. Mr. Chan Wing Fuk is the godfather of Mr. Lau's spouse.*

Each of Mr. Lau, Mr. Yip, Mr. Lai, Mr. Wong and Mr. Fung is therefore taken to have an interest in the 191,250,000 shares held by Noble Class Group Limited under the SDI Ordinance.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests in the share capital and listed securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES AND OPTIONS GRANTED

Under a share option scheme adopted by the shareholders of the Company on 1st August, 2000, the Directors of the Company may, at their discretion, offer to full-time employees, and executive Directors of the Company, options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. As at 31st December, 2000, 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
<i>Executive Directors</i>					
Yip Ho Pong	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000 60,000	Personal Family ***
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 44,000	Personal Family***
Fung Yiu Fai	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000	Personal
<i>Other participants</i>					
Full time employees	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	15,776,000	

*** Represent options granted to their spouses who are employees of the Company.

As at 31st December, 2000, none of the options being granted to the executive Directors have been exercised or cancelled.

During the three months ended 31st December, 2000, 2,268,000 options granted to certain full time employees have been lapsed on their resignation. As at 31st December, 2000, 13,448,000 options granted to the full-time employees of the Company remained outstanding.

Except as disclosed above, as at 31st December, 2000, the Company had not granted any rights to subscribe for shares of the Company to any Directors or chief executives of the Company or to their spouses or children under 18 years of age.

Except as disclosed above, at no time during the period under review was the Company, its holding companies or its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Other than the interests as disclosed above in respect of the Directors and their associates, as at 31st December, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10 percent or more of the Company's issued share capital.

Name	Number of shares held	Percentage of shareholdings (%)
Noble Class Group Limited (<i>see Note above</i>)	191,250,000	76.48%
Sunrise International (Holdings) Limited (<i>see Note above</i>)	191,250,000	76.48%
Arawak Trust Company Limited (<i>see Note above</i>)	191,250,000	76.48%

Save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st December, 2000.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, Core Pacific - Yamaichi Capital Limited ("Core Pacific - Yamaichi"), neither Core Pacific - Yamaichi nor its directors, employees or associates had any interest in the share capital of the Company as at 31st December, 2000 pursuant to Rules 6.35 and 18.63 of the GEM Listing Rules.

Pursuant to the agreement dated 11th August, 2000 entered into between the Company and Core Pacific - Yamaichi, Core Pacific - Yamaichi has received and will receive a fee for acting as the Company's retained sponsor for the period from 17th August, 2000 to 31st March, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

AUDIT COMMITTEE

The Company established an audit committee on 1st August, 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the two independent non-executive directors, Mr. Chan Siu Yeung and Ms. Kwan Ngan Hing, Edith and Mr. Yip Ho Pong, an executive director. The Group's unaudited results for the nine months ended 31st December, 2000 have been reviewed by the audit committee, who 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the nine months ended 31st December, 2000, 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
Fung Yiu Fai
Company Secretary

13th February, 2001, Hong Kong