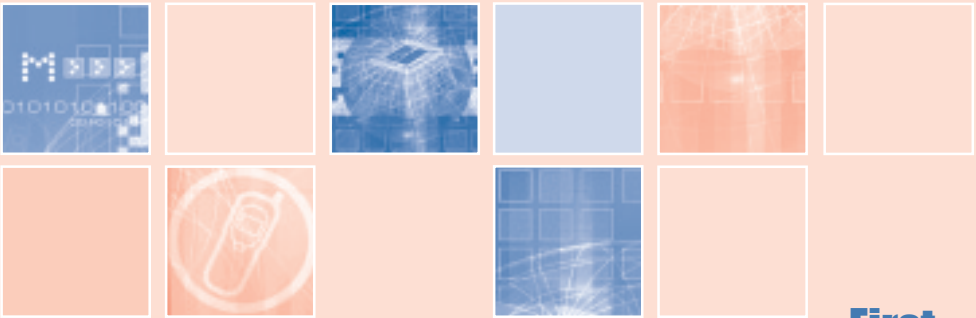


CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



First  
Quarterly  
Report  
**2001**

## **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 for the three months ended 30th June, 2001 amounted to HK\$4,854,000
- Profit attributable to shareholders amounted to HK\$195,000 corresponding to a basic earnings per share of HK0.08 cents

## RESULTS

The unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th June, 2001 together with the comparatives for the corresponding period in 2000 are as follows:

	Note	Three months ended	
		30th June, 2001	2000
		HK\$'000	HK\$'000
Turnover	1	<u>4,854</u>	<u>5,662</u>
Profit from operation		60	670
Interest income		187	22
Interest expense		<u>(15)</u>	<u>(68)</u>
Profit before taxation		232	624
Taxation	2	<u>(37)</u>	<u>(135)</u>
Profit attributable to shareholders		<u>195</u>	<u>489</u>
Earnings per share	3		
– Basic		<u>0.08 cents</u>	<u>0.23 cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>



1 Turnover

The consolidated turnover of the Group consisted of:

	Three months ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Fees for development of customised software and sales of related computer equipment	2,395	2,905
Sales and lease of packaged software	1,686	1,803
Fees for technical support and maintenance services	745	921
Rental income	28	33
	<u>4,854</u>	<u>5,662</u>

2 Taxation

Hong Kong profits tax was provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in or derived from Hong Kong.

3 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to the shareholders for the three months ended 30th June, 2001 of approximately HK\$195,000 (three months ended 30th June, 2000: approximately HK\$489,000) and on the weighted average of 250,060,000 shares (2000: 212,500,000 shares) in issue.

No diluted earnings per share is presented as the outstanding share options were anti-dilutive.

## DIVIDEND

The board of directors of the Company does not recommend payment of dividend for the three months ended 30th June, 2001 (three months ended 30th June, 2000: Nil).



## REVIEW

### Financial

For the three months ended 30th June, 2001, the Group's turnover was approximately HK\$4,854,000. Profit attributable to shareholders amounted to approximately HK\$195,000. With the Group's expansion having come to a steady stage, sales of software for the period under review had been picking up while overheads had increased at a controllable rate, thus leading the Group turned into profits.

### Research and Development

During the period under review, the Group has been focusing on developing the SchoolPlus Scheme (the "Scheme"), a system specifically tailored for the educational sector. The Scheme, aiming at improving the administrative efficiencies at schools as well as providing other auxiliary services, was launched in July 2001. The Group expects that the Scheme will be well received by schools. Besides, two more modules of the CyberM Business Series have been developed particularly for the beauty and skincare industries and the Chinese medicine industries. The two series are expected to be launched in August 2001. The Group will continue the R&D on the application of mobile and wireless computing technologies to provide more value-added solutions to different industries.

### Expansion and business alliance

A new office in Guangzhou Tianhe Software Park is under preparation. The office will serve as a customer service and training centre for our customers in the Mainland China. Additional officers have been recruited to strengthen the Group's customer service team in the Mainland China.

The Hong Kong Wireless Technology Industry Association ("HKWTIA") was co-founded by the Group in May 2001. Not only does HKWTIA create a unifying effect in the industry, it also arouses public awareness in mobile and wireless technologies.

### Sales and Marketing

Building up the Group's brandname is the main target of the Group's marketing strategies. Considerable resources have been devoted to increase the publicity of the Group's products and brandname, such as advertising in magazines and hosting seminars.

**DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES**

As at 30th June, 2001, 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"), 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 standard of dealings by the Directors as referred to in Rules 5.40 to 5.59 of the GEM Listing Rules:

Name of Director	Type of Interest	Number of shares	Percentage of shareholding (%)
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 the spouses of their issue \*\**
- (iii) *Mr. Lai, his spouse, their issue and the 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:

<b>Discretionary objects</b>	<b>Proportion</b>
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 and their respective spouses 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 any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## **DIRECTORS RIGHTS' TO ACQUIRE SHARES OR DEBT SECURITIES AND OPTIONS GRANTED**

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 30th June, 2001, 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>					
Yip Ho Pong	4th September, 2000	1.18	4th September, 2000 to 3rd September, 2010	1,000,000 60,000	Personal Family <sup>(1)</sup>
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 <sup>(1)</sup>
Fung Yiu Fai	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	6,744,000 <sup>(2)</sup>	

- (1) Represent options granted to their respective spouses who are employees of the Company.
- (2) During the three months ended 30th June, 2001, options to subscribe for 2,000,000 shares in the Company previously granted to certain full time employees lapsed upon their respective resignation. As at 30th June, 2001, options to subscribe for 6,744,000 shares in the Company granted to the full-time employees of the Company remained outstanding.





As at 30th June, 2001, none of the options granted to the executive directors had been exercised or cancelled. As at 18th July, 2001, Fung Yiu Fai resigned as an executive director of the Company. The options granted to him were lapsed on the same date.

Saved 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.

Saved 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**

Other than the interests as disclosed above in respect of the directors and their associates, as at 30th June, 2001, 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.

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

Save as disclosed above, no other person was recorded in the register pursuant to Section 16(1) of the SID Ordinance as having an interest of ten per cent or more of the issued share capital of the Company as at 30th June, 2001.

### **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 30th June, 2001 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 an executive director, Mr. Yip Ho Pong. The Group's unaudited results for the three months ended 30th June, 2001 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 three months ended 30th June, 2001, 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*

13th August, 2001, Hong Kong