



CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



THIRD QUARTERLY REPORT

**2003**

## 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 nine months ended 31 December 2003 was approximately HK\$16,543,000 as compared to HK\$10,382,000 for the corresponding period in 2002.
- Net loss of the Group for the nine months ended 31 December 2003 was approximately HK\$1,323,000 as compared to HK\$3,082,000 for the corresponding period in 2002.
- Loss per share of the Group was approximately HK0.53 cents for the nine months ended 31 December 2003 (2002: HK1.23 cents).



### THIRD QUARTERLY RESULTS

The unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months and three months ended 31 December 2003 together with the comparatives for the corresponding periods in 2002 are as follows:

#### UNAUDITED CONSOLIDATED RESULTS

	Note	Nine months ended 31 December		Three months ended 31 December	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover	2	16,543	10,382	3,972	4,359
Material and equipment		(6,585)	(2,736)	(1,642)	(1,028)
Staff costs		(5,713)	(6,328)	(2,271)	(2,158)
Depreciation of property, plant and equipment		(468)	(497)	(126)	(157)
Amortisation of development expenditures		(699)	(1,062)	(412)	(354)
(Provision for)/write back of bad and doubtful debts		(86)	574	(240)	168
Other operating expenses		(3,037)	(3,452)	(704)	(1,226)
Operating loss		(45)	(3,119)	(1,423)	(396)
Interest income		29	53	4	15
Interest expense		(179)	(16)	(97)	(8)
Loss before taxation		(195)	(3,082)	(1,516)	(389)
Taxation	3	-	-	-	-
Loss after taxation		(195)	(3,082)	(1,516)	(389)
Minority interests		(1,128)	-	29	-
Loss attributable to shareholders		(1,323)	(3,082)	(1,487)	(389)
Loss per share	4				
- Basic		(HK0.53 cents)	(HK1.23 cents)	(HK0.59 cents)	(HK0.16 cents)
- Diluted		N/A	N/A	N/A	N/A



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Notes:

## 1 Basis of preparation

The basis of preparation and principal accounting policies adopted for the preparation of these unaudited consolidated results are consistent with those used in the preparation of the Group's audited accounts for the year ended 31 March 2003, except that the Group has adopted SSAP 12 (Revised) "Income taxes" which prescribes new accounting measurements and disclosure practices. The adoption of the revised SSAP 12 had no material impact on the Group's unaudited consolidated results for the current period and prior periods/years.

## 2 Turnover

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

	Nine months ended 31 December		Three months ended 31 December	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Development of customised software and sales of related computer equipment	5,730	3,735	1,957	1,465
Sales and lease of packaged software	7,504	3,455	887	1,670
Provision of technical support and maintenance services	3,148	3,087	1,034	1,189
Provision of beauty-salon services	61	-	61	-
Lease of an investment property	100	105	33	35
	<u>16,543</u>	<u>10,382</u>	<u>3,972</u>	<u>4,359</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 nine months ended 31 December 2003. No provision for enterprise income tax in the PRC has been made as all PRC subsidiaries were in a loss position during the nine months ended 31 December 2003.

## 4 Loss per share

The calculation of the basic loss per share is based on the Group's loss attributable to shareholders for the nine months and three months ended 31 December 2003 of HK\$1,323,000 and HK\$1,487,000 respectively (loss attributable to shareholders for the nine months and three months ended 31 December 2002: HK\$3,082,000 and HK\$389,000 respectively) and on the weighted average number of 250,060,000 (2002: 250,060,000) ordinary shares in issue during the periods.

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

## 5 Dividend

No dividend had been paid or declared by the Company during the period (2002: HK\$Nil).



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## 6 Movements of reserves

	Share premium HK\$ '000	Merger reserves HK\$ '000	Cumulative translation adjustments HK\$ '000	Accumulated losses HK\$ '000	Total HK\$ '000
At 1 April 2002	5,613	(341)	(4)	(15,448)	(10,180)
Loss for the period	-	-	-	(3,082)	(3,082)
Translation adjustments	-	-	(1)	-	(1)
	<u>5,613</u>	<u>(341)</u>	<u>(5)</u>	<u>(18,530)</u>	<u>(13,263)</u>
At 31 December 2002	<u>5,613</u>	<u>(341)</u>	<u>(5)</u>	<u>(18,530)</u>	<u>(13,263)</u>
At 1 April 2003	5,613	(341)	(5)	(18,032)	(12,765)
Loss for the period	-	-	-	(1,323)	(1,323)
Translation adjustments	-	-	(25)	-	(25)
	<u>5,613</u>	<u>(341)</u>	<u>(30)</u>	<u>(19,355)</u>	<u>(14,113)</u>
At 31 December 2003	<u>5,613</u>	<u>(341)</u>	<u>(30)</u>	<u>(19,355)</u>	<u>(14,113)</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

The Group recorded an increase of 59% in turnover and a reduction of 57% in loss attributable to shareholders for the nine months ended 31 December 2003 as compared with that for the same period in 2002. A net loss of HK\$1,487,000 was made by the Group during the quarter reported mainly because of a significant drop in sales of packaged software as compared with previous quarters in 2003 and 2002 and bad and doubtful debts provided or written off during the same quarter.

During the nine months ended 31 December 2003, the Group placed much efforts in pursuing business in relation to Enterprise Resource Planning solutions and resources have been allocated in soliciting new customer contracts.

### Prospects

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

## DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN SECURITIES

As at 31 December 2003, 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 5.40 to 5.58 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 (Note)	191,250,000	76.48
Lai Shu Pui, Fergus (Mr. Lai)	Beneficial ownership (Note)	191,250,000	76.48
Wong Kit Mei (Mr. Wong)	Beneficial ownership (Note)	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.

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 the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the nine months ended 31 December 2003.



## 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 summarised in a circular dated 30 June 2003.

Details of the share options granted and remain outstanding as at 31 December 2003 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 1.4.2003	Granted during the period (Note a)	Lapsed during the period	As at 31.12.2003	
<u>Executive directors</u>							
Lai Shu Pui, Fergus	4.9.2000	1.18	1,000,000	-	-	1,000,000	4.9.2000 to 3.9.2010
	12.12.2003	0.20	-	220,000	-	220,000	15.12.2003 to 13.6.2009
Lau Chi Pui	12.12.2003	0.20	-	250,000	-	250,000	15.12.2003 to 13.6.2009
Wong Kit Mei	4.9.2000	1.18	1,000,000	-	-	1,000,000	4.9.2000 to 3.9.2010
	12.12.2003	0.20	-	220,000	-	220,000	15.12.2003 to 13.6.2009
<u>Other participants</u>							
Full time employees	4.9.2000	1.18	7,600,000	-	3,232,000	4,368,000	4.9.2000 to 3.9.2010
	12.12.2003	0.20	-	1,332,000	-	1,332,000	14.6.2004 to 13.6.2009

Note a: The closing price of the Company's shares preceding the date on which the options were granted was HK\$0.2.

Save as disclosed above, during the nine months ended 31 December 2003, 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

Other than the interests as disclosed above in respect of the directors and their associates, as at 31 December 2003, the register of substantial shareholders maintained under Part XV of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5 percent or more of the Company's issued share capital.

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	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 December 2003.

## 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 5.23 to 5.25 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 (Mr. Chan Wai Choi, Glenn and Ms. Kwan Ngan Hing, Edith) and an executive director (Mr. Wong Kit Mei). The Group's unaudited results for the nine months ended 31 December 2003 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 nine months ended 31 December 2003, the Company has complied with the board practices and procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules. 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 nine months ended 31 December 2003, 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 February 2004, Hong Kong