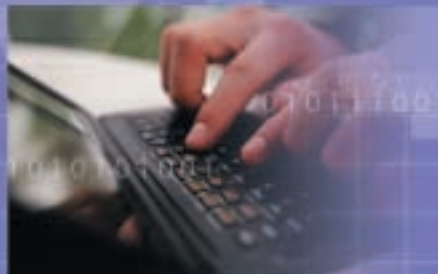




CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



ANNUAL REPORT

03/04

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock 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 Stock 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 (the “Directors”) of CyberM International (Holdings) Limited (the “Company”) collectively and individually accept 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, 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.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Lau Chiu Pui (Chairman & Managing director)
Ms. Chan Pui Fong, Trish (Deputy Chairman)

NON-EXECUTIVE DIRECTOR

Mr. Chiu Raymond Yim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Kwan Ngan Hing, Edith
Mr. Chan Wai Choi, Glenn

COMPANY SECRETARY

Ms. Chan Oi Chu

QUALIFIED ACCOUNTANT

Ms. Chan Oi Chu

COMPLIANCE OFFICER

Ms. Chan Pui Fong, Trish

AUTHORISED REPRESENTATIVES

Mr. Lau Chiu Pui
Ms. Chan Pui Fong, Trish

AUDIT COMMITTEE

Dr. Kwan Ngan Hing, Edith
Mr. Chan Wai Choi, Glenn

LEGAL ADVISORS

Victor Chu & Co – as to Hong Kong Law
77th Floor, Two International Finance Centre
Central, Hong Kong

Appleby Spurling & Kemple – as to Bermuda Law
5511, The Centre
99 Queen's Road Central
Central, Hong Kong

AUDITORS

Charles Chan, Ip & Fung CPA Ltd.
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2007-9, China Resources Building
26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
10 Nassau Street, Mei Foo Sun Chuen
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Reid Management Limited
Argyle House, 41A Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
1901-5, Hopewell Centre
183 Queen's Road East,
Wanchai, Hong Kong

WEBSITES

<http://www.cyberm.com.hk>
<http://www.magicplus.com.hk>
<http://www.schoolplus.com.hk>

Chairman's Statement

REVIEW

The financial year 2003/4 continued to be a difficult one for both Hong Kong and CyberM. The local information technology industry had remained flat throughout, in addition the devastating outbreak of the Severe Acute Respiratory Syndrome ("SARS") in early 2003, had together hindered the business operations of the Group greatly. We encountered an unprecedented setback in implementing our business reforms and diversifications. The performance during the year was significantly below our budgeted plan. Nevertheless, the Group managed to establish a new and concrete customer portfolio towards the end of the financial year.

In 2003/4, the Group initiated a thorough review on its strategies and operations. The Group targeted not only to keep a stable revenue stream but also grasp every new business opportunity that may generate satisfactory returns to our shareholders.

STRATEGIC FOCUS

We continue to strive to improve our customer service level and provide value added products to our customers. Apart from the provision of traditional Point of Sale ("POS") system services, the Group has entered into a dealership agreement with SAP, one of the largest worldwide Enterprise Resource Planning ("ERP") solution providers, to distribute their branded products. Together with our expertise in the implementation and support services, we believe our new focus in the distribution services will yield a promising return to the Group and increase the overall profitability of the business.

PROSPECTS

Looking forward, there is a new sense of confidence in CyberM – confidence that the Group is moving in a direction that will allow us to reduce risk and achieve steady, sustainable growth on behalf of all of our shareholders. The Group builds on its extensive platform of e-payment system and the joint venture we entered in 2003 with Octopus Cards Limited, one of our strategic partners, in Changsha enables the Group to set up a strategic framework and quicken its penetrating pace into the People's Republic of China (the "PRC") market. Fundamentally, the Group possesses an excellent reputation and solid foundation in the ERP solution service provision. With the partnership recently created with SAP, one of the internationally recognised ERP solution providers, the Group is optimistic and confident that we shall capture a substantial market share, ultimately revenue growth in both Hong Kong and the PRC.

In addition, with the CEPA (the Mainland China and Hong Kong Closer Economic Partnership Arrangement) expecting to drive the recovery of economy in Hong Kong generally, the Group has the capability to meet future challenges by taking advantages of new investment opportunities in both Hong Kong and the PRC.

Lai Chiu Pui
Chairman

Hong Kong, 23 June 2004

Management Discussion and Analysis

BUSINESS REVIEW

During the year under review, the core business of the Group comprises (i) implementation of POS systems for local retailers and educational institutions; (ii) distribution and implementation of ERP solutions to local and PRC customers and (iii) provision of support and maintenance services on the systems implemented.

During the year under review, the Group relocated resources from developing customised solutions to the marketing and sales of branded ERP solutions and related services. The Group believed that the provision of these business solutions in both Hong Kong and the PRC would generate tremendous opportunities and boost up revenues for the Group.

FINANCIAL REVIEW

TURNOVER AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, turnover was approximately HK\$14.7 million, representing a mild increase of 7% as compared to last year. The turnover remained relatively stable despite the exploration and development of new businesses took the Group time and resources to accommodate the new product and service lines. Loss attributable to shareholders was HK\$9.7 million, being 3.8 folds of that of last year. The significant loss incurred for the year under review was mainly due to the impairment of development expenditures upon failure of certain projects invested and additional marketing and promotion campaigns held for new products launched during the year.

SEGMENT PERFORMANCE

During the year under review, turnover contributed by sales of customised software and related computer equipment and sales and lease of packaged software continued to be the primary business segments of the Group which together accounted for nearly 69% (2003: 68%) of the total turnover. The support and maintenance service revenue which accounted for approximately 29% (2003: 31%) of the total revenue for the financial year 2004 was considered relatively stable.

On the other hand, the Group adopted a cautious approach in conducting businesses in the PRC and only 2% (2003: 2%) of the turnover was attributable from the PRC business. Development of the PRC market had been sluggish due to the dampening effect of the SARS outbreak in 2003. Nevertheless, the Group had monitored closely on the dynamic PRC environment and was actively looking for strategic partners to jointly penetrate the PRC market.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 March 2004, the Group has cash and bank balances of approximately HK\$6.8 million (2003: HK\$6.0 million). The Group's current assets are approximately 0.9 times (2003: 2.1 times) over its current liabilities. For the year under review, the Group was financed by bank borrowings and its own working capital and the gearing ratio which represents long-term liabilities divided by shareholders' funds was 30% (2003: 0.2%).

In view of the Group's current liquidity position and the additional stand-by banking facilities obtained by the Group subsequent to year-end, the directors expect the Group will have sufficient funds to meet its operational and investment needs in the foreseeable future.

Management Discussion and Analysis

CHARGE OF GROUP'S ASSETS

As at 31 March 2004, a fixed bank deposit of approximately HK\$5.6 million (2003: HK\$5.5 million) was pledged to a bank in Hong Kong to secure the general banking facilities granted to the Group.

FOREIGN CURRENCY EXPOSURE

Whilst the sales, expenditures, assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi, the directors believe that the Group's exposure to foreign currency fluctuations is minimal and no hedging is considered necessary.

CONTINGENT LIABILITIES

As at 31 March 2004, the directors expect that the Group had no significant contingent liabilities that would crystallise.

EMPLOYEES

As at 31 March 2004, the Group has approximately 49 (2003: 53) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK\$8.2 million (2003: H\$6.2 million). Employees in Hong Kong are also entitled to provident fund contributions, medical insurance and share options. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards.

FUTURE PLAN OF CAPITAL INVESTMENTS

During the year under review, the Group acquired 30% equity interest in an associated company which entered into an agreement on 14 July 2003 to set up an equity joint venture company in Changsha. With the joint venture, the Group will be able to kickstart the contactless smart card system and related application software to the business, learning and living environments of the Changsha market. The total investment fund expected from the Group is estimated to be US\$2.1 million and it will be financed by bank borrowings and internal resources of the Group.

ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the year under review. As at 31 March 2004, the Group had no material investment held.

Profile of Directors and Senior Management

Profile of the directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Mr. Lau Chiu Pui, Duncan, aged 47, is the chairman and managing director of the Company. Mr. Lau has over 20 years' experience in the information technology ("IT") industry and is the founder of the Group. He is also the Chairman of the Hong Kong Wireless Technology Industry Association and the co-founder and council member of the Information and Software Industry Association. Mr. Lau also serves on various advisory board members of Hong Kong Special Administrative Region such as information Infrastructure Advisory Committee of Commerce, Industry and Technology Bureau, IT Projects Vetting Committee of Innovation and Technology Commission, Information & Communications Technology Services Advisory Committee of Hong Kong Trade Development Council, Sin Chung Kai Legislative Councillor (IT) Advisory Committee, Honorary Advisor of Hong Kong Retail Technology Industry Association and IT Directors Committee of Hong Kong Productivity Council. Mr. Lau is responsible for the overall strategic planning, direction and business development of the Company. He holds a bachelor degree of science from the University of Toronto and is the spouse of Ms. Chan Pui Fong, Trish.

Ms. Chan Pui Fong, Trish, aged 46, has been appointed the deputy chairman and chief compliance officer of the Company since June 2004. Ms. Chan is responsible for the implementation of the Group's business strategies and policies. Prior to joining the Company, Ms. Chan spent 15 years in ship management business in a variety of management and executive management positions. She is the spouse of Mr. Lau Chiu Pui. Ms. Chan holds a bachelor degree of science from the University of Toronto and a master degree of business administration from the University of Western Ontario.

NON-EXECUTIVE DIRECTOR

Mr. Chiu Raymond Yim, aged 53, holds a bachelor degree in Electronics Engineering Technology from the California Polytechnics State University and an MBA degree from the Pepperdine University. He is currently the vice president of Business Development Asia Pacific and Japan of Anywhere Solution Inc., a subsidiary of Sybase Inc. Mr. Chiu has over 29 years' experience in the technology industry. His experience ranges from product development, operational management, business development, sales and marketing to venture investments. He was appointed by the Company on 20 July 2000.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Choi, Glenn, aged 43, holds a diploma in mechanical engineering. He is currently a director and the general manager of a company engaged in the trading of farm products in Canada. He has over 16 years' experience in international sales and marketing. Mr. Chan is also the president of the Buddha's Light International Association of Toronto. He was appointed by the Company on 17 June 2002.

Dr. Kwan Ngan Hing, Edith, aged 55, has over 32 years' experience in the IT industry. Dr. Kwan previously held various directorship and senior management positions in the Hong Kong Jockey Club, NCR Limited, AT & T Asia Pacific Inc., the Hong Kong Polytechnic University and the Dow Chemical Pacific Limited. Dr. Kwan is currently playing active roles in the Hong Kong Computer Society, Project Management Institute – Hong Kong Chapter and the Hong Kong Society for Rehabilitation. She holds a DBA degree from the Hong Kong Polytechnic University and an MBA degree from the University of Warwick. She was appointed by the Company on 20 July 2000.

Profile of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Leung Man Kit, aged 32, joined the Group in 1997. He is the project manager of the Group. He holds a degree in computing and information systems from the University of London.

Mr. Chan Tse Kin, aged 31, joined the Group in 1997. He is the senior technical analyst of the Group. He holds a bachelor degree in computer science from the Victoria University of Technology, Australia.

Ms. Chan Oi Chu, aged 27, is the finance manager and company secretary of the Group. She has over 5 years' experience in auditing, accounting and financial management in Hong Kong. Prior to joining the Group in 2003, Ms. Chan worked in an international accounting firm. She holds a bachelor degree in Business Administration from the Hong Kong University of Science and Technology and she is an associate member of the Hong Kong Society of Accountants and a member of the Association of Chartered Certified Accountants.

Report of the Directors

The directors submit their report together with the audited accounts for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 14 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 19.

The directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 21 to the accounts.

As at 31 March 2004, the Company had no reserves available for distribution to its shareholders (2003: Nil).

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 13 to the accounts.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 52.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its share during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Report of the Directors

SHARE OPTIONS

Following the amendments of Chapter 23 of the GEM Listing Rules on 1 October 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 18 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.

Summary of the New Scheme disclosed in accordance with the GEM Listing Rules was as follows:

1. PURPOSE OF THE NEW SCHEME

The purpose of the New Scheme is to enable the Company to grant options employees of the Group in order to attract, reward, motivate or retain them by aligning their interests closely to those of the Company and its shareholders.

2. PARTICIPATES OF THE NEW SCHEME

Any full-time employee including any executive director of the Company or any of its subsidiary.

3. TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE NEW SCHEME

The total number of shares available for issue under the New Scheme and any other scheme of the Company must not in aggregate exceed 10% of the issued share capital of the Company as at the date of approval of the Scheme.

The Company may seek approval by shareholders in general meeting to refresh the 10% limit. However, the total number of shares available for issue under the Scheme and any other scheme of the Company under the limit as refreshed must not exceed 10% of the issued share capital of the Company as at the date of approval of the limit.

The total number of shares which may be issued upon exercise of all outstanding options granted under the New Scheme and yet to be exercised must not exceed 30% of the total number of shares in issue from time to time. No options may be granted under the New Scheme or any other scheme of the Company if this will result in the aforesaid 30% limit being exceeded.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT UNDER THE NEW SCHEME

Unless approved by shareholders, the total number of shares issued and to be issued upon exercise of the options granted under the New Scheme and any other scheme of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue from time to time.

Report of the Directors

SHARE OPTIONS (Continued)

5. PERIOD WITHIN WHICH THE SHARES MUST BE TAKEN UP UNDER AN OPTION

The options are exercisable in the period commencing from the date of grant and ending on such date as the Board may determine in granting the options but in any event not exceeding 10 years from the date of grant.

6. AMOUNT PAYABLE ON APPLICATION OR ACCEPTANCE OF THE OPTION

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof is received by the Company within 14 days from the date of the offer letter issued by the Company. Such remittance shall in no circumstances be refundable.

7. BASIS OF DETERMINING THE EXERCISE PRICE

The price per share payable on the exercise of an option as determined by the Board in its absolute discretion shall in no event be less than the higher of:

- (a) the nominal value of the share;
- (b) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and
- (c) the average closing price of the share as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant.

8. REMAINING LIFE OF THE NEW SCHEME

The New Scheme will remain in force for a period of 10 years commencing on 18 August 2003.

Report of the Directors

SHARE OPTIONS (Continued)

Details of the share options granted and remain outstanding as at 31 March 2004 are as follows:

Name and category of eligible participants	Date of grant	Exercise price per share <i>HK\$</i>	Number of share options			As at 31.3.2004	Exercisable period
			As at 1.4.2003	Granted during the year <i>(Note a)</i>	Lapsed during the year		
Executive directors							
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
Chief executive							
Chan Oi Chu	12.12.2003	0.20	–	24,000	–	24,000	14.6.2004 to 13.6.2009
Other participants							
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	–	1,308,000	72,000	1,236,000	14.6.2004 to 13.6.2009

Note a: The closing price of the Company's shares immediately before 12 December 2003 was HK\$0.2.

The directors of the Company considered that it is not appropriate to value share options granted under the option scheme during the year as a number of factors critical for the valuation of the share options granted cannot be determined accurately. In the absence of readily available market value of the options under the option scheme, any valuation of the share options would be meaningless and could be misleading to shareholders.

Save as disclosed above, during the year ended 31 March 2004, none of the options being granted to the executive directors and chief executive have been exercised or cancelled.

Report of the Directors

DIRECTORS

The directors during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Lau Chiu Pui

Mr. Lai Shu Pui, Fergus (Resigned on 30 April 2004)

Mr. Wong Kit Mei (Resigned on 30 April 2004)

Ms. Chan Pui Fong, Trish (Appointed on 10 June 2004)

NON-EXECUTIVE DIRECTOR

Mr. Chiu Raymond Yim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Choi, Glenn

Dr. Kwan Ngan Hing, Edith

In accordance with the Bye-Laws of the Company, Mr. Chiu Raymond Yim and Dr. Kwan Ngan Hing, Edith retire from office by rotation and, being eligible, offer herself for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2004, the following directors of the Company had or were deemed to have interests in the equity shares 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 shareholding
Lau Chiu Pui (Mr. Lau)	Beneficial ownership (<i>Note</i>)	191,250,000	76.48
Lai Shu Pui, Fergus (Mr. Lai)	Beneficial ownership (<i>Note</i>)	191,250,000	76.48
Wong Kit Mei (Mr. Wong)	Beneficial ownership (<i>Note</i>)	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 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.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Share options are granted to directors and chief executive under the share option scheme approved on 18 August 2003. Details are stated under Share Options on page 9.

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 and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the directors, chief executive 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 year ended 31 March 2004.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2004, the Company had been notified of the following substantial shareholders' interests, being 5% 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 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 (the "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 March 2004.

Report of the Directors

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	18%
– five largest suppliers combined	68%
Sales	
– the largest customer	19%
– five largest customers combined	47%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2004, the directors are not aware of any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

BOARD PRACTICES AND PROCEDURES

Throughout the year, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee on 1 August 2000 with written terms of reference in compliance with 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 two independent non-executive directors. The Committee had met four times during the year with the management to discuss and review the Group's various internal control and audit issues with a view to further improve the Group's corporate governance. The Group's audited results for the year ended 31 March 2004 have been reviewed by the audit committee at its meeting held on 21 June 2004. Members of the committee were of the opinion that the preparation of the such results were in compliance with applicable accounting standards, the Stock Exchange and legal requirements and adequate disclosures had been made.

Report of the Directors

AUDITORS

The accounts have been audited by Charles Chan, Ip & Fung CPA Ltd. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lau Chiu Pui
Chairman

Hong Kong, 23 June 2004

Auditors' Report



Charles Chan, Ip & Fung CPA Ltd.
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF CYBERM INTERNATIONAL (HOLDINGS) LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the financial statements on pages 19 to 51 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

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RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditors' Report

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2004 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Charles Chan, Ip & Fung CPA Ltd.

Certified Public Accountants

Hong Kong

23rd June, 2004

Chan Wai Dune, Charles

Practising Certificate Number P00712

Consolidated Profit and Loss Account

For the year ended 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Turnover	3	14,674	13,701
Other revenue	3	29	68
Raw materials and consumables used		(6,774)	(4,003)
Staff costs		(8,175)	(6,175)
Depreciation and impairment loss on fixed assets		(772)	(662)
Amortisation and impairment loss on intangible assets		(3,382)	(1,458)
Impairment loss on investments in securities		(250)	–
(Provision for)/write back of bad and doubtful debts		(694)	20
Other operating expenses		(4,345)	(4,120)
Operating loss	4	(9,689)	(2,629)
Finance costs	5	(263)	(32)
Loss before taxation		(9,952)	(2,661)
Taxation	6	–	–
Loss after taxation		(9,952)	(2,661)
Minority interests		223	77
Loss attributable to shareholders		(9,729)	(2,584)
Loss per share	8		
Basic		(HK3.9 cents)	(HK1.0 cents)
Diluted		N/A	N/A

Balance Sheet

As at 31 March 2004

	Note	Consolidated		Company	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Non-current assets					
Intangible assets	12	1,857	3,939	–	–
Fixed assets	13	2,213	2,578	–	–
Interests in subsidiaries	14	–	–	11,239	13,429
Investments in securities	15	330	580	–	–
		4,400	7,097	11,239	13,429
Current assets					
Inventories	16	246	634	–	–
Trade receivables	17	1,778	3,105	–	–
Prepayments, deposits and other receivables		827	698	129	222
Pledged deposits	25	5,556	5,530	–	–
Cash and bank balances		1,254	488	1,013	12
		9,661	10,455	1,142	234
Current liabilities					
Trade payables	18	1,268	726	–	–
Accruals and other payables		2,027	3,140	92	1,431
Receipts in advance		2,128	1,158	–	–
Amount due to a director		700	–	700	–
Current portion of long-term bank loan	19	485	–	–	–
Current portion of obligations under finance leases	19	25	39	–	–
Bank overdrafts, secured	25	4,193	–	–	–
		10,826	5,063	792	1,431
Net current (liabilities)/assets		(1,165)	5,392	350	(1,197)
Total assets less current liabilities		3,235	12,489	11,589	12,232

Balance Sheet

As at 31 March 2004

	Note	Consolidated		Company	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Financed by:					
Share capital	20	25,006	25,006	25,006	25,006
Reserves	21	(22,518)	(12,765)	(13,417)	(12,774)
Shareholders' funds		2,488	12,241	11,589	12,232
Minority interests		–	223	–	–
Non-current liabilities					
Obligations under finance leases	19	–	25	–	–
Long-term bank loan	19	747	–	–	–
		747	25	–	–
		3,235	12,489	11,589	12,232

Approved and authorised for issue by the board of directors on 23 June 2004

Lau Chiu Pui
Director

Chan Pui Fong, Trish
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Total equity at the beginning of the year		12,241	14,826
Net loss for the year	21	(9,729)	(2,584)
Exchange differences arising on translation of accounts of subsidiaries	21	(24)	(1)
Total equity at the end of the year		2,488	12,241

Consolidated Cash Flow Statement

For the year ended 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Operating activities			
Net cash (outflow)/inflow generated from operations	23	(3,327)	1,288
Interest paid		(263)	(32)
Interest received		29	68
Net cash (outflow)/inflow from operating activities		(3,561)	1,324
Investing activities			
Purchase of fixed assets		(425)	(486)
Sale of fixed assets		16	7
Purchase of software		(1,300)	–
Increase in development expenditures		–	(3,410)
Net cash outflow from investing activities		(1,709)	(3,889)
Net cash outflow before financing		(5,270)	(2,565)
Financing activities			
Capital element of finance lease payments		(39)	(158)
Inception of a short-term bank loan		1,500	–
Repayment of short-term bank loan borrowed		(1,500)	–
Inception of a long-term bank loan		1,500	–
Repayment of long-term bank loan borrowed		(268)	–
Capital injected by a minority shareholder		–	300
Loan from a director		700	–
Net cash inflow from financing activities		1,893	142
Decrease in cash and cash equivalents		(3,377)	(2,423)
Cash and cash equivalents at the beginning of the year		6,018	8,442
Effect of foreign exchange rate changes		(24)	(1)
Cash and cash equivalents at the end of the year		2,617	6,018
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,254	488
Pledged deposits		5,556	5,530
Bank overdrafts		(4,193)	–
		2,617	6,018

Notes to the Accounts

1. BASIS OF PREPARATION

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA") and the disclosure requirements of the GEM listing rules. They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, an investment property is stated at fair value.

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKSA. The term HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP(s)") and Interpretations approved by the HKSA.

INCOME TAXES

In the current year, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

The adoption of SSAP 12 (Revised) has had no material effect on the results for the current and prior years. Accordingly, no prior period adjustment has been required.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(A) GROUP ACCOUNTING

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account and any related accumulated foreign currency translation reserve.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(A) GROUP ACCOUNTING (Continued)

(i) Consolidation (Continued)

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Associated companies

An associated company is a company, not being a subsidiary, in which an equity is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of the associated company for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated company.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

In the Company's balance sheet, the investment in an associated company is stated at cost less provision for impairment losses. The results of the associated company are accounted for by the Company on the basis of dividend received and receivable.

(iii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(B) INTANGIBLES

(i) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of 3 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) INTANGIBLES (Continued)

(ii) Software

The cost of acquisition of software is capitalised and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortised on a straight-line basis over the remaining estimated useful life or 3 years whichever is shorter.

(iii) Impairment of intangibles

Where an indication of impairment exists, the carrying amount of the intangible asset is assessed and written down immediately to its recoverable amount.

(C) FIXED ASSETS

(i) Investment property

Investment property is interests in land and buildings in respect of which construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at arm's length.

Investment property is valued at intervals of not more than 3 years by independent valuers, in each of the intervening years valuations are undertaken by professional qualified executives of the Group. The valuation is on an open market value basis related to individual property and separate value is not attributed to land and buildings. The valuation is incorporated in the annual accounts. Increases in valuation are credited to the investment property revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations and thereafter are debited to operating results. Any subsequent increases are credited to operating results up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(ii) Other fixed assets

Other fixed assets, comprising leasehold improvements, furniture and fixtures, computer equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) FIXED ASSETS (Continued)

(iii) Depreciation

Investment property held on a lease with unexpired periods of 20 years or less is depreciated over the remaining portion of the lease.

Other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment loss over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	50% or over the lease term whichever is shorter
Furniture and fixtures	25%
Computer equipment	25% – 33 $\frac{1}{3}$ %
Motor vehicles	25%

Improvements are capitalised and depreciated over their expected useful lives to the Group.

(iv) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment property is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to accumulated losses and is shown as a movement in reserves.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) ASSETS UNDER LEASES

(i) Finance leases

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in current liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(E) INVESTMENTS IN SECURITIES

Investments in securities are stated at cost less any provision for impairment losses. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to the profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(F) INVENTORIES

Inventories comprise computer equipment, software licenses and merchandise are stated at the lower of cost and net realisable value. Cost comprises the cost of purchases is calculated on the first-in, first-out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(G) TRADE RECEIVABLES

Provision is made against trade receivables to the extent that they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks and bank overdrafts.

(I) EMPLOYEE BENEFITS

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group participates in a number of defined contribution retirement schemes which are available for all qualified employees in Hong Kong. The assets of the scheme are generally held in separate trustee-administered funds. The schemes are generally funded by payments from employees and by the relevant Group companies. The Group's contributions to the defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also participates in the defined contribution retirement schemes operated by the municipal governments of various cities in the PRC. The relevant municipal governments are responsible for the entire pension obligations payable to retired employees of the respective cities. The only obligations of the Group is to pay the ongoing required contributions under these schemes. The contributions are charged to the profit and loss account as incurred.

(iii) Equity compensation benefits

Share options are granted to executive directors, chief executive and eligible full-time employees at the discretion of directors. No employee benefit cost is recognised when options are granted. When the options are exercised, the proceeds received are credited to share capital and share premium.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) DEFERRED TAXATION

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

(K) CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(L) REVENUE RECOGNITION

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

Revenue from the provision of technical support and maintenance and beauty-salon services is recognised when the services are rendered to customers.

Interest income is recognised on a time proportion basis, taking into account the principal amount outstanding and the interest rates applicable.

Operating lease rental income is recognised on a straight-line basis.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(M) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(N) SEGMENT REPORTING

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash, and exclude investments in securities and certain corporate receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditures comprise additions to intangible assets and fixed assets.

In respect of geographical segment reporting, sales are based on the country in which the customers are located. Total assets and capital expenditures are based on where the assets are located.

(O) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Notes to the Accounts

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the trading of software packages and provision of consultancy and technical support services. Revenues recognised during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Turnover		
Sales of customised software developed and related computer equipment	6,156	4,863
Sales and lease of packaged software	3,936	4,497
Provision of technical support and maintenance services	4,326	4,202
Rental income	133	139
Provision of beauty-salon services	123	–
	14,674	13,701
Other revenue		
Interest income	29	68
Total revenues	14,703	13,769

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group is organised into five major business segments:

- (i) Sales of customised software developed and related computer equipment
- (ii) Sales and lease of packaged software
- (iii) Provision of technical support and maintenance services
- (iv) Lease of an investment property
- (v) Provision of beauty-salon services

There are no sales or other transactions between the business segments.

Notes to the Accounts

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

	2004					Group HK\$'000
	Customised software and related computer equipment HK\$'000	Packaged software HK\$'000	Technical support and maintenance HK\$'000	Lease of investment property HK\$'000	Beauty- salon HK\$'000	
Turnover	6,156	3,936	4,326	133	123	14,674
Segment results	(2,370)	(4,895)	434	133	(185)	(6,883)
Other revenue						29
Unallocated corporate expenses						(2,835)
Operating loss						(9,689)
Finance costs						(263)
Minority interests						223
Loss attributable to shareholders						(9,729)
Segment assets	5,231	3,230	3,506	1,500	135	13,602
Unallocated assets						459
Total assets						14,061
Segment liabilities	5,041	3,982	1,399	-	358	10,780
Unallocated liabilities						793
Total liabilities						11,573
Depreciation and amortisation	859	550	603	-	13	2,025
Unallocated corporate expenses						45
Total depreciation and amortisation						2,070
Impairment losses recognised in the profit and loss account	1,190	761	-	-	133	2,084
Unallocated impairment loss						250
Total impairment losses						2,334
Capital expenditures	2	1,578	1	-	144	1,725

Notes to the Accounts

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

	2003				Group HK\$'000
	Customised software and related computer equipment HK\$'000	Packaged software HK\$'000	Technical support and maintenance HK\$'000	Lease of investment property HK\$'000	
Turnover	4,863	4,497	4,202	139	13,701
Segment results	51	(689)	828	139	329
Other revenue					68
Unallocated corporate expenses					(3,026)
Operating loss					(2,629)
Finance costs					(32)
Minority interests					77
Loss attributable to shareholders					(2,584)
Segment assets	3,656	5,310	6,236	1,500	16,702
Unallocated assets					850
Total assets					17,552
Segment liabilities	748	1,259	1,366	34	3,407
Unallocated liabilities					1,681
Total liabilities					5,088
Depreciation and amortisation	580	1,426	-	-	2,006
Unallocated corporate expenses					114
Total depreciation and amortisation					2,120
Capital expenditures	1,596	2,300	-	-	3,896

Notes to the Accounts

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

GEOGRAPHICAL SEGMENTS

The Group mainly operates in Hong Kong and the PRC. In presenting information on the basis of geographical segments, segment turnover and segment results are based on the geographical location of customers and segment assets and capital expenditures are based on geographical location of the assets.

	2004		2003	
	Turnover HK\$'000	Segment results HK\$'000	Turnover HK\$'000	Segment results HK\$'000
Hong Kong	14,346	(8,229)	13,440	(1,343)
PRC	328	(1,489)	261	(1,354)
	14,674	(9,718)	13,701	(2,697)
Other revenue		29		68
Operating loss		(9,689)		(2,629)

	2004		2003	
	Assets HK\$'000	Capital expenditure HK\$'000	Assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	13,825	1,581	17,117	3,873
PRC	236	144	435	23
	14,061	1,725	17,552	3,896

Notes to the Accounts

4. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	2004 HK\$'000	2003 HK\$'000
Crediting		
Net exchange gain	5	1
Net rental income	133	139
Charging		
Advertising and promotion costs	52	367
Amortisation of intangible assets	1,431	1,458
Auditors' remuneration	236	229
Depreciation		
Owned fixed assets	596	619
Leased fixed assets	43	43
Impairment		
Fixed assets	133	–
Intangible assets	1,951	–
Investments in securities	250	–
Loss on disposal of fixed assets	2	1
Operating leases in respect of land and buildings	781	654
Less: Amount capitalised as intangible assets	–	(164)
	781	490
Staff costs including directors' emoluments	8,175	8,883
Less: Amount capitalised as intangible assets	–	(2,708)
	8,175	6,175

5. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on bank loans and overdrafts	259	19
Interest element of finance leases	4	13
	263	32

Notes to the Accounts

6. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the year (2003: Nil).

No provision for PRC enterprise income tax has been made in the accounts as all subsidiaries of the Company operating in the PRC are eligible for tax exemptions during the year ended 31 March 2004 (2003: Nil).

Deferred tax assets have not been recognised in respect of the tax losses incurred by the Group as they have arisen in companies that have been loss-making for some time.

Reconciliation of the taxation applicable to loss before taxation using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the taxation at the effective tax rates are as follows:

	2004 HK\$'000	2003 HK\$'000
Loss before taxation	(9,952)	(2,661)
Tax at statutory rate of 17.5% (2003: 16%)	(1,742)	(426)
Effect of different tax rates in other countries	(110)	(246)
Income not subject to tax	(47)	(11)
Expenses not deductible for tax	565	29
Temporary differences not recognised	46	(456)
Tax losses not recognised	1,288	1,110
	-	-

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$643,000 (2003: HK\$2,585,000).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to shareholders for the year of HK\$9,729,000 (2003: HK\$2,584,000) and on the weighted average number of 250,060,000 (2003: 250,060,000) ordinary shares in issue during the year.

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

Notes to the Accounts

9. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2004 HK\$'000	2003 HK\$'000
Salaries	7,631	7,809
Defined contribution pension costs	261	366
Other staff costs	283	708
	8,175	8,883

10. RETIREMENT BENEFITS COSTS

Following the introduction of the Mandatory Provident Fund Ordinance in Hong Kong, the Group participates in two pension schemes for its employees in Hong Kong, one registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and one registered under the Mandatory Provident Fund Ordinance (the "MPF Scheme").

Under the ORSO Scheme, the Group has arranged for its employees (including certain executive directors) provident fund under a defined contribution scheme managed by an independent trustee. The Group makes contributions to the scheme with an amount ranging from 3% to 7% of the employees' basic salaries. The employees are entitled to receive their entire contribution and the accrued interest thereon, and 100% of the employers' contribution and the accrued interest thereon upon retirement or leaving the Group after completing ten years of service or at a reduced scale of between 30% to 90% after completing three to nine years of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the group's future contributions. This scheme is not available to employees who join the Group after 1 December 2000.

The MPF Scheme was set up on 1 December 2000 and is a defined contribution scheme managed by an independent trustee. Members of the ORSO Scheme were given a one-time option to choose to transfer to the MPF Scheme or remain in the ORSO Scheme. Under the MPF Scheme, each of the Group and its employees makes monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from each of the employees and the Group are subject to a contribution cap of HK\$1,000 per month. Any additional contributions in excess of HK\$1,000 are voluntary.

As stipulated by regulations in the PRC, the Group also participates in the state-sponsored retirement plans for all of its employees in the PRC. The Group contributes to the retirement plans 11% to 21% of the basic salary of its employees and has no future obligation for actual pension payments or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligation payable to all retired employees.

No forfeited contributions (2003: HK\$23,000) were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at both 31 March 2004 and 31 March 2003.

Notes to the Accounts

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Fees	–	–
Salaries including benefits in kind	1,924	1,043
Pension contributions	54	64
	1,978	1,107

For both years, no emolument was paid to the independent non-executive directors and the non-executive director.

The emoluments of directors fell within the following bands:

	Number of directors	
	2004	2003
Nil – HK\$1,000,000	5	8
HK\$1,000,001 – HK\$2,000,000	1	–

For the year ended 31 March 2004, the three (2003: four) executive directors individually received emoluments of approximately HK\$1,001,000 (2003: HK\$374,000), HK\$462,000 (2003: HK\$313,000), HK\$515,000 (2003: HK\$323,000) and HK\$nil (2003: HK\$97,000) respectively.

During the year, 690,000 (2003: Nil) options were granted to the directors under the share option scheme approved by the shareholders at an annual general meeting on 18 August 2003. The market value per share at the date of grant is HK\$0.2.

No directors have waived emoluments in respect of the two years ended 31 March 2004 and 2003.

Notes to the Accounts

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include three (2003: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2003: four) individuals during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other emoluments	810	1,896
Pension contributions	35	70
	845	1,966

The emoluments fell within the following band:

	Number of individuals	
	2004	2003
Nil – HK\$1,000,000	2	4

12. INTANGIBLE ASSETS

	Development expenditures HK\$'000	Group Software HK\$'000	Total HK\$'000
Cost			
At 1 April 2003	8,268	–	8,268
Additions	–	1,300	1,300
At 31 March 2004	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2003	4,329	–	4,329
Amortisation charge for the year	1,142	289	1,431
Impairment charge for the year	1,951	–	1,951
At 31 March 2004	7,422	289	7,711
Net book value			
At 31 March 2004	846	1,011	1,857
At 31 March 2003	3,939	–	3,939

Notes to the Accounts

13. FIXED ASSETS

	Group					Total HK\$'000
	Investment property HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	
Cost or valuation						
At 1 April 2003	1,500	994	955	1,990	457	5,896
Additions	-	-	144	281	-	425
Disposals	-	(13)	(11)	-	-	(24)
At 31 March 2004	1,500	981	1,088	2,271	457	6,297
Accumulated depreciation and impairment						
At 1 April 2003	-	587	659	1,660	412	3,318
Depreciation charge for the year	-	169	170	255	45	639
Impairment charge for the year	-	-	133	-	-	133
Disposals	-	(2)	(4)	-	-	(6)
At 31 March 2004	-	754	958	1,915	457	4,084
Net book value						
At 31 March 2004	1,500	227	130	356	-	2,213
At 31 March 2003	1,500	407	296	330	45	2,578

The analysis of the cost or valuation at 31 March 2004 of the above assets is as follows:

	Investment property HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	-	981	1,088	2,271	457	4,797
At valuation	1,500	-	-	-	-	1,500
	1,500	981	1,088	2,271	457	6,297

Notes to the Accounts

13. FIXED ASSETS (Continued)

The analysis of the cost or valuation at 31 March 2003 of the above assets is as follows:

	Investment property HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	-	994	955	1,990	457	4,396
At valuation	1,500	-	-	-	-	1,500
	1,500	994	955	1,990	457	5,896

As at 31 March 2004 and 2003, the Group's interests in an investment property is held in Hong Kong on leases between 10 to 50 years.

The investment property was revalued at HK\$1,500,000 on 31 March 2003 by LCH (Asia Pacific) Limited, an independent registered professional surveyor, on an open market value basis. The directors consider that the open market value at the balance sheet date was not significantly different from that at 31 March 2003.

As at 31 March 2004, the carrying amount of fixed assets held under finance leases amounted to HK\$22,000 (2003: HK\$65,000).

14. INTERESTS IN SUBSIDIARIES

	Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	418	418
Due from subsidiaries	27,253	29,393
Due to subsidiaries	(255)	(205)
	27,416	29,606
Provision for impairment losses	(16,177)	(16,177)
	11,239	13,429

Note: The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed repayment terms.

Notes to the Accounts

14. INTERESTS IN SUBSIDIARIES (Continued)

The following is a list of subsidiaries as at 31 March 2004:

Name	Place of incorporation and operation	Particulars of issued share capital/registered capital	Effective interest attributable to the Group	Principal activities
CyberM E-Commerce Limited	Hong Kong	250,000 ordinary shares of HK\$1 each	100%	Investment holding
CyberM (Guangzhou) Information Technology Limited	PRC	HK\$1,750,000	100%	Trading of software and hardware equipment
CyberM Holdings Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Inactive
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK\$1 each	100%	Trading of software and hardware equipment
CyberM Wireless Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Inactive
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK\$1 each	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	*100%	Investment holding
Parkfield (China) Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Investment holding
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Trading of software and hardware equipment

Notes to the Accounts

14. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Particulars of issued share capital/registered capital	Effective interest attributable to the Group	Principal activities
Shillesse (Changsha) Limited	PRC	HK\$350,000	60%	**Provision of beauty-salon services
Shillesse Management Consultant Limited	Hong Kong	10 ordinary shares of HK\$1 each	60%	Investment holding

* Shares held directly by the Company

** The business operation was suspended since March 2004

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15. INVESTMENTS IN SECURITIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Unlisted equity securities, at cost	1,850	1,850
Club debenture, at cost	330	330
Less: Provision for impairment losses	(1,850)	(1,600)
	330	580

16. INVENTORIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Merchandise	246	634

As at 31 March 2004, all inventories were carried at cost (2003: all inventories were carried at net realisable value).

Notes to the Accounts

17. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within three months	842	2,493
Over three months and within six months	207	230
Over six months and within one year	675	382
Over one year and within two years	54	–
	1,778	3,105

The Group normally grants its customers credit periods for sales of goods ranging from 0 to 14 days. Considerations 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 are payable pursuant to the terms of the respective contracts. Rentals in respect of the leased property are payable by tenants on a monthly basis.

18. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Within three months	760	320
Over three months and within six months	502	365
Over six months and within one year	1	41
Over two years	5	–
	1,268	726

Notes to the Accounts

19. LONG-TERM LIABILITIES

	Group	
	2004 HK\$'000	2003 HK\$'000
Unsecured bank loan wholly repayable within three years	1,232	–
Obligations under finance leases	25	64
Less: Current portion of long-term liabilities	(510)	(39)
	747	25

As at 31 March 2004, the Group's overdrafts have no fixed repayment terms and the Group's bank loan was repayable as follows:

	2004		2003	
	HK\$'000		HK\$'000	
Within one year	485	–		
In the second year	520	–		
In the third to fifth year	227	–		
	1,232	–		

As at 31 March 2004, the Group's finance lease liabilities were repayable as follows:

	2004		2003	
	HK\$'000		HK\$'000	
Within one year	26	43		
In the second year	–	32		
	26	75		
Future finance charges	(1)	(11)		
Present value of finance lease liabilities	25	64		

Notes to the Accounts

20. SHARE CAPITAL

	Company	
	2004 HK\$'000	2003 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid: 250,060,000 ordinary shares of HK\$0.1 each	25,006	25,006

(A) SHARE OPTION SCHEME ADOPTED ON 1 AUGUST 2000

Pursuant to the share option scheme (the "Old Scheme") adopted by the Company on 1 August 2000, the Board shall be entitled to grant options to full-time employees of the Group including executive directors and chief executive of the Company to subscribe for shares in the Company. The options granted under the Old Scheme were exercisable from 4 September 2000 to 3 September 2010 at an exercise price of HK\$1.18.

Movements in the number of options outstanding under the Old Scheme during the year are as follows:

	2004	2003
At 1 April	9,600,000	9,608,000
Lapsed	(3,232,000)	(8,000)
At 31 March	6,368,000	9,600,000
Representing:		
Executive directors	2,000,000	2,000,000
Chief executive	–	2,020,000
Full-time employees	4,368,000	5,580,000

Notes to the Accounts

20. SHARE CAPITAL (Continued)

(B) SHARE OPTION SCHEME ADOPTED ON 18 AUGUST 2003

A new share option scheme (the "New Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 18 August 2003. Under the New Scheme, the directors of the Company are authorised to grant options to the full-time employees of the Group including executive directors and chief executive to subscribe for shares of the Company. On 12 December 2003, 690,000 options and 1,332,000 options which were exercisable from 15 December 2003 to 13 June 2009 and from 14 June 2004 to 13 June 2009 respectively were granted under the New Scheme at an exercise price of HK\$0.2.

On 18 August 2003, the Old Scheme was terminated and replaced by 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.

Movements in the number of options outstanding under the New Scheme during the year are as follows:

At 1 April	–
Granted	2,022,000
Lapsed	(72,000)
<hr/>	
At 31 March	1,950,000
<hr/>	
Representing:	
Executive directors	690,000
<hr/>	
Chief executive	24,000
<hr/>	
Full-time employees	1,236,000
<hr/>	

Notes to the Accounts

21. RESERVES

	Share premium HK\$'000	Merger reserve HK\$'000 <i>(Note a)</i>	Group Exchange differences HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2003	5,613	(341)	(5)	(18,032)	(12,765)
Exchange differences	-	-	(24)	-	(24)
Loss for the year	-	-	-	(9,729)	(9,729)
At 31 March 2004	5,613	(341)	(29)	(27,761)	(22,518)
At 1 April 2002	5,613	(341)	(4)	(15,448)	(10,180)
Exchange differences	-	-	(1)	-	(1)
Loss for the year	-	-	-	(2,584)	(2,584)
At 31 March 2003	5,613	(341)	(5)	(18,032)	(12,765)

	Share premium HK\$'000	Company Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2003	5,613	(18,387)	(12,774)
Loss for the year	-	(643)	(643)
At 31 March 2004	5,613	(19,030)	(13,417)
At 1 April 2002	5,613	(15,802)	(10,189)
Loss for the year	-	(2,585)	(2,585)
At 31 March 2003	5,613	(18,387)	(12,774)

Note a: The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired and the nominal value of the Company's shares issued in exchange thereof.

Notes to the Accounts

22. DEFERRED TAXATION

As at 31 March 2004, the following temporary differences have not been recognised.

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Tax losses	4,156	3,638	–	–
Temporary differences	3,981	2,145	2,831	2,831
	8,137	5,783	2,831	2,831

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits.

23. CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating loss to net cash (outflow)/inflow generated from operations:

	2004 HK\$'000	2003 HK\$'000
Operating loss	(9,689)	(2,629)
Depreciation of fixed assets	639	662
Amortisation of intangible assets	1,431	1,458
Loss on disposal of fixed assets	2	1
Impairment losses on fixed assets and intangible assets	2,084	–
Impairment loss on investments in securities	250	–
Interest income	(29)	(68)
Operating loss before working capital changes	(5,312)	(576)
Decrease in inventories	388	10
Decrease in trade receivables, prepayments, deposits and other receivables	1,198	449
Increase in trade payables, accruals, other payables and receipts in advance	399	1,405
Net cash (outflow)/inflow generated from operations	(3,327)	1,288

24. CONTINGENT LIABILITIES

As at 31 March 2004, a legal claim of HK\$440,814 (2003: HK\$440,814) was lodged against a subsidiary of the Company by a customer on a project implementation. The subsidiary has counter-claimed the customer for HK\$157,500 (2003: HK\$157,000) being the unpaid amount in relation to the project. The directors, based on the advice of the Group's legal advisor, considered that the Group has good defense against the alleged legal claim and accordingly no provision has been made in the account.

Notes to the Accounts

25. BANKING FACILITIES

As at 31 March 2004, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK\$5,556,000 (2003: HK\$5,500,000).

26. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2004, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Not later than one year	979	495	605	495
Later than one year and not later than five years	1,340	862	256	862
	2,319	1,357	861	1,357

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27. FUTURE OPERATING LEASE ARRANGEMENTS

As at 31 March 2004, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Land & buildings		Others	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Not later than one year	132	100	1,666	–
Later than one year and not later than five years	15	180	2,457	–
	147	280	4,123	–

As at 31 March 2004, the Company did not have any future operating lease receipts.

28. ULTIMATE HOLDING COMPANY

The directors regard Sunrise International (Holdings) Limited, a Company incorporated in Cayman Islands, as being the ultimate holding Company.

29. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 23 June 2004.

Five-year Financial Summary

RESULTS

	2004 HK\$'000	For the year ended 31 March			
		2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	14,674	13,701	14,145	19,385	18,720
(Loss)/profit attributable to shareholders	(9,729)	(2,584)	(12,224)	(3,148)	1,542

ASSETS AND LIABILITIES

	2004 HK\$'000	As at 31 March			
		2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Total assets	14,061	17,552	18,667	32,113	9112
Total liabilities	(11,573)	(5,088)	(3,841)	(5,086)	(9,111)
Minority interests	–	(223)	–	–	–
Net assets	2,488	12,241	14,826	27,027	1

Notes:

- The results, assets and liabilities of the Group presented above have been prepared on the basis as if the Group structure, at the time when the corporate reorganisation was completed prior to the listing of the shares of the Company on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, had been in exercise throughout the years concerned.
- The Company's shares have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since 17 August 2000, the results of the Group for year ended 31 March 2000 and the assets and liabilities of the Group as at 31 March 2000 were extracted from the Company's prospectus dated 11 August 2000.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of CyberM International (Holdings) Limited (the "Company") will be held at 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 9 August 2004 Monday at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated accounts and reports of the directors and auditors for the year ended 31 March 2004;
2. To re-elect retiring directors of the Company;
3. To authorise the board of directors to fix the directors' remuneration;
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration;
5. As special business to consider and, if thought fit, pass the following resolutions with or without amendments, as ordinary resolutions and special resolution:

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Ordinary Resolutions

A. **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined hereinafter) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including warrants) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors during the Relevant Period to make and grant offers, agreements and options (including warrants) which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined hereinafter); (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers, employees of the Company and/or any of its subsidiaries or other eligible participants of shares or rights to acquire shares in the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the Bye-Laws of the Company in force from time to time, shall not exceed the aggregate of:
 - (i) 20 per cent. of the share capital of the Company in issue on the date of passing this Resolution; and

Notice of Annual General Meeting

- (ii) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the share capital of the Company in issue on the date of passing this Resolution);

and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extend of any restrictions obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

B. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

Notice of Annual General Meeting

- (b) the aggregate nominal amount of shares of the Company which may be purchased by the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the issued share capital of the Company as at the date of passing this Resolution and the authority pursuant to paragraph (a) above of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution, "Relevant Period" shall have the same meaning as assigned to it under Ordinary Resolution 5A(d) of this notice."

C. **"THAT:**

subject to the passing of this ordinary resolutions 5A and 5B above, the directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution 5A above in respect of the share capital of the Company referred to in subparagraph (ii) of paragraph (c) of such Resolution."

6. As special business, to consider and if thought fit, pass the following special resolutions:

Special Resolutions

A. **"THAT** the Bye-Laws of the Company be amended as follows:

- (a) by deleting the existing definitions of "associate" in Bye-Law No. 1(A) and substituting thereof the followings:

"associates" in relation to any Director, shall have the meaning ascribed to it under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited from time to time in force.

- (b) by deleting the words "within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong)" in the definition of "Clearing House" in Bye-Law No. 1(A), and substituting thereof the words "within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)".

Notice of Annual General Meeting

- (c) by re-numbering the existing Bye-Law No. 80(B) as Bye-Law No. 80(C) and by inserting the following new Bye Law No. 80(B):
 - (B) Where any shareholder is, under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.
- (d) by deleting Bye-Law No. 98(E) to (K) in its entirety and substituting thereof the followings:
 - (E) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof) and except (in case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director and/or his associate(s) owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company.
 - (F) Subject to the Companies Act and to the next paragraph of this Bye-Law, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director or his associate(s) is/are in any way interested be liable to be avoided, nor shall any Director to contracting or being so interested or whose associate(s) so contracting or being so interested be liable to account to the Company or the shareholders for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of interest in any contract or arrangement in which he or his associate(s) is/are interested in accordance with Bye-Law No. 98(G) herein.

Notice of Annual General Meeting

- (G) A Director who, to his knowledge, is interested or has an associate who is interested, in any way, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest or the interest of his associate at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest or the interest of his associate then exists, or in any other case at the first meeting of the Board after he knows that he or his associate is or has become so interested. For the purposes of this Bye-Law, a general notice of the Board by a Director to the effect that:
- (i) he or any of his associates is a shareholder or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or
 - (ii) he or any of his associates is to be regarded as interested in any contract or arrangement which may after that date of the notice be made with a specified person which is connected with him;

shall be deemed to be a sufficient declaration of interest under this Bye-Law in relation to any such contract or arrangement, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Directors takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

- (H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) the giving of any security or indemnity either:
 - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibilities in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholders or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (iv) any proposal or arrangement concerning the benefits or employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

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- (I) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more of the issued shares of any class of the equity capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if so long as) he and/or his associate(s), (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to shareholder of such company (or of any third company through which his/their interest or that of any of his associate(s) is/are derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director and/or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings an very restrictive dividend and return of capital right.
- (J) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (K) If any question shall arise at an meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) and/or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature of extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.
- (e) by deleting the words "save any Director holding office as Chairman or Managing Director" in Bye-Law No. 99.
- (f) by deleting Bye-Law No. 103 in its entirety and substituting thereof the followings:

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at such general meeting is given of his intention to

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propose such person for election as a Director and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office provided that the minimum length of the period, during which such notices are given, shall be at least seven (7) days and that the period for lodgment of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

- (g) by substituting, Bye-Law No. 97(A)(vi), the words "Special Resolution" for the words "Ordinary Resolution" appearing on the second line.
- (h) by substituting, in Bye-Law No. 104, the words "Special Resolution" for the words "Ordinary Resolution" appearing on the first line."

By Order of the Board of
CyberM International (Holdings) Limited
Lau Chiu Pui
Chairman

Hong Kong, 28 June 2004

Notes:

1. A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the annual general meeting is enclosed under the 2004 annual report of the Company to be dispatched to the shareholders. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 1901-5, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.
3. The register of members of the Company will be closed from Wednesday, 4 August 2004 to Monday, 9 August 2004, both days inclusive, during which no share transfers will be effected. In order to qualify for the attendance of the annual general meeting, all transfers of shares accompanied by the relevant share certificate(s) must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 1901-5, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 3 August 2004.
4. In relation to proposed Resolution 5 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on the Growth Enterprise market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The directors have no immediate plan to issue any new shares or to repurchase any existing shares of the Company pursuant to the said general mandate other than shares which may fall to be issued upon the exercise of any options granted under the Share Option Scheme of the Company or any scrip dividend scheme which may be approved by shareholders of the Company.
5. An explanatory statement giving the details of the grant of a mandate to repurchase shares of the Company as required by the GEM Listing Rules will be dispatched to shareholders together with the 2004 annual report.