



CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



Annual Report
2004/2005



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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EXECUTIVE DIRECTORS

Mr. Lau Chiu Pui
(Chairman and Managing Director)
Ms. Chan Pui Fong, Trish *(Deputy Chairman)*
Mr. Lai Cho Wai

NON-EXECUTIVE DIRECTOR

Mr. Chiu Raymond Yim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Kwan Ngan Hing, Edith
Mr. Chan Wai Choi, Glenn
Mr. Cheung Ngai Ming, David

COMPANY SECRETARY

Mr. Ng Siu Lun

QUALIFIED ACCOUNTANT

Mr. Ng Siu Lun

COMPLIANCE OFFICER

Ms. Chan Pui Fong, Trish

AUTHORISED REPRESENTATIVES

Mr. Lau Chiu Pui
Mr. Ng Siu Lun

AUDIT COMMITTEE

Dr. Kwan Ngan Hing, Edith
Mr. Chan Wai Choi, Glenn
Mr. Cheung Ngai Ming, David

LEGAL ADVISORS

Huen & Partners Solicitors – as to Hong Kong Law
Unit 3309-11, 33/F, West Tower, Shun Tak Centre
168-200 Connaught Road Central, Hong Kong

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

AUDITORS

CCIF CPA Limited
(formerly known as 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 Ltd
46/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITES

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

REVIEW

The financial year 2004/5 is the first full year that CyberM has implemented its new strategic focus as laid down in last year's annual report. Such strategy has been proved to be successful.

STRATEGIC FOCUS

Since 2003/2004, the Group has been the leading partner with SAP, one of the largest worldwide Enterprise Resource Planning ("ERP") solution providers, to distribute their branded products. On the other hand, we have provided our own Point of Sale ("POS") system to various well-known retailers in Hong Kong and PRC. Together with our expertise in the implementation and support services, the Group has achieved a very significant increase in turnover and reduction of loss. We shall continue to strive to improve our customer service level and provide value added products to our customers.

PROSPECTS

Looking forward, 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. Fundamentally, the Group possesses an excellent reputation and solid foundation in the ERP solution market. With the partnership with SAP, and our strong implementation team, the Group is optimistic and confident that we shall capture a substantial market share in both Hong Kong and the PRC, resulting in further revenue growth and profitability improvement.

In view of the booming economy of Macau through the rapid-growing tourism and gaming industry, the Group has started to explore the possibility of entering into Macau gaming business. Should it be materialize, the business of the Group would diversify.

Lau Chiu Pui

Chairman

Hong Kong, 27 June 2005

BUSINESS REVIEW

During the year under review, the core business of the Group comprises (i) sales & implementation service of customized software (including ERP and POS solutions) and related computer equipments; (ii) sales of packaged software and (iii) provision of technical support and maintenance services on the systems implemented.

During the year under review, the Group focused on the marketing and sales of branded ERP solutions and related implementation services. The provision of these business solutions in Hong Kong had generated tremendous opportunities and boosted up revenues for the Group.

FINANCIAL REVIEW

TURNOVER AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, turnover was approximately HK\$24 million, representing a significant increase of 65% as compared to last year. Loss attributable to shareholders was HK\$2.4 million, being a significant drop of 75% as compared to that of last year. The loss was partially contributed by non-cash depreciation and amortization of HK\$1.7 million.

SEGMENT PERFORMANCE

During the year under review, turnover contributed by sales of customised software and related computer equipment as the primary business segment of the Group is 71% (2004:42%). Due to shift of our strategic focus, the sales and lease of packaged software drops to 10% (2004: 27%). The support and maintenance service revenue maintains but the percentage reduces to 19% (2004: 29%) as the total revenue increased significantly.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 March 2005, the Group has cash and bank balances of approximately HK\$7.1 million (2004: HK\$6.8 million). The Group's current assets are approximately 0.9 times (2004: 0.9 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 515% (2004: 30%).

In view of the Group's current liquidity position and the gradual improvement trend of profitability of the Group, the directors expect the Group will have sufficient funds to meet its operational and investment needs in the foreseeable future.

CHARGE OF GROUP'S ASSETS

As at 31 March 2005, a fixed bank deposit of approximately HK\$5.6 million (2004: HK\$5.6 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.

PROVISION

A provision has been made of HK\$900,000 in connection to a legal suitcase filed against one of the subsidiary in the Group at 22 July, 2004. The Group has engaged solicitors to handle this case and has filed counter-claim against that company. The Group is now in discussion with that company of out of court settlement. The provision made is simply for prudent reason.

CONTINGENT LIABILITIES

As at 31 March 2005, the directors expect that the Group had no significant contingent liabilities that would crystallise.

EMPLOYEES

As at 31 March 2005, the Group has approximately 51 (2004: 49) 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\$10.8 million (2004: H\$8.2 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 has focused on developing ERP market and do not have any capital investments. In view of the booming economy of Macau through the rapid-growing tourism & gaming industry, the Group has started to explore the possibility of entering into Macau gaming business. Should it be materialize, the business of the Group would diversify.

ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the year under review. As at 31 March 2005, the Group had no material investment held.

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 48, 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 47, 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.

Mr. Lai Cho Wai, aged 36 and was appointed by the Company on 22 June 2005. Mr. Lai is the executive manager of the JADE VIP Lounge in the Jai Alai Casino in Macau since 1996. Mr. Lai is also the Director of Macau Street E-Tech & Advertising Limited and the Director of Rock & Roll Amusement Development Incorporation Limited since 2000. He has vast experience in the gaming industry, in particular, in relation to the management of VIP lounges in casinos, formulating policies of VIP lounges and analysing monthly business statements of VIP lounges.

NON-EXECUTIVE DIRECTOR

Mr. Chiu Raymond Yim, aged 54, 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 44, 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 56, has over 33 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, PMI-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.

Mr. Cheung Ngai Ming, David, aged 31, holds a BBA (Hon) Degree in Accounting from Hong Kong Baptist University and is an associate member of the ACCA. Mr. Cheung is currently an auditor of a medium sized CPA firm with over 6 years' experience in auditing and taxation. He was appointed by the Company on 1 February 2005.

SENIOR MANAGEMENT

Ms. Chan Pui Kuen, aged 33, joined the Group in 2004. She is the project manager of the Group. She holds a master degree of science in business information technology from Middlesex University, United Kingdom.

Mr. Leung Man Kit, aged 33, joined the Group in 1997. He is the development manager of the Group. He holds a degree in computing and information systems from the University of London.

Mr. Ng Siu Lun, aged 31, joined the Group in 2005. He is the finance manager and company secretary of the Group. He holds a degree in Business Administration from the Chinese University of Hong Kong. He has over 6 years of experience in accounting and he is a CPA member of American Institute of Certified Public Accountants.

The directors submit their report together with the audited accounts for the year ended 31 March 2005.

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 2005, the Company had no reserves available for distribution to its shareholders (2004: 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 shares during the year. Neither the Company nor any of its holding companies or subsidiaries has purchased or sold any of the Company's shares during the year.

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)
Mr. Lai Cho Wai	(Appointed on 22 June 2005)

Non-executive director

Mr. Chiu Raymond Yim

Independent non-executive directors

Mr. Chan Wai Choi, Glenn	
Dr. Kwan Ngan Hing, Edith	
Mr. Cheung Ngai Ming, David	(Appointed on 1 February 2005)

In accordance with the Bye-Laws of the Company, Mr. Chan Wai Choi, Glenn, Ms Chan Pui Fong, Trish, Mr. Cheong Ngai Ming, David and Mr. Lai Cho Wai retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

SHARE OPTION

Following the amendments of Chapter 23 of the GEM Listing Rules on 1 September 2001, the share option scheme adopted by the Company on 1 August 2000 (the "Old Scheme") has been terminated and replaced by a new share option scheme on 13 August 2003 (the "New Scheme"). Since then, no further option can be granted under the Old Scheme while all options granted prior to such termination continue to be valid and exercisable.

The principal terms of the New Scheme are summarised in a circular dated 30 June 2003.

Details of the share options granted and remain outstanding as at 31 March 2005 are as follows:

Name and category of eligible participants	Date of grant	Exercise price per share HK\$	As at 1.4. 2004	Number of share options		As at 31.3.2005	Exercisable period
				Granted during the year	Lapsed during the year		
Executive Directors							
Lau Chiu Pui	4.9.2000	0.20	250,000	0	0	250,000	15.12.2003 to 13.6.2009
Lai Shu Pui, Fergus (Note a)	4.9.2000 12.12.2003	1.18 0.20	1,000,000 220,000	0 0	1,000,000 220,000	0 0	
Wong Kit Mei (Note a)	4.9.2000 12.12.2003	1.18 0.20	1,000,000 220,000	0 0	1,000,000 220,000	0 0	
Chief Executive							
Chan Oi Chu	12.12.2003	0.20	24,000	0	24,000	0	
Other Participants							
Full time employees	4.9.2000 12.12.2003	1.18 0.20	4,368,000 1,236,000	0 0	92,000 372,000	4,276,000 864,000	4.9.2000 to 3.9.2010 14.6.2004 to 13.6.2009

Note a: Mr. Lai Shu Pui, Fergus and Mr. Wong Kit Mei resigned as directors at 30 April 2004.

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 2005, none of the options being granted to the executive directors and chief executive have been exercised or cancelled.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

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 the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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 2005, the following directors and chief executive 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	Type of interest	Number of ordinary shares in the Company	Percentage of shareholding
<i>Directors</i>			
Lau Chiu Pui (Mr. Lau)	Discretionary trust (<i>Note</i>)	191,250,000	76.48
Chan Pui Fong (Ms Chan)	Discretionary trust (<i>Note</i>)	191,250,000	76.48
<i>Chief Executive</i>			
Ng Siu Lun	Beneficial ownership	2,244,000	0.90

Note: The 191,250,000 shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited ("Noble Class"), a company incorporated in the British Virgin Islands. Noble Class is in turn wholly held by Sunrise International (Holdings) Limited ("Sunrise"), a company incorporated in the Cayman Islands. All the issued non-voting redeemable and retractable preferred shares of Sunrise, with the rights to a fixed 5% cumulative dividend and redemption at fixed redemption prices in the aggregate amount of HK\$9 million, are held by Mr. Lau, Ms Chan (Mr. Lau's spouse), Mr. Lai Shu Pui, Fergus (Mr. Lai), Mr. Wong Kit Mei (Mr. Wong), Mr. Fung Yiu Fai (Mr. Fung) and Mr. Yip Ho Pong (Mr. Yip). (Mr. Fung, Mr. Yip, Mr. Lai and Mr. Wong were executive directors of the Company whose respective resignation became effective on 18th July 2001, 7th August 2002, 30th April 2004 and 30th April 2004). The issued ordinary shares of Sunrise are held in the following proportions

Name of shareholders	Class of ordinary shares	Participating proportion
Pro Nes Genesis Anstalt (the "Anstalt") *	A – Voting, non-participating	–
Mr. Lau	B – Non-voting, participating	86.68%
Mr. Yip	C – Non-voting, participating	3.33%
Mr. Lai	D – Non-voting, participating	3.33%
Mr. Wong	E – Non-voting, participating	3.33%
Mr. Fung	F – Non-voting, participating	3.33%
		100%

* The Anstalt is a corporate entity under Liechtenstein in which Mr. Lau has sole beneficial interest.

Mr. Lau and Ms. Chan (Mr. Lau's spouse) are therefore taken to have a beneficial interest in the 191,250,000 ordinary shares owned by Noble Class under Part XV of the SFO.

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 Section.

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 2005.

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 2005, 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*
Lai Shu Pui	191,250,000	76.48*
Wong Kit Mei	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.

Noble Class Group Limited ("Noble Class") had, on 8 April 2005, entered into an option agreement with Wide Fine International Limited ("Wide Fine"), a company wholly owned by Mr. Wong Kam Leong, a third party who does not currently hold shares in the Company and is an independent third party which is not a connected person to the Company (as that term is defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) whereby Noble Class granted Wide Fine the right to acquire up to 177,500,000 existing shares in the Company from Noble Class (the "Option"), at a price of HK\$0.0676 per share within a period of 9 months from the date of the Option being 8th April, 2005. The right may be exercised by Wide Fine in whole or in part.

The exercise in full of the Option by Wide Fine may result in a change in control of the Company and a general offer being made for the remaining issued shares of the Company under Rule 26.1 of The Code on Takeovers and Mergers and Share Repurchases. The shares in the Company to be acquired as a result of the exercise in full of the Option represents approximately 70.98% of the entire issued share capital of the Company as at date of grant.

Upon the exercise in full of the Option by Wide Fine and assuming no change in the share capital of the Company from the date of grant to the date of exercise in full of the Option, the shareholding of the Company would be as follows:

Shareholder	Prior to exercise of any of the Option		After the exercise in full of the Option	
	No. of shares	approximate %	No. of shares	approximate %
Noble Class	191,250,000	76.48	13,750,000	5.50
Wide Fine	0	0	177,500,000	70.98
Public	58,810,000	23.52	58,810,000	23.52

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 2005.

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 45%
- five largest suppliers combined 61%

Sales

- the largest customer 9%
- five largest customers combined 29%

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 2005, 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.

AUDIT COMMITTEE, BOARD OF DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Before 1 February 2005, the board of directors of the Company comprises two Executive Directors, one Non-Executive Director and two INEDs. The Audit Committee of the Company comprises of these two INEDs.

The Company had endeavored to identify an appropriate candidate for appointment as an INED and a member of the Audit Committee to meet the requirements of Rules 5.05(1), 5.05(2) and 5.28 respectively of the GEM Listing Rules. Mr. Cheong Ngai Ming David (Mr. Cheong) had been appointed as an independent non-executive director (“INED”) and the member of the audit committee of the Company with effect from 1 February 2005. Mr. Cheong, aged 31, holds a BBA (Hon) Degree in Accounting from Hong Kong Baptist University and is an associate member of the ACCA. Mr. Cheong is currently an auditor of a medium sized CPA firm with over 6 years’ experience in auditing and taxation.

With effect from 1 February 2005, the Company has three independent non-executive directors; one of them has appropriate qualification as required under Rule 5.05(2) of the GEM Listing Rule and these three INEDs are also the members of the audit committee.

With effect from 1 February 2005, the Board comprises Mr. Lau Chiu Pui and Ms. Chan Pui Fong, Trish as the executive directors, Mr. Chiu Raymond Yim as the non-executive director and Mr. Chan Wai Choi, Glenn, Ms. Kwan Ngan Hing, Edith and Mr Cheong Ngai Ming David as the independent non-executive directors and the Company is in compliance with Rules 5.05 and 5.28 of the GEM Listing Rule. Under the service contract, Mr CHEONG Ngai Ming, David, independent non-executive director, is entitled to receive an annual remuneration of HK\$60,000. Save as disclosed above, none of the independent non-executive directors have been paid any fees or other reimbursements or emoluments during the period. On 22 June 2005, Mr Lai Cho Wai has been appointed as executive director.

Save as disclosed above, the Company established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group.

The audit committee now comprises the three independent non-executive directors (Mr. Chan Wai Choi, Glenn, Ms. Kwan Ngan Hing, Edith and Mr. Cheong Ngai Ming David). The Group's audited results for the year ended 31 March, 2005 have been reviewed by the audit committee at its meeting held on 25 June 2005. Members of the committee were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

BOARD PRACTICES AND PROCEDURES

Save as disclosed above, throughout the year ended 31 March 2005, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures.

AUDITORS

The accounts have been audited by CCIF CPA Limited (formerly known as Charles Chan, Ip & Fung CPA Ltd.) who retire and, being eligible, offer themselves for re-appointment.

By the order of the Board

Lau Chiu Pui

Chairman

Hong Kong, 27 June 2005

**CCIF****CCIF CPA LIMITED**

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**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.

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, 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 Institute of Certified Public 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.

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 2005 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.

CCIF CPA Limited

Certified Public Accountants

Hong Kong

27 June 2005

Chan Wai Dune, Charles

Practising Certificate Number P00712

Consolidated Profit and Loss Account **19**

For the year ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Turnover	3	24,160	14,674
Other revenue	3	54	29
Raw materials and consumables used		(8,910)	(6,774)
Staff costs		(10,798)	(8,175)
Depreciation and impairment loss on fixed assets		(424)	(772)
Amortisation and impairment loss on intangible assets		(1,279)	(3,382)
Impairment loss on investments in securities		-	(250)
Provision for bad and doubtful debts		(507)	(694)
Other operating expenses		(4,438)	(4,345)
Operating loss	4	(2,142)	(9,689)
Finance costs	5	(272)	(263)
Loss before taxation		(2,414)	(9,952)
Taxation	6	-	-
Loss after taxation		(2,414)	(9,952)
Minority interests		-	223
Loss attributable to shareholders		(2,414)	(9,729)
Loss per share			
Basic		(HK1.0 cents)	(HK3.9 cents)
Diluted		N/A	N/A

The notes on pages 24 to 51 form part of these financial statements.

20 Balance Sheet

As at 31 March 2005

	Note	Consolidated		Company	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Non-current assets					
Intangible assets	12	578	1,857	-	-
Fixed assets	13	389	2,213	-	-
Interests in subsidiaries	14	-	-	11,316	11,239
Investments in securities	15	330	330	-	-
		1,297	4,400	11,316	11,239
Current assets					
Inventories	16	99	246	-	-
Trade receivables	17	3,851	1,778	-	-
Prepayments, deposits and other receivables		777	827	-	129
Pledged deposits	25	5,570	5,556	-	-
Cash and bank balances		1,494	1,254	11	1,013
		11,791	9,661	11	1,142
Current liabilities					
Trade payables	18	1,333	1,268	-	-
Accruals and other payables		2,648	2,027	105	92
Receipts in advance		2,131	2,128	-	-
Amount due to a director		358	700	358	700
Current portion of long-term bank loan	19	520	485	-	-
Current portion of obligations under finance leases	19	-	25	-	-
Bank overdrafts, secured	25	5,826	4,193	-	-
		12,816	10,826	463	792
Net current (liabilities)/assets		(1,025)	(1,165)	(452)	350
Total assets less current liabilities		272	3,235	10,864	11,589

As at 31 March 2005

	Note	Consolidated		Company	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Financed by:					
Share capital	20	25,006	25,006	25,006	25,006
Reserves	21	(24,962)	(22,518)	(14,142)	(13,417)
Shareholders' funds		44	2,488	10,864	11,589
Minority interests					
		-	-	-	-
Non-current liabilities					
Long-term bank loan	19	228	747	-	-
		228	747	-	-
		272	3,235	10,864	11,589

Approved and authorised for issue by the board of directors on 27 June 2005

Lau Chiu Pui
Director

Chan Pui Fong, Trish
Director

The notes on pages 24 to 51 form part of these financial statements.

22 Consolidated Statement of Changes in Equity

For the year ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Total equity at the beginning of the year		2,488	12,241
Net loss for the year	21	(2,414)	(9,729)
Exchange differences arising on translation of accounts of subsidiaries	21	(30)	(24)
Total equity at the end of the year		44	2,488

The notes on pages 24 to 51 form part of these financial statements.

Consolidated Cash Flow Statement **23**

For the year ended 31 March 2005

	Note	2005 HK\$'000	2004 HK\$'000
Operating activities			
Net cash outflow generated from operations	23	(1,509)	(3,327)
Interest paid		(272)	(263)
Interest received		18	29
Net cash outflow from operating activities		(1,763)	(3,561)
Investing activities			
Purchase of fixed assets		(100)	(425)
Sale of fixed assets		1,365	16
Purchase of software		-	(1,300)
Net cash inflow/(outflow) from investing activities		1,265	(1,709)
Net cash outflow before financing		(498)	(5,270)
Financing activities			
Capital element of finance lease payments		(25)	(39)
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		(484)	(268)
Repayment to a director		(342)	-
Loan from a director		-	700
Net cash (outflow)/inflow from financing activities		(851)	1,893
Decrease in cash and cash equivalents		(1,349)	(3,377)
Cash and cash equivalents at the beginning of the year		2,617	6,018
Effect of foreign exchange rate changes		(30)	(24)
Cash and cash equivalents at the end of the year		1,238	2,617
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,494	1,254
Pledged deposits		5,570	5,556
Bank overdrafts		(5,826)	(4,193)
		1,238	2,617

The notes on pages 24 to 51 form part of these financial statements.

31 March 2005

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 Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and 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.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The company has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

The company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

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) 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.

(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.

31 March 2005

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(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 ¹ / ₃ %
Motor vehicles	25%

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) FIXED ASSETS (Continued)

(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)**(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) EMPLOYEE BENEFITS (Continued)

(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)**(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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(0) COMPARATIVES

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

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:

	2005 HK\$'000	2004 HK\$'000
Turnover		
Sales of customised software and related computer equipment	17,198	6,156
Sales and lease of packaged software	2,313	3,936
Provision of technical support and maintenance services	4,627	4,326
Rental income	22	133
Provision of beauty-salon services	–	123
	24,160	14,674
Other revenue		
Interest income	18	29
Other income	36	–
	54	29
Total revenues	24,214	14,703

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group is organised into five major business segments:

- (i) Sales of customised software 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.

32 Notes to the Financial Statements

31 March 2005

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

	2005					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	17,198	2,313	4,627	22	-	24,160
Segment results	987	254	508	22	-	1,771
Other revenue						54
Unallocated corporate expenses						(3,967)
Operating loss						(2,142)
Finance costs						(272)
Minority interests						-
Loss attribution to shareholders						(2,414)
Segment assets	9,106	1,225	2,426	-	1	12,758
Unallocated assets						330
Total assets						13,088
Segment liabilities	9,169	1,981	1,085	-	358	12,593
Unallocated liabilities						451
Total liabilities						13,044
Depreciation and amortisation	1,214	163	326	-	-	1,703
Unallocated corporate expenses						-
Total depreciation and amortisation						1,703
Impairment losses recognised in the profit and loss account	-	-	-	-	-	-
Unallocated impairment loss						-
Total impairment losses						-
Capital expenditures	71	10	19	-	-	100

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 attribution 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

34 Notes to the Financial Statements

31 March 2005

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.

	2005		2004	
	Turnover	Segment results	Turnover	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	24,146	(1,966)	14,346	(8,229)
PRC	14	(230)	328	(1,489)
	24,160	(2,196)	14,674	(9,718)
Other revenue		54		29
Operating gain/(loss)		(2,142)		(9,689)

	2005		2004	
	Assets	Capital expenditure	Assets	Capital expenditure
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	12,783	100	13,825	1,581
PRC	305	–	236	144
	13,088	100	14,061	1,725

4. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	2005 HK\$'000	2004 HK\$'000
Crediting		
Net exchange gain	–	5
Net rental income	22	133
Charging		
Advertising and promotion costs	201	52
Amortisation of intangible assets	1,279	1,431
Auditors' remuneration	210	236
Depreciation		
Owned fixed assets	402	596
Leased fixed assets	22	43
Impairment		
Fixed assets	–	133
Intangible assets	–	1,951
Investments in securities	–	250
Loss on disposal of fixed assets	135	2
Operating leases in respect of land and buildings	695	781
Less: Amount capitalised as intangible assets	–	–
	695	781
Staff costs including directors' emoluments	10,690	8,175
Less: Amount capitalised as intangible assets	–	–
	10,690	8,175

5. FINANCE COSTS

	2005 HK\$'000	2004 HK\$'000
Interest on bank loans and overdrafts	272	259
Interest element of finance leases	–	4
	272	263

31 March 2005

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 (2004: 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 2005 (2004: 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:

	2005 HK\$'000	2004 HK\$'000
Loss before taxation	(2,414)	(9,952)
Tax at statutory rate of 17.5%	(422)	(1,742)
Effect of different tax rates in other countries	(36)	(110)
Income not subject to tax	(3)	(47)
Expenses not deductible for tax	259	565
Temporary differences not recognised	185	46
Tax losses recognised	(36)	–
Tax losses not recognised	53	1,288
	–	–

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$725,000 (2004: HK\$643,000).

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\$2,414,000 (2004: HK\$9,729,000) and on the weighted average number of 250,060,000 (2004: 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.

9. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2005 HK\$'000	2004 HK\$'000
Salaries	10,279	7,631
Defined contribution pension costs	347	261
Other staff costs	172	283
	10,798	8,175

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 were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at both 31 March 2005 and 31 March 2004.

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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:

	2005 HK\$'000	2004 HK\$'000
Fees	–	–
Salaries including benefits in kind	1,900	1,924
Pension contributions	27	54
	1,927	1,978

One of the independent non-executive director received HK\$10,000 (2004: HK\$Nil) from the Group. For both years, no emolument was paid to the other two independent non-executive directors and the non-executive director.

The emoluments of directors fell within the following bands:

	Number of directors	
	2005	2004
Nil – HK\$1,000,000	7	5
HK\$1,000,001 – HK\$2,000,000	1	1

For the year ended 31 March 2005, the four (2004: three) executive directors individually received emoluments of approximately HK\$1,211,000 (2004: HK1,001,000), HK\$272,000 (2004: HK\$462,000), HK\$182,000 (2004: HK\$515,000) and HK\$252,000 (2004: HK\$Nil) respectively.

During the year, no options (2004: 690,000) were granted to the directors under the share option scheme approved by the shareholders at an annual general meeting on 9 August 2004.

No directors have waived emoluments in respect of the two years ended 31 March 2005 and 2004.

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 one (2004: three) directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining four (2004: two) individuals during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries and other emoluments	1,993	810
Pension contributions	44	35
	2,037	845

The emoluments fell within the following band:

	Number of individuals	
	2005	2004
Nil – HK\$1,000,000	4	2

12. INTANGIBLE ASSETS

	Development expenditures HK\$'000	Group Software HK\$'000	Total HK\$'000
Cost			
At 1 April 2004	8,268	1,300	9,568
Additions	–	–	–
At 31 March 2005	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2004	7,422	289	7,711
Amortisation charge for the year	846	433	1,279
Impairment charge for the year	–	–	–
At 31 March 2005	8,268	722	8,990
Net book value			
At 31 March 2005	–	578	578
At 31 March 2004	846	1,011	1,857

31 March 2005

13. FIXED ASSETS

	Group					Total HK\$'000
	Investment property HK\$'000	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	
	Cost or valuation					
At 1 April 2004	1,500	981	1,088	2,271	457	6,297
Additions	-	-	-	100	-	100
Disposals	(1,500)	(492)	-	-	-	(1,992)
At 31 March 2005	-	489	1,088	2,371	457	4,405
Accumulated depreciation and impairment						
At 1 April 2004	-	754	958	1,915	457	4,084
Depreciation charge for the year	-	157	101	166	-	424
Disposals	-	(492)	-	-	-	(492)
At 31 March 2005	-	419	1,059	2,081	457	4,016
Net book value						
At 31 March 2005	-	70	29	290	-	389
At 31 March 2004	1,500	227	130	356	-	2,213

The analysis of the cost or valuation at 31 March 2005 of the above assets is as follows:

	Investment property HK\$'000	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	-	489	1,088	2,371	457	4,405

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

	Investment property HK\$'000	Leasehold improvement 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

13. FIXED ASSETS (Continued)

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

As at 31 March 2005, the carrying amount of fixed assets held under finance leases amounted to HK\$Nil (2004: HK\$22,000).

14. INTEREST IN SUBSIDIARIES

	Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	418	418
Due from subsidiaries	27,630	27,253
Due to subsidiaries	(255)	(255)
	27,793	27,416
Provision for impairment losses	(16,477)	(16,177)
	11,316	11,239

31 March 2005

14. INTEREST IN SUBSIDIARIES (Continued)

The following is a list of subsidiaries as at 31 March 2005:

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
Magic Business Solutions Limited (formerly known as 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
Magic Information Technology Limited (formerly known as 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

14. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
Shilesse (Changsha) Limited [#]	PRC	HK\$350,000	60%	** Provision of beauty-salon services
Shilesse 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

The subsidiary is a wholly foreign-owned enterprise registered in the PRC.

15. INVESTMENTS IN SECURITIES

	Group	
	2005 HK\$'000	2004 HK\$'000
Unlisted equity securities, at cost	1,850	1,850
Club debenture, at cost	330	330
Less: Provision for impairment losses	(1,850)	(1,850)
	330	330

16. INVENTORIES

	Group	
	2005 HK\$'000	2004 HK\$'000
Merchandise	99	246

As at 31 March 2005, all inventories were carried at cost.

31 March 2005

17. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Within three months	2,690	842
Over three months and within six months	499	207
Over six months and within one year	445	675
Over one year and within two years	129	54
Over two years and within three years	88	–
	3,851	1,778

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	
	2005 HK\$'000	2004 HK\$'000
Within three months	1,018	760
Over three months and within six months	189	502
Over six months and within one year	117	1
Over one year and within two years	3	–
Over two years	6	5
	1,333	1,268

31 March 2005

19. LONG-TERM LIABILITIES

	Group	
	2005 HK\$'000	2004 HK\$'000
Unsecured bank loan wholly repayable within three years	748	1,232
Obligations under finance leases	–	25
Less: Current portion of long-term liabilities	(520)	(510)
	228	747

As at 31 March 2005, the Group's overdrafts have no fixed repayment terms and the Group's bank loan was repayable as follows:

	2005 HK\$'000	2004 HK\$'000
Within one year	520	485
In the second year	228	520
In the third to fifth year	–	227
	748	1,232

As at 31 March 2005, the Group's finance lease liabilities were repayable as follows:

	2005 HK\$'000	2004 HK\$'000
Within one year	–	26
In the second year	–	–
	–	26
Future finance charges	–	(1)
Present value of finance lease liabilities	–	25

31 March 2005

20. SHARE CAPITAL

	Company	
	2005 HK\$'000	2004 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:

	2005	2004
At 1 April	6,368,000	9,600,000
Lapsed	(2,092,000)	(3,232,000)
At 31 March	4,276,000	6,368,000
Representing:		
Executive directors	–	2,000,000
Chief executive	–	–
Full-time employees	4,276,000	4,368,000

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:

	2005	2004
At 1 April	1,950,000	–
Granted	–	2,022,000
Lapsed	(836,000)	(72,000)
At 31 March	1,114,000	1,950,000
Representing:		
Executive directors	250,000	690,000
Chief executive	–	24,000
Full-time employees	864,000	1,236,000

31 March 2005

21. RESERVES

	Share premium HK\$'000	Merger reserve HK\$'000	Group Exchange differences HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2004	5,613	(341)	(29)	(27,761)	(22,518)
Exchange differences	–	–	(30)	–	(30)
Loss for the year	–	–	–	(2,414)	(2,414)
At 31 March 2005	5,613	(341)	(59)	(30,175)	(24,962)
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)

	Share premium HK\$'000	Company Accumulated loss HK\$'000	Total HK\$'000
At 1 April 2004	5,613	(19,030)	(13,417)
Loss for the year	–	(725)	(725)
At 31 March 2005	5,613	(19,755)	(14,142)
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)

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.

22. DEFERRED TAXATION

As at 31 March 2005, the following temporary differences have not been recognised.

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Tax losses	3,595	4,156	112	112
Temporary differences	196	1,150	-	-
	3,791	5,306	112	112

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. The tax losses do not have an expiry date.

23. CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating loss to net cash outflow generated from operations:

	2005 HK\$'000	2004 HK\$'000
Operating loss	(2,142)	(9,689)
Depreciation of fixed assets	424	639
Amortisation of intangible assets	1,279	1,431
Loss on disposal of fixed assets	135	2
Impairment losses on fixed assets and intangible assets	-	2,084
Impairment loss on investments in securities	-	250
Interest income	(18)	(29)
Operating loss before working capital changes	(322)	(5,312)
Decrease in inventories	147	388
(Increase)/decrease in trade receivables, prepayments, deposits and other receivables	(2,023)	1,198
Increase in trade payables, accruals, other payables and receipts in advance	689	399
Net cash outflow generated from operations	(1,509)	(3,327)

31 March 2005

24. CONTINGENT LIABILITIES

As at 31 March 2005, a legal claim of HK\$440,814 (2004: 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\$157,000 (2004: 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.

During the year, a provision amounting to HK\$900,000 was made in connection to a legal suitcase raised by another customer. The company counter-claimed the customer for HK\$750,000. As the legal process is in preliminary stage, the provision made is simply for prudent reason.

25. BANKING FACILITIES

As at 31 March 2005, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK\$5,570,000 (2004: HK\$5,556,000).

26. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2005, 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	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Not later than one year	634	979	256	605
Later than one year and not later than five years	415	1,340	-	256
	1,049	2,319	256	861

27. FUTURE OPERATING LEASE ARRANGEMENTS

As at 31 March 2005, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Land and buildings		Others	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Not later than one year	–	132	1,666	1,666
Later than one year and not later than five years	–	15	791	2,457
	–	147	2,457	4,123

As at 31 March 2005, 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 27 June 2005.

52 Five-year Financial Summary

For the year ended 31st March 2003 (Expressed in Hong Kong dollars)

RESULTS

	2005 HK\$'000	For the year ended 31 March			
		2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	24,160	14,674	13,701	14,145	19,385
Loss attributable to shareholders	(2,414)	(9,729)	(2,584)	(12,224)	(3,148)

ASSETS AND LIABILITIES

	2005 HK\$'000	As at 31 March			
		2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Total assets	13,088	14,061	17,552	18,667	32,113
Total liabilities	(13,044)	(11,573)	(5,088)	(3,841)	(5,086)
Minority interests	–	–	(223)	–	–
Net assets	44	2,488	12,241	14,826	27,027

Notes:

1. 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.
2. 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 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 2005 Tuesday 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 2005;
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 though fit, pass the following resolutions with or without amendments, as ordinary resolutions:

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 aggregate nominal amount of the share capital of the Company in issue on the date of passing this Resolution; and

- (ii) if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) then 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 aggregate nominal amount 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;
- (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 aggregate nominal amount 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."

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

Hong Kong, 30 June 2005

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 2005 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, 46/F, Hopewell Centre, 183 Queen's Road East, 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 Thursday, 4 August 2005 to Tuesday, 9 August 2005, 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 registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 3 August 2005.
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 2005 annual report.