



CyberM International (Holdings) Limited

美域數碼國際（控股）有限公司

(Incorporated in Bermuda with limited liability)



CyberM  
INTERIM REPORT  
2005  
Internacional



## Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. GEM listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

*The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors of CyberM International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

**HIGHLIGHTS**

- Turnover of the Group for the six months ended 30 September 2005 was approximately HK\$18,763,000, as compared to HK\$13,302,000 for the corresponding period in 2004.
- Net profit attributable to shareholders for the six months ended 30 September 2005 was approximately HK\$1,409,000 as compared to profit attributable to shareholders of HK\$585,000 for the corresponding period in 2004.
- Earning per share for the Group was approximately HK\$0.56 cents for the 30 September 2005 as compared to earning per share of HK\$0.23 cents in the corresponding period in 2004.
- The Directors do not declare any interim dividend for the six months ended 30 September 2005.

## INTERIM RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months and three months ended 30 September 2005 together with the comparatives for the corresponding periods in 2004 are as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited			
		Six months ended 30 September		Three months ended 30 September	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	2	18,763	13,302	8,651	5,978
Material, equipment and sub-contracting charge		(8,337)	(2,925)	(3,314)	(1,410)
Staff costs		(6,548)	(5,062)	(3,321)	(2,441)
Depreciation of property, plant and equipment		(155)	(226)	(76)	(91)
Amortisation of development expenditures		(578)	(761)	(578)	(381)
Other operating expenses		(1,637)	(3,599)	(882)	(867)
Operating profit		1,508	729	480	788
Interest income		63	-	32	-
Interest expense		(162)	(144)	(90)	(73)
Profit before taxation		1,409	585	422	715
Taxation	3	-	-	-	-
Profit/(loss) after taxation		1,409	585	422	715
Minority interests		-	-	-	-
Profit attributable to shareholders		1,409	585	422	715
Earnings per share	4				
- Basic		HK0.56 cents	HK0.23 cents	HK0.17 cents	HK0.29 cents
- Diluted		HK0.56 cents	N/A	HK0.17 cents	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**

	<i>Note</i>	<b>Unaudited 30 September 2005 HK\$'000</b>	Audited 31 March 2005 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Development expenditures	6	–	578
Property, plant and equipment	6	451	389
Investments in securities		50	330
		<u>501</u>	<u>1,297</u>
<b>CURRENT ASSETS</b>			
Inventories		99	99
Trade receivables	7	5,773	3,851
Prepayments, deposits and other receivables		825	777
Pledged Deposits	9	5,636	5,570
Cash and bank deposits		3,633	1,494
		<u>15,966</u>	<u>11,791</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	8	2,455	1,333
Accruals and other payables		1,776	2,648
Receipts in advance		1,848	2,131
Amount due to directors		432	358
Current portion of obligations under finance leases		209	–
Current portion of secured long-term bank loan		489	520
Bank overdrafts, secured	9	5,321	5,826
		<u>12,530</u>	<u>12,816</u>
Net current assets/(liabilities)		<u>3,436</u>	<u>(1,025)</u>
Total assets less current liabilities		<u>3,937</u>	<u>272</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term bank loan		–	228
		<u>3,937</u>	<u>44</u>
Net assets		<u>3,937</u>	<u>44</u>
<b>FINANCED BY</b>			
Share capital		25,268	25,006
Reserves		(21,331)	(24,962)
		<u>3,937</u>	<u>44</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2004

	Unaudited					
	Share capital HK\$'000	Share premium HK\$'000	Merger reserves HK\$'000	Cumulative translation adjustments HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2004	25,006	5,613	(341)	(29)	(27,761)	2,488
Translation adjustments	-	-	(61)	-	-	(61)
Profit for the period	-	-	-	-	585	585
At 30 September 2004	<u>25,006</u>	<u>5,613</u>	<u>(402)</u>	<u>(29)</u>	<u>(27,176)</u>	<u>3,012</u>

For the six months ended 30 September 2005

	Unaudited					
	Share capital HK\$'000	Share premium HK\$'000	Merger reserves HK\$'000	Cumulative translation adjustments HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2005	25,006	5,613	(341)	(59)	(30,175)	44
Issue of shares upon exercise of options	262	2,222	-	-	-	2,484
Profit for the period	-	-	-	-	1,409	1,409
At 30 September 2005	<u>25,268</u>	<u>7,835</u>	<u>(341)</u>	<u>(59)</u>	<u>(28,766)</u>	<u>3,937</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 September	
	2005 HK\$'000	2004 HK\$'000
Net cash (outflow) from operating activities	(1,124)	(597)
Net cash inflow/(outflow) from investing activities	1,708	137
Net cash (outflow)/inflow from financing activities	<u>2,126</u>	<u>(237)</u>
Decrease in cash and cash equivalents	2,710	(697)
Cash and cash equivalents at the beginning of period	<u>1,238</u>	<u>2,617</u>
Cash and cash equivalents at the end of period	<u><u>3,948</u></u>	<u><u>1,920</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and bank deposits	3,633	753
Pledged deposits	5,636	5,558
Bank overdrafts	<u>(5,321)</u>	<u>(4,391)</u>
	<u><u>3,948</u></u>	<u><u>1,920</u></u>

## NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. Basis of preparation

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("the new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs had no material impact on the Group's results of operation and financial position.

The unaudited condensed consolidated interim accounts have been reviewed by the audit committee. The composition of the audit committee is discussed in subsequent section.

### 2. Turnover and segment information

The Group is organised into five major operating units: (i) development of customised software and sales of related computer equipment; (ii) sales and lease of packaged software; (iii) technical support and maintenance services; (iv) lease of property and (v) Macau marketing services. An analysis of the Group's turnover and operating profit/(loss) by business segments is as follows:

	Six months ended 30 September 2005		Six months ended 30 September 2004	
	Turnover HK\$'000	Operating Profit HK\$'000	Turnover HK\$'000	Operating Profit HK\$'000
Development of customised software and sales of related computer equipment	10,712	6,498	9,083	7,364
Sales and lease of packaged software	977	693	2,313	1,756
Technical support and maintenance services	1,978	1,652	1,884	1,624
Lease of property	-	-	22	22
Macau marketing services	5,096	1,585	-	-
	<u>18,763</u>	<u>10,428</u>	<u>13,302</u>	<u>10,766</u>
Unallocated corporate expenses		(8,920)		(10,037)
		<u>1,508</u>		<u>729</u>



## 2. Turnover and segment information (Continued)

The Group has business operations in Hong Kong, Macau, the People's Republic of China (the "PRC"). An analysis of the Group's turnover and operating profit/(loss) by geographical segments is as follows:

	Six months ended 30 September 2005		Six months ended 30 September 2004	
	Turnover HK\$'000	Operating profit/(loss) HK\$'000	Turnover HK\$'000	Operating profit/(loss) HK\$'000
Hong Kong	13,667	(77)	13,147	905
Macau	5,096	1,585	-	-
The PRC	-	-	155	(176)
	<u>18,763</u>	<u>1,508</u>	<u>13,302</u>	<u>729</u>

## 3. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group could utilize the tax loss carried forward for the assessable profit arising in Hong Kong for the six months ended 30 September 2005. No provision for Macao complementary profits tax and enterprise income tax in the PRC has been made.

#### 4. Earnings/(loss) per share

The calculation of basic and diluted earning/(loss) per share are the following data:

	Unaudited			
	Six months ended 30 September		Three months ended 30 September	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period				
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	<u>1,409</u>	<u>585</u>	<u>422</u>	<u>715</u>
Number of shares	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares used in the calculation of basic earning/(loss) per share	<u>250,795</u>	250,060	<u>251,328</u>	250,060
Effect of dilutive potential ordinary share	<u>331</u>	N/A	<u>341</u>	N/A
Weighted average number of ordinary shares used in the calculation of diluted earning/(loss) per share	<u><u>251,126</u></u>	<u>N/A</u>	<u><u>251,669</u></u>	<u>N/A</u>

No diluted earnings per share is presented for the six months and three months ended 30 September 2004 as the outstanding share options were anti-dilutive.

#### 5. Interim dividends

The directors do not recommend the payment of interim dividend for the half-yearly period (2004:Nil).

## 6. Capital expenditure

	Unaudited Six months ended 30 September 2005	
	Development Expenditures & software HK\$'000	Property, plant and equipment HK\$'000
Net book value as at 1 April 2005	578	389
Additions	-	217
Written off Depreciation	(578)	-
	<u>-</u>	<u>(155)</u>
Net book value as at 30 September 2005	<u>-</u>	<u>451</u>

## 7. Trade receivables

The ageing analysis of trade receivables is as follows:

	Unaudited 30 September 2005 HK\$'000	Audited 31 March 2005 HK\$'000
Within three months	3,842	2,690
Over three months but within six months	856	499
Over six months but within one year	889	445
Over one year	186	217
	<u>5,773</u>	<u>3,851</u>

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

## 8. Trade payables

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 September 2005 HK\$'000</b>	Audited 31 March 2005 HK\$'000
Within three months	1,672	1,018
Over three months but within six months	316	189
Over six months but within one year	453	117
Over one year	14	9
	<u>2,455</u>	<u>1,333</u>

## 9. Banking facilities

As at 30 September 2005, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK\$5,636,000 (31 March 2005: HK\$5,570,000).

## 10. Contingent Liabilities

As at 30 September 2005, a legal claim of 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 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.

A provision amounting to HK\$900,000 has already made in connection to a legal suitcase raised by another customer. The company counter-claimed the customer for HK\$750,000. The provision made is simply for prudent reason.

## 11. Movements in Reserves

The movement in reserves for the six months ended 30 September 2005 is HK\$3,630,000 (2004: HK\$524,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial and Business Review

The Group's turnover for the six months ended 30 September 2005 was HK\$18,763,000, representing an increase of 41% as compared to \$13,302,000 in the same period in 2004. The increase is mainly generated from the new Macau business, amounting to HK\$5,096,000. The net profit is HK\$1,409,000, of which HK\$1,585,000 is generated from the Macau business (2004: profit for the period amounted to HK\$585,000), after the written down of development expenditures and the investment in securities of HK\$361,000 and HK\$280,000.

### Prospect

The IT division of the Group will continue to focus on developing ERP projects, which provides all-in-one business solutions (including CRM, ERP, etc) to companies ranging from multi-national corporations to small and medium enterprises. Looking forward, improved operating results are anticipated in view of the strong sales-team dedicated for ERP projects and the tightening cost control.

From 1 August 2005 onward, the Group has engaged in providing marketing services for a VIP Lounge in Macau. The Group will continue solicit for opportunities to expand the Group's provision of marketing services to other VIP gaming lounges in Macau.

### DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2005, the following Directors of the Company had or were deemed to have interests in the equity securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register kept by the Company pursuant to Part XV of the SFO or otherwise notified to the Company pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules:

Name of Directors	Type of Interest	Number of ordinary shares in the Company	Percentage of shareholdings (%)
Lau Chiu Pui (Mr. Lau)	Discretionary trust (Note 1)	13,750,000 (Note 2)	5.44%
Chan Pui Fong (Ms Chan)	Discretionary trust (Note 1)	13,750,000 (Note 2)	5.44%

*Note:*

1. The 13,750,000 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 18 July 2001, 7 August 2002, 30 April 2004 and 30 April 2004). The issued ordinary shares of Sunrise are held in the following proportions.

<b>Name of shareholders</b>	<b>Class of ordinary shares</b>	<b>Participating proportion</b>
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) is therefore taken to have a beneficial interest in the 13,750,000 ordinary shares owned by Noble Class under Part XV of the SFO.

2. Referring to the Company announcements dated 8 April 2005, 25 July 2005 and 20 October 2005, Noble Class has granted the option to Wide Fine International Limited ("Wide Fine") to acquire up to 177,500,000 shares at HK\$0.0676 per share. As at 29 September 2005, Wide Fine has exercised the option in full and acquire up to 177,500,000 shares from Noble Class.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests in any securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was disclosable for the period ended 30 September 2005.

### SHARE OPTION SCHEME

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

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

Details of the share options granted and remain outstanding as at 30 September 2005 are as follows:

Name and category of eligible participants	Date of grant	Exercise price per share HK\$	Number of share options				As at 30.9.2005	Exercisable period
			As at 1.4. 2005	Granted during the period	Lapsed during the period	Exercised during the period		
<b>Executive Directors</b>								
Lau Chiu Pui	12.12.2003	0.20	250,000	0	0	0	250,000	15.12.2003 to 13.6.2009
<b>Other Participants</b>								
Full time employees	4.9.2000	1.18	4,276,000	0	0	2,000,000	2,276,000	4.9.2000 to 3.9.2010
	12.12.2003	0.20	864,000	0	0	624,000	240,000	14.6.2004 to 13.6.2009

Save as disclosed above, during the six months ended 30 September 2005, none of the options being granted to the Executive Directors have been exercised or cancelled.

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

## SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 September 2005, the Company had been notified of the following substantial shareholders' interests, being 5 percent 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 shares held	Percentage of shareholdings (%)
Wide Fine International Limited	177,250,000	70.25%**
Noble Class Group Limited ("Noble Class")	13,750,000	5.44%*
Sunrise International (Holdings) Limited	13,750,000	5.44%*
Pro Nes Genesis Anstalt	13,750,000	5.44%*
Fung Yiu Fai	13,750,000	5.44%*
Yip Ho Pong	13,750,000	5.44%*
Lai Shu Pui	13,750,000	5.44%*
Wong Kit Mei	13,750,000	5.44%*

\* Duplication, all shareholdings are beneficially held as stated above.

\*\* 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, then, did not hold shares in the Company and was an independent third party which was 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 8 April 2005. The right may be exercised by Wide Fine in whole or in part.

On 25 July 2005 and 29 September 2005 Wide Fine had exercised the option in full to acquire shares from Noble Class. Following the completion of the exercise of the balance of the Option on 30 September 2005, Wide Fine and parties acting in concert with it own an aggregate of 177,500,000 Shares, representing approximately 70.25% of the issued share capital of the Company as at the date of this announcement and are required to make a mandatory unconditional cash offer for all the outstanding Shares and for the cancellation of all outstanding Share Options (other than those already acquired by Wide Fine and parties acting in concert with it) pursuant to Rules 26.1 and 13 of the Takeovers Code.

Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest in 5 per cent or more of the issued share capital of the Company as at 30 September 2005.



## **COMPETING INTERESTS**

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

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in 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 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 unaudited results for the six months ended 30 September 2005 have been reviewed by the audit committee. Members of the committee were of the opinion that the preparation of such results complied with applicable accounting standards, the Exchange and legal requirements and that adequate disclosures had been made.

## **BOARD PRACTICES AND PROCEDURES**

Throughout the six months ended 30 September 2005, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures. Apart from emoluments paid to Mr CHEONG Ngai Ming, David of \$30,000 for the period, other independent non-executive directors have not been paid any fees or other reimbursements or emoluments during the period.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 September 2005, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

On behalf of the Board  
**Lau Chiu Pui**  
*Chairman*

11 November 2005, Hong Kong