



CHINAINFO HOLDINGS LIMITED

神州資訊控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH, 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 announcement, 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 announcement.

This announcement, for which the directors (the “Directors”) of Chinainfo 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

FINANCIAL HIGHLIGHTS

RESULTS

	2005	Year ended 31st March,		Period from	
	2005	2004	2003	2002	4th October,
	HK\$	HK\$	HK\$	HK\$	1999 to 31st
					March, 2001
					HK\$
Turnover	4,569,961	2,693,048	5,383,247	3,247,026	231,954
Loss before taxation	(3,270,173)	(3,338,619)	(1,203,046)	(2,765,516)	(6,347,585)
Taxation	—	—	—	—	—
Loss attributable to shareholders	(3,270,173)	(3,338,619)	(1,203,046)	(2,765,516)	(6,347,585)
Basic loss per share (HK cent)	0.82	0.83	0.34	0.84	1.92

CHAIRMAN'S STATEMENT

On behalf of the board of the Directors (the “Board”), I am pleased to present the audited consolidated results of Chinainfo Holdings Limited (formerly known as HK6 Holdings Limited) (the “Company”, together with its subsidiary companies, collectively the “Group”) for the year ended 31st March, 2005.

FINANCIAL PERFORMANCE

The Group reported the turnover of approximately HK\$4,570,000 in 2004/05, an increase of 69.7% over the last year and the loss attributable to shareholders for the year ended 31st March, 2005 amounted to approximately HK\$3,270,000, representing a slight decrease of approximately HK\$69,000 compared to last year. Basic loss per share was HK0.82 cent, compared to HK0.83 cent in 2003/04.

The Board does not recommend any payment of a final dividend for the year ended 31st March, 2005.

BUSINESS REVIEW

The Group is a multimedia financial information services provider offering a comprehensive range of financial information services which include the provision of (i) real-time financial news and up-to-date financial market commentaries and recommendations through multimedia; (ii) financial programme and video production services; and (iii) investor education within financial market in Hong Kong.

Provision of real-time financial information services

For the year ended 31st March, 2005, the revenue derived from the provision of real-time financial information services was approximately HK\$1,344,000, compared to approximately HK\$1,427,000 in last year. The revenue derived from this source is relatively stable.

Financial programme and video production services

Apart from sourcing real-time financial information for distribution in multimedia channels, the Group also produces financial programmes and corporate videos for broadcasting through different media as well as for corporate public relations purposes.

For the year ended 31st March, 2005, revenue derived from the provision of financial programme and video production services increased to approximately HK\$654,000, compared to approximately HK\$188,000 in the last year. The increase in revenue was mainly attributable to higher value project obtained during the year.

Investor education on financial market

Capitalising on the Group's expertise in Hong Kong financial market with its strong database of financial market information and relationship with celebrities, the Group is also engaged in organising seminars and courses focusing on investor education within the financial market.

For the year ended 31st March, 2005, revenue derived from investor education on financial market was approximately HK\$2,572,000, compared to approximately HK\$1,078,000 in last year. The increase in revenue was attributable to the continuous efforts in the investor education by the Group's management to provide seminars and courses during the year.

BUSINESS OUTLOOK

The Group aims to become one of the leading and one of the most comprehensive multimedia financial information services providers in Hong Kong and to establish market presence in the financial information service market of the People's Republic of China (the "PRC"). The Group seeks to achieve these objectives by expanding its multimedia financial information provision business from Hong Kong to the PRC.

As disclosed in the interim report dated 10th November, 2004 and the third quarterly report dated 3rd February, 2005, the establishment of both 神州速達導航通信資訊（北京）有限公司 (China Star Navigation Communication Information (Beijing) Co., Ltd.) (the "Associated Company") and the wholly-foreign owned enterprise in the PRC are strategic moves to expand the Group's business and enhance its market foothold in the PRC. In view of the fact that the increasing prosperity of PRC economic environment and the coverage of the network operated by China Communication Co. Ltd. ("China Communication"), the Directors believe that the Associated Company can provide a positive profit contribution effect on the performance of the Group in the future and the number of subscribers will grow significantly in the next few years.

On 26th April, 2005, Pro-Concept Development Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with China Communication Investment Limited, in respect of proposed acquisition of 51% of the shareholding interest in Synergy Enterprise Inc., a PC games company ("Synergy Enterprise"). Synergy Enterprise, through its wholly-owned subsidiaries, is principally engaged in the design and distribution of PC games under its own brand and is the exclusive distributor of a number of world's best selling PC games in the PRC which include Half Life2, Warcraft, Counter Strike Condition Zero, Starcraft and Diablo. Synergy Enterprise is also one of the leading PC games designers and distributors in the PRC with over 10 years history. With its large customers and players base and the solid experience in the design and sales of PC games in the PRC, Synergy Enterprise has

also actively explored its further development in the online game market. The Board considers that the proposed acquisition is a strategic move to expand its business and enhance its market foothold in the PRC market in particular the growing online game industry. Moreover, the Board believes that the online game industry in the PRC will develop rapidly in the years to come under the industrial policy supports from the PRC government and the proposed acquisition will enable the Group to capture such development opportunity.

In addition to the above, the Directors will continue to seek opportunities to form alliances with companies with strong audience or viewership base in Hong Kong and the PRC to strengthen the Group's distribution networks. The Directors will continue to do their best to deploy their strengths and capabilities to expand the revenue base of the Group and capture the new opportunities offered by prosperity of PRC market.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND PROFITABILITY

The Group recorded turnover of approximately HK\$4,570,000 (2004: approximately HK\$2,693,000) for the year ended 31st March, 2005, representing an increase of approximately 69.7%, compared to last year. Approximately 14.3%, 29.4% and 56.3% (2004: approximately 7.0%, 53.0% and 40.0%) of turnover for the year ended 31st March, 2005 were attributable to income from the production of financial programmes and videos, provision of real-time financial information services and investor education on financial market respectively.

The Group's gross profit for the year ended 31st March, 2005 amounted to approximately HK\$3,118,000 (2004: approximately HK\$2,206,000), representing an increase of 41.3% compared to last year whilst the Group's gross profit margin dropped to 68.2% (2004: 81.9%), representing a decrease of 13.7% compared to that of last year. The lower gross profit margin of the Group for the year ended 31st March, 2005 was mainly attributable to the decrease in gross profit margin from the provision of real-time financial information services and the production of financial programmes and videos.

Sales, administrative and other operating expenses for the year ended 31st March, 2005 was approximately HK\$5,870,000 compared to approximately HK\$5,607,000 in the last year is relatively stable.

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group incurred a net loss attributable to shareholders of approximately HK\$3,270,000 for the year ended 31st March, 2005 as compared to approximately HK\$3,339,000 for the year ended 31st March, 2004. No material change in net loss was noted when compared with last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2005, the Group did not have any borrowings outstanding (2004: Nil) and did not have any committed borrowing facilities (2004: Nil). However, the Group has a capital commitment of approximately HK\$800,000 (2004: Nil) which relates to the capital contribution to the wholly-foreign owned enterprise in the PRC in the coming year.

As at 31st March, 2005, the Group had net current assets of approximately HK\$6,417,000 (2004: approximately HK\$8,987,000). The Group's current assets consisted of cash and cash equivalents of approximately HK\$4,684,000 (2004: approximately HK\$9,487,000), loan receivable from an associated company of approximately HK\$1,850,000 (2004: Nil), accounts receivable of approximately HK\$30,000 (2004: approximately HK\$18,000) and deposits and prepayments of approximately HK\$222,000 (2004: approximately HK\$747,000). The Group's current liabilities consisted of accounts payable of approximately HK\$5,000 (2004: approximately HK\$7,000), accrued expenses of approximately HK\$239,000 (2004: approximately HK\$144,000), receipts in advance and other payables of approximately HK\$125,000 (2004: approximately HK\$1,114,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 3.0% as at 31st March, 2005, compared to 8.4% as at 31st March, 2004.

At present, the Group generally finances its operations and investing activities with internally generated cash flows. Excess cash held by the Group is generally placed in licensed banks in Hong Kong.

CAPITAL STRUCTURE

The shares of the Company was successfully listed on GEM on 15th November, 2002. There has been no change in the capital structure of the Company during the year ended 31st March, 2005.

Subsequent to 31st March, 2005 up to the date of approval of the financial statements by the Board, the Company entered into convertible bonds placing agreement, placing of existing shares agreement and subscription for new shares agreement (the "Transactions") with a placing agent and the independent third parties. Details of the Transactions are set out in section headed "Subsequent Events" below.

CHARGE ON GROUP ASSETS

The Group did not have any charge on its assets during the years ended 31st March, 2005 and 2004.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the establishment of a subsidiary company in the PRC, there were no material acquisitions or disposals of subsidiary companies and affiliated companies during the year ended 31st March, 2005.

EMPLOYEES

As at 31st March, 2005, the Group had 17 employees (2004: 17). The staff costs for the year ended 31st March, 2005 was approximately HK\$3,404,000 (2004: approximately HK\$2,900,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the section "Statement of Business Objectives" of the Prospectus, the Group has no plans for material investments or capital assets.

FOREIGN CURRENCY RISK

The income and expenditure of the Group are mainly in Hong Kong dollars and the assets and liabilities of the Group were denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31st March, 2005 and 2004.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st April, 2004 to 30th September, 2004
<i>Development of strategic alliances and business partnerships in the PRC</i>	
– Seek to form strategic alliances with other financial information providers and media channels in the PRC to broaden the range of services available to the customers	– The Group entered into an agreement with a financial information provider in the PRC in June 2004 to co-operate for the production of financial news and programmes which will be broadcast in the PRC.
	– The Group liaised with other potential partners in the PRC to form strategic alliances and business partnerships. Further co-operative discussion is in progress.
– Seek potential investment in the PRC with similar business nature as the Group in order to expand the coverage of the Group's financial information in the PRC	– The Group set up a wholly-foreign owned enterprise in the PRC in August 2004 in order to expand its business in the PRC.
<i>Media channels development and enhancement in Hong Kong</i>	
– Continue to seek strategic alliances with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services	– The Group entered into an agreement with a Hong Kong mass media service provider in August 2004 to broaden the networks of distributing multimedia financial information services in Hong Kong.

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st April, 2004 to 30th September, 2004
<i>Service development and enhancement</i>	
– Continue to enrich the content with new features such as live-broadcasting	– After performing the feasibility study during the period ended 30th September, 2004, the Group considered to postpone adding live-broadcasting feature within the Group's website.
– Continue to acquire equipments and develop new web technologies for content management and distribution in order to support new features and content	– The Group continued to carry out a study on the development of new web technologies for content management and distribution to cope with the changes in the market.
– Continue to recruit a professional video production team to expand the video production business of the Group	– As stated in the annual report dated on 21st June, 2004, the Directors considered to postpone the set up of a video production team.
– Develop new digital video technologies for improving the quality of multimedia content	– Undergoing
– Continue to produce television programmes and broadcast on channels of strategic alliances	– Undergoing

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st April, 2004 to 30th September, 2004
<i>Sales and marketing</i>	
– Continue to organize seminars and courses to build up public awareness	– The Group organized and will continue to organize courses in relation to the financial markets in Hong Kong with the university. The organization of these courses can strengthen the public awareness of its brand name “HK6”.
– Organise joint marketing programs with the Group’s media channel partners	– The Group entered into an agreement with media channel partner in August 2004 in Hong Kong. – The Group entered into an advertising agent agreement with the financial information provider in the PRC in August 2004 to act as its advertising agent in Hong Kong.
– Advertise through multimedia channels such as television, newspapers and exhibitions	– Electronic newsletters were published and distributed to the members of the Group’s website regularly during the period. At the same time, the Group advertised through newspapers and the Group’s website and organised courses and seminars to public to strengthen the public awareness of its brand name “HK6” and its services.
– Explore potential customers in the PRC through strategic alliances	– Undergoing
– Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services	– Undergoing

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st October, 2004 to 31st March, 2005
<i>Development of strategic alliances and business partnerships in the PRC</i>	
– Continue to seek strategic alliances with other financial information providers and media channels in the PRC to broaden the range of services available to the customers	– The Group liaised with other potential partners in the PRC to form strategic alliances and business partnerships and further cooperative discussion is in progress.
– Continue to produce television programmes and broadcast on channels in the PRC	– The Group expanded its business of information services to SZTV, a cable TV operation with a nationwide network of audience.
<i>Media channels development and enhancement in Hong Kong</i>	
– Continue to seek strategic alliances with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services	– The Group liaised with other potential partners and further cooperative discussion is in progress.
<i>Service development and enhancement</i>	
– Continue to enrich the content with new features that enable users to interact with the Group's celebrities	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the new content feature of enabling users to interact with the Group's celebrities.
– Further explore alternative distribution networks for higher speed data transmission and capacity	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the exploration of alternative distribution networks.
<i>Sales and marketing</i>	
– Explore potential customers in the PRC through strategic alliances	– Undergoing
– Set up a representative office in a major city in the PRC such as Shenzhen, Shanghai or Beijing	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the set-up of a representative office in a major city in the PRC.
– Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services	– Undergoing

USE OF PROCEEDS

As at 31st March, 2005, the Group has incurred the following amounts to achieve the business objectives as set out in the Prospectus:

	Planned usage as stated in the Prospectus (from 15th November, 2002 to 31st March, 2005) HK\$'000	Actual (from 15th November, 2002 to 31st March, 2005) HK\$'000	Variance HK\$'000	Remarks
Development of strategic alliances and business partnerships in the PRC	4,600	6,473	1,873	The Group actively involved in forming strategic alliances and business partnerships in the PRC, which caused an increase in the funds used as stipulated in the Prospectus.
Media channels development and enhancement in Hong Kong	2,600	–	(2,600)	The Group entered into an agreement with a Hong Kong mass media service provider. Detailed co-operation is still in progress.
Service development and enhancement	6,100	1,502	(4,598)	Due to the outbreak of SARS in 2003 and the slowdown of the economy, the Group postponed all related activities.
Sales and marketing	1,600	1,113	(487)	No material variance noted.
General working capital	2,000	3,355	1,355	The Group recorded net loss for several years and accordingly, additional funds were utilized to finance its working capital as a temporary measure.
Net fund raised/used	<u>16,900</u>	<u>12,443</u>	<u>(4,457)</u>	

The remaining net proceeds have been placed in the licensed banks in Hong Kong as short-term deposits.

DIRECTORS' SERVICE CONTRACTS

Ms. Chan Tan Lui, Danielle, has entered into a service contract with the Company. Her employment under the service contract shall be continuous subject to termination by either party to the contract serving a written notice to the other party to terminate such employment three months from the date of service of such notice. As at 31st March, 2005, the service contract of Ms. Chan Tan Lui, Danielle has not been terminated by either party.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the directors' service contracts disclosed above, no directors had a significant beneficial interest, whether directly or indirectly, in any contracts of significance to the business of the Group to which the Company or any of its subsidiary companies were a party at the end of the year or any time during the year.

Interests and Short Positions of Directors and Chief Executives in Shares and Underlying Shares and Debentures

As at 31st March, 2005, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held					Number of underlying shares			Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Pre-IPO Share Option Scheme	Share Option Scheme	Aggregate interests	
	(Note)								
Chan Tan Lui, Danielle	240,000	107,079,195	–	–	107,319,195	2,500,000	4,000,000	113,819,195	28.45%
Choo Kwok How	–	–	–	–	–	1,500,000	2,000,000	3,500,000	0.88%
Yip Tai Him	–	–	–	–	–	–	400,000	400,000	0.10%
Guo Qi	–	–	–	–	–	–	400,000	400,000	0.10%

Note: These shares are held by Superhero Limited, which is wholly and beneficially owned by Ms. Chan Tan Lui, Danielle.

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules as at 31st March, 2005.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31st March, 2005, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Capacity	Number of shares held		Number of underlying shares		Aggregate interests	Approximate percentage of the issued share capital of the Company
		Interests in shares	Pre-IPO Share Option Scheme	Share Option Scheme			
Superhero Limited (<i>Note</i>)	Beneficial owner	107,079,195	–	–	107,079,195		26.77%
Chan Tan Lui, Danielle (<i>Note</i>)	Beneficial owner & interest of a controlled corporation	107,319,195	2,500,000	4,000,000	113,819,195		28.45%
Fu Shing Ki	Beneficial owner	97,001,144	–	–	97,001,144		24.25%
Chan Wong Kam Fung, Cecilia	Beneficial owner	71,265,798	–	–	71,265,798		17.82%

Note: Superhero Limited is a company wholly and beneficially owned by Ms. Chan Tan Lui, Danielle. By virtue of the SFO, Ms. Chan Tan Lui, Danielle, is deemed to have interest of 107,079,195 shares held by Superhero Limited in addition to 240,000 shares held by herself.

Save as disclosed above, as at 31st March, 2005, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEMES

Prior to the listing of the Company's shares on GEM, the Board was authorised to grant options to certain directors, a consultant, a management shareholder and certain employees of the Group to subscribe for an aggregate of 20,000,000 ordinary shares in the Company, representing 5% of the shares of the Company in issue as at 31st March, 2005, under the terms of the pre-IPO share option scheme on 28th October, 2002 (the "Pre-IPO Share Option Scheme") and the price payable for each share on exercise of such options granted is HK\$0.21, representing 70% of the offer price per share of the Company to the public.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain directors, consultant, management shareholder and certain employees of the Group to the business and growth of the Group.

Save for the options which have been granted under the Pre-IPO Share Option Scheme (see below) on or before 28th October, 2002, no further options may be offered, accepted or granted thereunder after 28th October, 2002.

The options granted under the Pre-IPO Share Option Scheme were granted to the relevant grantees subject to the receipt by the Company of the sum of HK\$1.00 by way of consideration for the grant thereof to such grantee.

Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at 31st March, 2005 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 31st March, 2005	
				At 1st April, 2004	Options granted during the year	Options exercised during the year	Options lapsed during the year ⁽²⁾	Options cancelled during the year		
				HK\$						
<i>Directors</i>										
Chan Tan Lui, Danielle	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	–	–	–	–	2,500,000	
Choo Kwok How	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	1,500,000	–	–	–	–	1,500,000	
<i>Consultant</i>										
Chan Wing Luk	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	–	–	–	–	2,500,000	
<i>Other employees</i>										
In aggregate	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	4,400,000	–	–	(2,800,000)	–	1,600,000	
<i>Other Eligible Participants</i>										
In aggregate ⁽³⁾	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	7,000,000	–	–	(7,000,000)	–	–	
				17,900,000	–	–	(9,800,000)	–	8,100,000	

- (1) *Under the terms of the options granted under the Pre-IPO Share Option Scheme, these options can only be exercised by the grantees in the following manner:*

<i>Commencement date when the options become exercisable</i>	<i>Proportion of options granted under the Pre-IPO Share Option Scheme that can be exercised</i>
<i>the date falling 12 months after 15th November, 2002</i>	<i>50%</i>
<i>the date falling 18 months after 15th November, 2002</i>	<i>25%</i>
<i>the date falling 24 months after 15th November, 2002</i>	<i>25%</i>

- (2) *In accordance with the Pre-IPO Share Option Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its Subsidiaries. The grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.*

During the year, 9,800,000 share options were lapsed upon the resignation of employee and eligible participants.

- (3) *The balance includes options granted to the following persons:*

- Mr. Wu Wing Kin, Mr. Kwok Chi Kin, and Mr. Tang Sing Hing, Kenny, who were executive directors of the Company and resigned on 8th June, 2004, 18th May, 2004 and 18th March, 2004 respectively.*
- Mr. Cheng Kin Sang, who was the management shareholder of the Company, sold his interest in the shares of the Company and resigned as the director of hk6.com Limited on 11th May, 2004.*

On 28th October, 2002, the Company conditionally adopted a further share option scheme (the “Share Option Scheme”). The Share Option Scheme became unconditional upon the listing of the Company’s shares on GEM on 15th November, 2002. Summary of the Share Option Scheme is as follows:

(a) Purpose and Participants of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to full-time employees, executive or officers, directors of the Group and any suppliers, contractors, consultants, agents and/or advisers who, in the absolute determination of the Directors, will contribute or have contributed to the Group (the “Eligible Participant”).

(b) Maximum number of shares

The maximum number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 10% of the shares of the Company in issue immediately prior to the commencement of trading of the shares of the Company on GEM, which is equivalent to 40,000,000 shares. Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit.

Subject to the issue of a circular by the Company and the approval of the shareholders of the Company (the “Shareholders”) in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) refresh this limit at any time to 10% of the shares of the Company in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed).
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.
- (iii) notwithstanding the foregoing, the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiary companies if this will result in the 30% limit being exceeded.

(c) Maximum number of options to any one individual

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting and/or other requirements prescribed under the GEM Listing Rules from time to time.

(d) Price of shares

The subscription price for a share of the Company in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

(e) Granting options to connected persons

Any grant of options to a director, chief executive or management shareholder or substantial shareholder of the Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of shares of the Company issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the shares of the Company at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the GEM Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the GEM Listing Rules from time to time. A connected person (as defined in the GEM Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

(f) Time of exercise of option

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 31st March, 2005 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 31st March, 2005	
				At 1st April, 2004	Options granted during the year	Options exercised during the year	Options lapsed during the year ⁽¹⁾	Options cancelled during the year		
				HK\$						
<i>Directors</i>										
Chan Tan Lui, Danielle	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	4,000,000	–	–	–	–	–	4,000,000
Choo Kwok How	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	2,000,000	–	–	–	–	–	2,000,000
Guo Qi	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	400,000	–	–	–	–	–	400,000
Yip Tai Him	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	400,000	–	–	–	–	–	400,000
<i>Other employees</i>										
In aggregate	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	11,300,000	–	–	(1,400,000)	–	–	9,900,000
<i>Other Eligible Participants</i>										
In aggregate	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	600,000	–	–	–	–	–	600,000
In aggregate ⁽²⁾	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	3,400,000	–	–	(3,400,000)	–	–	–
				22,100,000	–	–	(4,800,000)	–	–	17,300,000

(1) In accordance with the Share Option Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its Subsidiaries. The grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.

During the year, 4,800,000 share options were lapsed upon the resignation of employees and eligible participants.

(2) The balance includes options granted to Mr. Wu Wing Kin and Mr. Kwok Chi Kin, who were executive directors of the Company and resigned on 8th June, 2004 and 18th May, 2004 respectively.

Value of Share Options

The options granted are not recognised in the financial statements until they are exercised. The directors consider that it is not appropriate to state the value of the share options on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined. Accordingly, the directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

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 businesses of the Group.

SPONSOR'S INTERESTS

Pursuant to the agreement dated 30th October, 2002 entered into between the Company and Tai Fook Capital Limited (the "Previous Sponsor"), the Previous Sponsor tendered its resignation as the continuing sponsor to the Company with effect from 31st August, 2004 (the "Termination"). The Previous Sponsor is not aware of any matters in relation to the Termination that need to be brought to the attention of the shareholders of the Company and the Stock Exchange.

In relation to the resignation by the Previous Sponsor, Hantec Capital Limited (the "Sponsor") has been appointed as the continuing sponsor to the Company pursuant to Chapter 6 of the GEM Listing Rules with effect from 31st August, 2004.

As updated and notified by the Company's Sponsor, as at 31st March, 2005, neither the Sponsor nor any of its respective directors, employees or associates (as referred to in note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the Company's shares.

Pursuant to the agreement dated 27th August, 2004 entered into between the Company and the Sponsor, the Sponsor has received and will receive a fee for acting as the Company's retained sponsor for the period from 31st August, 2004 to 31st March, 2005 or the date on which the agreement is terminated upon the terms and conditions as set out therein the agreement.

SUBSEQUENT EVENTS

On 10th May, 2005, the Company entered into convertible bonds placing agreement with the placing agent for the placing of the convertible bonds of HK\$5,000,000. In addition, Superhero Limited, one of the substantial shareholders of the Company entered into the placing agreement with the placing agent for the placing of 26,300,000 shares owned by Superhero Limited to the independent third parties at HK\$0.40 per share. At the same time, Superhero Limited also entered into the subscription agreement with the Company to subscribe for the subscription shares, which is equal to the number of the placing shares successfully placed under the placing, at the subscription price of HK\$0.40 per share. The placing of the existing shares has been completed on 17th May, 2005 while the placing of convertible bonds and subscription for new shares have been completed on 23 May, 2005. Announcements in relation to the above transactions were issued by the Board on 11th May, 2005 and 23rd May, 2005 respectively.

On 26th April, 2005, a wholly-owned subsidiary of the Company, Pro-Concept Development Limited, entered into a memorandum of understanding with a third party to acquire certain equity interest of a PC game company in the PRC and a refundable deposit of HK\$10,000,000 has been placed into an escrow account as stipulated in the memorandum of understanding. Announcements in relation to the memorandum of understanding were issued by the Board on 26th April, 2005 and 24th May, 2005 respectively.

AUDIT COMMITTEE

The Company has established an audit committee on 28th October, 2002 with written terms of reference based on the guidelines set out in “A Guide for the Formation of an Audit Committee” of the Hong Kong Institute of Certified Public Accountants. It comprises three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Chiu Kwok Ching and Ms. Guo Qi. The primary duties of the audit committee are to review the Company’s annual report and accounts, half-yearly reports and quarterly reports and to provide advices and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company’s qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group’s internal control system.

The audit committee has met four times during the year, reviewing the accounting principles and practices adopted by the Company and discussing internal controls and financial reporting matters including a review of the annual report for the year ended 31st March, 2005.

BOARD PRACTICE AND PROCEDURES

During the year ended 31st March, 2005, the Company has complied with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report on 1st January, 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for financial year ending 31st March, 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exactly than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31st March, 2005. The Company also had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March, 2005, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

The audited consolidated results of the Group for the year ended 31st March, 2005 together with the comparative figures for the year ended 31st March, 2004 are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2005

	<i>Notes</i>	2005 HK\$	2004 <i>HK\$</i>
Turnover	4	4,569,961	2,693,048
Cost of sales		(1,451,860)	(487,022)
Gross profit		3,118,101	2,206,026
Other revenue		33,481	62,594
Selling expenses		(331,496)	(245,119)
Administrative expenses		(3,889,804)	(3,575,242)
Other operating expenses		(1,648,508)	(1,786,878)
Operating loss	5	(2,718,226)	(3,338,619)
Finance costs		–	–
Share of loss of associated company		(551,947)	–
Loss before taxation		(3,270,173)	(3,338,619)
Taxation	6	–	–
Loss attributable to shareholders		(3,270,173)	(3,338,619)
Loss per share – basic	7	HK0.82 cent	HK0.83 cent
Loss per share – diluted	7	N/A	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2005

	<i>Note</i>	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger reserve <i>HK\$</i>	Capital surplus <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Balance as at 1st April, 2003		4,000,000	15,195,487	8,320,333	–	(10,316,147)	17,199,673
Loss for the year		–	–	–	–	(3,338,619)	(3,338,619)
Balance as at 31st March, 2004		4,000,000	15,195,487	8,320,333	–	(13,654,766)	13,861,054
Loss for the year		–	–	–	–	(3,270,173)	(3,270,173)
Excess amount contributed by the major investor of the Associated Company	9	–	–	–	1,498,659	–	1,498,659
Balance as at 31st March, 2005		4,000,000	15,195,487	8,320,333	1,498,659	(16,924,939)	12,089,540

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands on 23rd May, 2002 with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The shares of the Company were listed on GEM on 15th November, 2002.

The principal activities of the Company is investment holding. During the year, the Group was principally engaged in the operation of financial website, production of financial programmes and videos and the provision of financial information and investor education.

2. BASIS OF PRESENTATION

The financial statements 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 (the “HKICPA”). They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as “new HKFRSs”), which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005. The Group has already commenced an assessment of the potential 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.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

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

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 income statement.

All significant intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements.

4. SEGMENT INFORMATION

The Group is principally engaged in providing real-time financial news and up-to-date financial market commentaries and recommendations through multimedia, financial programme and video production services, and financial seminars and courses. In accordance with the Group's operating activities, the primary segment reporting is by business segments. No analysis by geographical segment is presented as the Group's turnover and results are substantially derived from Hong Kong.

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

Segment revenue and results for the years ended 31st March, 2005 and 31st March, 2004:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	<u>1,344,068</u>	1,426,972	<u>653,400</u>	188,000	<u>2,572,493</u>	1,078,076	<u>4,569,961</u>	2,693,048
Segment results	<u>1,153,408</u>	1,359,597	<u>36,000</u>	14,300	<u>1,928,693</u>	832,129	<u>3,118,101</u>	2,206,026
Other revenue							<u>33,481</u>	62,594
Unallocated costs							<u>(5,869,808)</u>	(5,607,239)
Operating loss							<u>(2,718,226)</u>	(3,338,619)
Finance costs							-	-
Share of loss of associated company							<u>(551,947)</u>	-
Loss before taxation							<u>(3,270,173)</u>	(3,338,619)
Taxation							<u>-</u>	-
Loss attributable to shareholders							<u>(3,270,173)</u>	(3,338,619)

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

Segment assets and liabilities as at 31st March, 2005 and 31st March, 2004:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	<u>30,080</u>	<u>18,440</u>	<u>–</u>	<u>534,369</u>	<u>–</u>	<u>–</u>	<u>30,080</u>	<u>552,809</u>
Unallocated assets							<u>12,429,022</u>	<u>14,572,847</u>
Total assets							<u>12,459,102</u>	<u>15,125,656</u>
Segment liabilities	<u>69,276</u>	<u>88,295</u>	<u>–</u>	<u>653,400</u>	<u>–</u>	<u>375,920</u>	<u>69,276</u>	<u>1,117,615</u>
Unallocated liabilities							<u>300,286</u>	<u>146,987</u>
Total liabilities							<u>369,562</u>	<u>1,264,602</u>
Other information:								
Unallocated capital expenditure							<u>44,361</u>	<u>382,985</u>
Depreciation							<u>191,729</u>	<u>275,258</u>

5. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	2005 HK\$	2004 HK\$
Crediting:		
Interest income	1,630	62,594
Bad debts recovered	–	3,720
Charging:		
Auditors' remuneration	100,000	90,000
Depreciation	191,729	275,258
Operating leases in land and buildings	300,362	446,664
Retirement benefit costs	104,804	101,223
Staff costs (including directors' remuneration but excluding retirement benefit costs)	<u>3,299,139</u>	<u>2,798,446</u>

6. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5% (2004: 17.5%). No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year.

The nil provision for the year can be reconciled from taxation based on the loss per income statement as follows:–

	2005 HK\$	2004 HK\$
Loss before taxation	<u>(3,270,173)</u>	<u>(3,338,619)</u>
Tax at the domestic tax rate of 17.5%	(572,280)	(584,258)
Tax effect of non-deductible expenses	34,423	52,449
Tax effect of non-taxable revenue	(42)	(860)
Tax effect of prior year's tax losses utilized this year	(289,520)	(37,147)
Tax effect of unused tax losses not recognised	837,888	591,882
Others	<u>(10,469)</u>	<u>(22,066)</u>
Tax charge for the year	<u>–</u>	<u>–</u>

7. LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31st March, 2005 is based on the consolidated net loss attributable to shareholders of HK\$3,270,173 (2004: HK\$3,338,619) and the weighted average number of 400,000,000 (2004: 400,000,000) ordinary shares in issue during the year.

No diluted loss per share has been presented as the Company has no dilutive potential shares.

8. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2004: Nil).

9. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

During the year, the major investor of the associated company, China Communication, made capital contribution with assets totaling HK\$7,869,809 (RMB8,341,998 equivalent), for the 51% equity interests, amounting to HK\$4,811,321 (RMB5,100,000 equivalent), in the associated company. The excess amount of HK\$3,058,488 (RMB3,241,998 equivalent) over the nominal paid in capital is recorded in the capital surplus account of the associated company. The balance in the capital surplus of the Group represents the 49% share of the excess amount contributed by China Communication.

As at the date of this announcement, the Board comprises of:

Ms. Chan Tan Lui, Danielle (*Executive director and Chairman*)

Mr. Choo Kwok How (*Executive director*)

Ms. Zhang Jialin (*Executive director*)

Ms. Guo Qi (*Independent non-executive director*)

Mr. Yip Tai Him (*Independent non-executive director*)

Mr. Chiu Kwok Ching (*Independent non-executive director*)

On behalf of the Board
Chinainfo Holdings Limited
Chan Tan Lui, Danielle
Chairman

Hong Kong, 23rd June, 2005

This announcement will remain at www.hkgem.com on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the website of the Group at www.hk6.com.