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CHINAINFO HOLDINGS LIMITED

神州資訊控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

SUPPLEMENTAL MEMORANDUMS OF UNDERSTANDING AND ESCROW LETTER IN RESPECT OF ACQUISITION OF 51% OF THE SHAREHOLDING INTEREST IN A PC GAMES COMPANY AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 17.10 of the Listing Rules.

Reference is made to the announcement of the Company dated 26 April 2005.

The Purchaser and the Vendor entered into the Supplemental MOUs on 19 May 2005 and 24 May 2005 respectively, effectively amending the MOU in the following manner:

(i) that an amount in the sum of HK$10 million shall be payable by the Purchaser to a firm of PRC lawyers upon the signing of the MOU as earnest money for the Acquisition; and

(ii) in the event that the Sale and Purchase Agreement is not entered into on or before 31 August 2005 or that the Purchaser does not wish to proceed with the Acquisition, the Purchaser shall have the right to instruct the immediate return of the Earnest Money.

The Purchaser, the Vendor and a firm of PRC lawyers had further signed the Escrow Letter on 24 May 2005 setting out the escrow arrangements regarding the payment, holding and release of the Earnest Money. In particular, the Earnest Money had been paid into the PRC lawyers' account on escrow pending the instructions of the Purchaser as to its release. In the event no instructions as to its release have been given by the Purchaser on or before 31 August 2005, the Earnest Money is to be returned to the Purchaser. The Company will comply with the Listing Rules, including the making of an appropriate announcement, in the event the Earnest Money is released to the Vendor.

Reference is also made to the announcements of the Company dated 11 May 2005 and 23 May 2005 in respect of the CB Placing, the placing of existing Shares and the Subscription. The Group now intends to use part of the proceeds of the CB Placing and the Subscription to fund the payment of the Earnest Money. The balance of the net proceeds of the CB Placing and the Subscription will remain as general working capital of the Group as originally announced.

* *For identification purpose only*

The Directors wish to reiterate that the Acquisition may or may not proceed as there is no binding obligation on the Vendor and Purchaser to enter into the Sale & Purchase Agreement. Shareholders and the investing public should exercise caution when dealing in the Shares.

The entering into of the Sale and Purchase Agreement may constitute a notifiable transaction on the part of the Company under the Listing Rules. Further announcement will be made by the Company immediately after the signing of the Sale & Purchase Agreement in compliance with the Listing Rules.

Trading in the Shares on GEM has been suspended at the request of the Company with effect from 9:30 a.m. on 20 May 2005 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares on GEM with effect from 9:30 a.m. on 25 May 2005.

This announcement is made by the Company pursuant to Rule 17.10 of the Listing Rules.

Reference is made to the announcement of the Company dated 26 April 2005 (the "**Announcement**"). Terms used herein shall have the same meanings as defined in the Announcement unless the context otherwise requires.

SUPPLEMENTAL MOUS AND ESCROW LETTER

The Purchaser and the Vendor entered into two supplemental memorandums of understanding (the "**Supplemental MOUs**") on 19 May 2005 and 24 May 2005 respectively, effectively amending the MOU in the following manner:

(i) that an amount in the sum of HK$10 million (the "**Earnest Money**") shall be payable by the Purchaser to a firm of PRC lawyers upon the signing of the MOU as earnest money for the Acquisition; and

(ii) in the event that the Sale and Purchase Agreement is not entered into on or before 31 August 2005 or that the Purchaser does not wish to proceed with the Acquisition, the Purchaser shall have the right to instruct the immediate return of the Earnest Money.

The Purchaser, the Vendor and a firm of PRC lawyers had further signed an escrow letter (the "**Escrow Letter**") on 24 May 2005 setting out the escrow arrangements regarding the payment, holding and release of the Earnest Money. In particular, the Earnest Money had been paid into the PRC lawyers' account on escrow pending the instructions of the Purchaser as to its release. In the event no instructions as to its release have been given by the Purchaser on or before 31 August 2005, the Earnest Money is to be returned to the Purchaser. The Company will comply with the Listing Rules, including the making of an appropriate announcement, in the event the Earnest Money is released to the Vendor.

Reference is also made to the announcements of the Company dated 11 May 2005 and 23 May 2005 in respect of a placing (the "**CB Placing**") of convertible bonds, placing of existing Shares and subscription (the "**Subscription**") of new Shares. As announced on 11 May 2005, the Group originally intended to use the net proceeds of the CB Placing and the Subscription as its general working capital. The Group had since entered into the Supplemental MOUs and the Escrow Letter. The Group now intends to use part of

the proceeds of the CB Placing and the Subscription to fund the payment of the Earnest Money. The balance of the net proceeds of the CB Placing and the Subscription will remain as general working capital of the Group as originally announced.

The Directors wish to reiterate that the MOU, as amended by the Supplemental MOUs, is non-binding in nature in respect of the Acquisition (except the terms relating to the exclusivity as set out in the Announcement and the Earnest Money as set out above) and there is no binding obligation on both the Vendor and the Purchaser to enter into the Sale & Purchase Agreement. Therefore, the Acquisition may or may not proceed. Shareholders and the investing public should exercise caution when dealing in the Shares.

The entering into of the Sale and Purchase Agreement may constitute a notifiable transaction on the part of the Company under the Listing Rules and the Earnest Money may form part of the consideration therefor. Further announcement will be made by the Company immediately after the signing of the Sale & Purchase Agreement in compliance with the Listing Rules.

RESUMPTION OF TRADING IN THE SHARES ON GEM

Trading in the Shares on GEM has been suspended at the request of the Company with effect from 9:30 a.m. on 20 May 2005 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares on GEM with effect from 9:30 a.m. on 25 May 2005.

As at the date of this announcement, the executive Directors are Ms. Chan Tan Lui, Danielle and Mr. Choo Kwok How, and the independent non-executive Directors are Ms. Guo Qi, Mr. Yip Tai Him and Mr. Chiu Kwok Ching.

By Order of the Board
CHINAINFO HOLDINGS LIMITED
Chan Tan Lui, Danielle
Chairman

Hong Kong, 24 May 2005

This announcement, for which the directors of 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 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 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.

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.