

The Stock Exchange of Hong Kong Limited 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.



CHINAINFO HOLDINGS LIMITED

神州資訊控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF ACQUISITION OF 51% OF THE SHAREHOLDING INTEREST IN A PC GAMES COMPANY

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

On 26 April 2005, the Vendor entered into the MOU with Pro-Concept, a wholly owned subsidiary of the Company, whereby the Vendor has in principle agreed to sell and Pro-Concept has in principle agreed to acquire 51% of the shareholding interest in the Target. The Target is a company incorporated in Samoa with limited liability which through its wholly-owned subsidiaries is principally engaged in design and distribution of PC games under its own brand and it is the exclusive distributor of a number of world's best selling PC games in the PRC.

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

Further announcement will be made by the Company immediately after signing of the Sale & Purchase Agreement in compliance with the Listing Rules.

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

MOU

Date

The MOU was entered into on 26 April 2005.

* For identification purpose only

Parties

(1) Purchaser: Pro-Concept

(2) Vendor: 神州通信投资有限公司 (China Communication Investment Ltd.)

The Vendor and its ultimate beneficial owner are independent third parties which are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and not connected persons of the Company (as defined in the Listing Rules).

Interest to be acquired

Pursuant to the terms of the MOU, the Vendor has in principle agreed to sell and Pro-Concept, has in principle agreed to acquire 51% of the shareholding interest in the Target.

The Target is a company incorporated in Samoa with limited liability which through its wholly-owned subsidiaries is principally engaged in design and distribution of PC games under its own brand and it 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. The Target is 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, the Target has also actively explored its further development in the online game market.

Consideration

The Consideration will be determined with reference to the valuation of the business of the Target.

The Directors consider that the terms of the MOU are negotiated with the Vendor in good faith and on arm's length basis. After taking into account of the Company's access of all information (including confidential information such as technical know how, trade secret, customers and suppliers information etc.) of the Target, the Directors consider that the terms of the MOU are fair and reasonable so far as the Shareholders as a whole are concerned.

Exclusivity

Pursuant to the terms of the MOU, the Vendor will not, and will procure that the Company and their respective directors, officers, employees, representatives and agents will not, directly or indirectly, for a period from the date of the MOU and up to 31 August 2005 (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale or other disposition of the 51% equity interest in the Target or any other shares or equity interest of the Target.

Information on the Group and the Target

The Group is principally engaged in 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 on financial market in Hong Kong.

The Target is a company incorporated in Samoa with limited liability which through its wholly-owned subsidiaries is principally engaged in design and distribution of PC games under its own brand and distribution 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. The Target's wholly-own subsidiary in the PRC is the exclusive distributor of these PC games in the PRC and is 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 PC games market in the PRC, the Target has also actively explored its further development in the online game market.

Reasons for the Acquisition

The Board considers that the PRC is a fast growing market with huge business potentials. To capture the benefit of such fast-growing market, the Group has been seeking opportunities to form alliance or corporation with companies and partners which have well-developed business networks in the PRC. The Board considers that the Acquisition is a strategic move to expand the Group's business and enhance the Group's market foothold in the PRC market in particular the growing online game industry. Moreover, the Directors believe 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 Acquisition will enable the Group to capture such development opportunity.

General

The MOU is non-binding in nature in respect of the Acquisition 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.

Further announcement will be made by the Company immediately after signing of the Sale & Purchase Agreement in compliance with the Listing Rules.

Definitions

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of 51% shareholding interest in the Target by the Purchaser as contemplated under the MOU
“Board”	the board of Directors
“Company”	Chinainfo Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“MOU”	the memorandum of understanding dated 26 April 2005 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“PC games”	personal computers games
“PRC”	the People’s Republic of China
“Pro-Concept” or “Purchaser”	Pro-Concept Development Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
“Sale & Purchase Agreement”	the formal sale and purchase agreement as may be entered into between the Purchaser and the Vendor in relation to the Acquisition on or before 31 August 2005
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Synergy Enterprise Inc., a company incorporated in Samoa which through its wholly-owned subsidiaries is engaged in design and distribution of PC games and it is the exclusive distributor of a number of world’s best-selling PC games in the PRC and its issued share capital is beneficially owned as to 51% by the Vendor

“Vendor”

神州通信投资有限公司 (China Communication Investment Ltd.), a wholly-owned subsidiary of China Communication Co., Ltd., a telecommunication operator in the PRC, which is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and not a connected person of the Company (as defined in the Listing Rules)

“%”

per cent.

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

Hong Kong, 26 April 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.