



HK6 HOLDINGS LIMITED

駿陸控股有限公司*

(incorporated in the Cayman Islands with limited liability)

CHARACTERISTICS OF THE GROWTH ENTERPRISES MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This announcement, for which the directors (the “Directors”) of HK6 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

HIGHLIGHTS

For the nine months ended 31st December, 2002

	Nine months <i>HK\$'000</i>	This quarter <i>HK\$'000</i>	Half year <i>HK\$'000</i>
Turnover	3,938	1,666	2,272
(Loss)/profit attributable to shareholders	(524)	71	(595)
(Loss)/earnings per share	HK(0.15) cent	HK0.02 cent	HK(0.18) cent

- Turnover of the Group for the nine months ended 31st December, 2002 was approximately HK\$3,938,000.
- Net loss attributable to shareholders was approximately HK\$524,000 for the nine months ended 31st December, 2002.
- Loss per share for the nine months ended 31st December, 2002 was approximately HK0.15 cent.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31st December, 2002.

The Directors are pleased to present the third quarterly results of the Company together with its subsidiaries (collectively the “Group”) for the nine months ended 31st December, 2002.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$1,666,000 and HK\$3,938,000 for the three months and the nine months ended 31st December, 2002 respectively, representing an increase of approximately 53.0% and 36.5% respectively, compared to approximately HK\$1,089,000 and HK\$2,885,000 for the corresponding periods last year. Approximately 56.5%, 28.0% and 15.5% of the turnover for the nine months ended 31st December, 2002 were attributable to income for the production of financial programmes and videos, provision of real-time financial information services and investor education on financial market respectively.

The Group recorded an unaudited consolidated profit, amounted to approximately HK\$71,000 for the three months ended 31st December, 2002. The unaudited results of the Group was improved in this quarter when compared to the corresponding period and this was attributable to the increase in turnover and effective cost controls by management of the Group.

The Group’s unaudited consolidated net loss for the nine months ended 31st December, 2002 narrowed significantly to approximately HK\$524,000, representing a decrease of approximately HK\$1,371,000 compared to the corresponding period last year.

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 on financial market in Hong Kong.

Provision of real-time financial information services

For the nine months ended 31st December, 2002, the revenue derived from the provision of real-time financial information services was approximately HK\$1,101,000, compared to approximately HK\$1,008,000 in the corresponding period. The increase in revenue was attributable to the management's continuous efforts in obtaining contracts from new customers and renewal of contracts with the existing customers.

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 nine months ended 31st December, 2002, revenue derived from the provision of financial programme and video production services increased to approximately HK\$2,225,000, compared to HK\$1,699,000 in the corresponding period.

During the nine months period, the Group co-operated with one of financial market regulators in Hong Kong to produce and release of 12-episode of financial programmes named "Invest with your heads up" (投投是道) through a multimedia on-board system in Hong Kong. Also, the Group entered into a contract with a jewellery company in Hong Kong to produce a 40-episode of financial programme named "Uncle Six Golden Quotes" (陸陸無窮句句金) which was broadcast on a television channel in Hong Kong during the period from May to June 2002. In addition, the Group entered into a contract with a listed company in Hong Kong for the production of a corporate video and a 8-episode television programme which was broadcast on a television channel during the period from July to September 2002. In the third quarter, the Group produced a 12-episode of financial programme which was broadcast on a television channel in Hong Kong.

Investor education on financial market

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

For the nine months ended 31st December, 2002, revenue derived from investor education on financial market was approximately HK\$612,000, compared to HK\$82,000 in the corresponding period. The increase in revenue was due to the increase in number of seminars and courses organized during the nine months ended 31st December, 2002 compared to the corresponding period last year.

Business Outlook

The unaudited consolidated results of the Group was improved for the nine months ended 31st December, 2002 compared to the corresponding period. The Group's unaudited consolidated loss for the nine months ended 31st December, 2002 amounted to approximately HK\$524,000, representing a decrease of approximately HK\$1,371,000 compared to the corresponding period last year. This improvement was attributable to the increase in turnover and effective cost controls by management of the Group.

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.

The Directors will continue to seek to form alliances with companies that already have a sufficient audience or viewership base and media channel partners both in Hong Kong and the PRC in order to capture the viewership base and enhance the Group's distribution networks. The Group intends to setup joint ventures with media partners and to cooperate with educational institutions in the PRC as a step to expand its business and enhance its networks in the PRC.

QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31ST DECEMBER, 2002

The unaudited consolidated results of the Group for the three months and nine months ended 31st December, 2002, together with the comparative unaudited figures for the corresponding periods in 2001 are as follows:

	<i>Notes</i>	Three months ended 31st December,		Nine months ended 31st December,	
		2002 (Unaudited) HK\$	2001 (Unaudited) HK\$	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$
Turnover	2	1,665,563	1,088,650	3,937,767	2,884,706
Cost of sales		(589,329)	(326,800)	(1,661,019)	(875,492)
Gross profit		1,076,234	761,850	2,276,748	2,009,214
Other revenue		7,848	731	14,217	993
Selling expenses		(41,098)	(285,000)	(50,978)	(285,100)
Administrative expenses		(629,699)	(797,870)	(1,741,403)	(2,491,003)
Other operating expenses		(341,694)	(326,640)	(1,010,716)	(1,084,276)
Operating profit/(loss)		71,591	(646,929)	(512,132)	(1,850,172)
Finance costs		—	(15,000)	(11,671)	(45,024)
Profit/(loss) before taxation		71,591	(661,929)	(523,803)	(1,895,196)
Taxation	3	—	—	—	—
Profit/(loss) attributable to shareholders		71,591	(661,929)	(523,803)	(1,895,196)
Earnings/(loss) per share	5				
— basic		HK0.02 cent	HK(0.20) cent	HK(0.15) cent	HK(0.57) cent
— diluted		N/A	N/A	N/A	N/A

NOTES:

1. Basis of Preparation

The Company was incorporated in the Cayman Islands on 23rd May, 2002 as a company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands.

On 28th October, 2002, pursuant to the group reorganisation (the “Reorganisation”) in preparation for the listing of the shares of the Company on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited, the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31st October, 2002. The shares of the Company were successfully listed on GEM on 15th November, 2002.

Pursuant to the Reorganisation effected on 28th October, 2002, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies, or if incorporated outside Hong Kong, have substantially the same characteristics of a Hong Kong private company:

Name	Place and date of incorporation	Issued and fully paid up share capital	Percentage of equity interest	Principal activities
HK6 Investment Limited	British Virgin Islands 21st May, 2002	US\$2,614.00	100%	Investment holding
Smart Talent Holdings Limited	Hong Kong 4th October, 1999	HK\$1,307.00	100%	Production of financial programmes and videos and provision of investor education
hk6.com Limited	Hong Kong 20th March, 2000	HK\$2.00	100%	Operation of financial websites and provision of financial information
HK6 Media Limited	Hong Kong 5th June, 2002	HK\$2.00	100%	Development of business alliances with media channels

The Reorganisation is accounted for using merger accounting as permitted by the Hong Kong Statement of Standard Accounting Practice 2.127 “Accounting for group reconstructions”. The consolidated accounts of the Group for the three months and for the nine months ended 31st December, 2002, including the comparative figures, are prepared as if the Company had been the holding company of the Group from the beginning of the earliest period presented.

The consolidated results have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

All significant inter-company transactions and balances between group companies have been eliminated on combination.

2. Turnover

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.

3. Taxation

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 16%. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the three months and for the nine months ended 31st December, 2002 (for the three months and for the nine months ended 31st December, 2001: Nil).

No provision for deferred taxation has been recognized in respect of the tax losses as this has not yet been agreed with the Inland Revenue and it is not certain that they can be utilized in the foreseeable future.

4. Dividends

The Board does not recommend the payment of any dividend for the nine months ended 31st December, 2002 (for the nine months ended 31st December, 2001: Nil).

5. Earnings/(Loss) Per Share

The calculation of the basic earnings/(loss) per share for the three months and for the nine months ended 31st December, 2002 are based on the unaudited consolidated net profit and net loss attributable to shareholders of HK\$71,591 and HK\$523,803 respectively (for the three months and the nine months ended 31st December, 2001: net loss of HK\$661,929 and HK\$1,895,196 respectively) and the weighted average number of 365,000,000 issued ordinary shares and 341,666,667 issued ordinary shares respectively (for the three months and the nine months ended 31st December, 2001: both 330,000,000 issued ordinary shares).

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

6. Movement of Reserves

	Share premium HK\$	Merger reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1st April, 2001	—	7,662,333	(6,347,585)	1,314,748
Issue of shares at premium by Smart Talent Holdings Limited	—	949,900	—	949,900
Loss for the period	—	—	(1,895,196)	(1,895,196)
Balance as at 31st December, 2001	<u>—</u>	<u>8,612,233</u>	<u>(8,242,781)</u>	<u>369,452</u>
Balance as at 1st April, 2002	—	8,612,233	(9,113,101)	(500,868)
Issue of shares at premium by Smart Talent Holdings Limited as a result of the conversion of bonds	—	2,999,793	—	2,999,793
Issue of shares by HK6 Investment Limited to acquire Smart Talent Holdings Limited and hk6.com Limited	—	(20,389)	—	(20,389)
Transfer share capital of Smart Talent Holdings Limited to merger reserve	—	1,307	—	1,307
Issue of shares by HK6 Holdings Limited to acquire HK6 Investment Limited	—	(3,293,000)	—	(3,293,000)
Transfer share capital of HK6 Investment Limited to merger reserve	—	20,389	—	20,389
Issue of shares at premium by HK6 Holdings Limited	20,300,000	—	—	20,300,000
Listing expenses	(5,104,513)	—	—	(5,104,513)
Loss for the period	—	—	(523,803)	(523,803)
Balance as at 31st December, 2002	<u>15,195,487</u>	<u>8,320,333</u>	<u>(9,636,904)</u>	<u>13,878,916</u>

OTHER INFORMATION

Directors' Interests in Shares

At 31st December, 2002, the interest in the shares of the Directors and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)), as required to be recorded in the register maintained by the Company under Section 29 of the SDI Ordinance were as follows:

Ordinary shares of HK\$0.01 each in the Company

Name of Director	Personal interests	Corporate interests (Note)	Family interests	Other interests	Total shareholding
Chan Tan Lui, Danielle	—	107,079,195	—	—	107,079,195
Tang Sing Hing, Kenny	27,714,613	—	—	—	27,714,613

Note: These shares are held by Superhero Limited, which is wholly owned by Ms. Chan Tan Lui, Danielle and she is therefore deemed to be interested in these shares (by virtue of the SDI Ordinance).

Directors' Right to Acquire Shares

Share Option Schemes

Prior to the listing of the Company's shares on GEM, the board of Directors (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 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.

Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme to the Directors of the Company as at 31st December, 2002 were as follows:

Name	Date of grant	Exercisable period	Exercise price per share	Options Outstanding as at 31st December, 2002
<i>Directors</i>				
Chan Tan Lui, Danielle	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	2,500,000
Wu Wing Kin	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	3,500,000
Tang Sing Hing, Kenny	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	1,500,000
Kwok Chi Kin	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	1,500,000
<i>Consultant</i>				
Chan Wing Luk	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	2,500,000
<i>Management Shareholder</i>				
Cheng Kin Sang	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	HK\$0.21	500,000

- (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:

Commencement date when the options become exercisable	Proportion of options granted under the Pre-IPO Share Option Scheme that can be exercised
the date falling 12 months after 15th November, 2002 (the "Listing Date")	50%
the date falling 18 months after the Listing Date	25%
the date falling 24 months after the Listing Date	25%

- (2) Among the grantees in this grant of options, 4 executive directors for an aggregate of 9,000,000 shares were granted to them; a consultant of the Group for 2,500,000 shares were granted; a management shareholder of the Group for 500,000 shares and 12 full-time employees of the Group for an aggregate of 8,000,000 shares were granted.

On 28th October, 2002, the Company conditionally adopted a further share option scheme (the “Share Option Scheme”) whereby 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 may be granted options to subscribe for shares of the Company. The Share Option Scheme became unconditional upon the listing of the Company’s shares on GEM on 15th November, 2002.

At 31st December, 2002, no options were granted or agreed to be granted by the Company under the Share Option Scheme.

As the Company’s shares have only been listed on the GEM since 15th November, 2002, the Directors do not consider it appropriate to disclose a theoretical value of the share options granted during the period because there would not be sufficient historical price performance data to produce reasonable valuations using commonly used methodologies.

Substantial Shareholders

At 31st December, 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company:

Name	Number of shares held	Approximate percentage of shareholding
Superhero Limited (<i>Note 1</i>)	107,079,195	26.77%
U six Group Limited (<i>Note 2</i>)	97,001,144	24.25%

Notes:

- (1) These entire issued shares of Superhero Limited is wholly owned by Ms. Chan Tan Lui, Danielle and she is therefore deemed to be interested in these shares (by virtue of the SDI Ordinance).
- (2) These entire issued shares of U six Group Limited is wholly owned by Mr. Chan Wing Luk and he is therefore deemed to be interested in these shares (by virtue of the SDI Ordinance).

Save as disclosed above, no person was recorded in the register as having an interest amounting to 10% or more of the issued share capital of the Company as at 31st December, 2002.

Competing Interests

Mr. Tang Sing Hing, Kenny, executive director and management shareholder of the Company, is a well-known celebrity in financial industry and is from time to time being invited by different media such as television and radio channels as speaker or host of various financial programmes and seminars. He also contributes articles and journals to certain newspapers in Hong Kong.

The Directors consider that the services carried out by Mr. Tang Sing Hing, Kenny in relation to the financial programmes and seminars hosting and financial journals writing in his personal capacity will not constitute any competition for the Group on the ground that such activities are carried out by Mr. Tang Sing Hing, Kenny as an individual talent and the scope of which is less comprehensive and the business model is different from that of the Group.

Save as disclosed above, 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

As updated and notified by the Company's sponsor, Tai Fook Capital Limited (the "Sponsor"), as at 31st December, 2002, 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 30th October, 2002 entered into between the Company and the Sponsor, the Sponsor will receive a fee for acting as the Company's retained sponsor for the period from the Listing Date to the earlier of 31st March, 2005 or the date on which the agreement is terminated upon the terms and conditions as set out therein the agreement.

Compliance with the Code of Best Practice of the GEM Listing Rules

During the nine months ended 31st December, 2002, the Company complied with the board practice and procedures as set out in Rules 5.28 to 5.39 (if applicable) of the GEM Listing Rules.

Audit Committee

The Company has established an audit committee on 28th October, 2002 and has formulated its written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. It comprises an executive director, namely, Ms. Chan Tan Lui, Danielle and two independent non-executive directors, namely Ms. Luk Wai Wun, Vivien and Mr. Yip Tai Him. 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 advice and comments thereon to the Board. In addition, the audit committee will consider any significant and unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee will also be responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed the internal controls and financial reporting matters including a review of the unaudited third quarterly results for the nine months ended 31st December, 2002.

Purchase, Sale or Redemption of Shares

During the nine months ended 31st December, 2002, the Company has not purchased, sold or redeemed any of the shares.

By the order of the Board
Chan Tan Lui, Danielle
Chairman

Hong Kong, 12th February, 2003

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting.