



HK6 Holdings Limited
駿陸控股有限公司*
(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report **2004**

* For identification purpose only



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.

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This report, 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 report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



HIGHLIGHTS

- Turnover of the Group for the three months ended 30th June, 2004 was approximately HK\$1,677,000.
- Net loss attributable to shareholders was approximately HK\$539,000 for the three months ended 30th June, 2004.
- Loss per share for the three months ended 30th June, 2004 was approximately HK0.13 cent.
- The board of the Directors (the "Board") does not recommend the payment of a dividend for the three months ended 30th June, 2004.

The Directors are pleased to present the unaudited first quarterly results of the Company together with its subsidiaries (collectively the "Group") for the three months ended 30th June, 2004.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$1,677,000 for the three months ended 30th June, 2004, representing an increase of approximately 113%, compared to approximately HK\$788,000 for the three months ended 30th June, 2003. Approximately 39.0%, 20.7% and 40.3% of the turnover for the three months ended 30th June, 2004 were attributable to the income derived from the production of financial programmes and videos, provision of real-time financial information services and investor education within the financial market respectively.

The Group incurred a net loss attributable to shareholders of approximately HK\$539,000 for the three months ended 30th June, 2004 as compared to approximately HK\$629,000 for the corresponding period in 2003. The decrease of net loss was mainly attributable to the increase of turnover, albeit the decrease of gross profit margin and increases in both administrative expenses and selling expenses.

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 the financial market in Hong Kong.



Provision of real-time financial information services

For the three months ended 30th June, 2004, the revenue derived from the provision of real-time financial information services was approximately HK\$347,000, compared to approximately HK\$346,000 in the corresponding period. 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 broadcasting through different media as well as for corporate public relation purposes.

For the three months ended 30th June, 2004, revenue derived from the provision of financial programme and video production services increased to approximately HK\$653,000, compared to HK\$188,000 in the corresponding period. The increase in revenue was mainly attributable to higher value project obtained during the period.

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 three months ended 30th June, 2004, revenue derived from investor education within the financial market was approximately HK\$677,000, compared to HK\$253,000 in the corresponding period. 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 period.

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.

The Directors will continue to seek opportunities 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. In the near future, the Group intends to set up a wholly-owned foreign enterprise in the PRC as a step to expand its business and enhance its network further in the PRC.



QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE, 2004

The unaudited consolidated results of the Group for the three months ended 30th June, 2004, together with the comparative unaudited figures for the corresponding period in 2003 are as follows:

| | | Three months ended 30th June, | |
|-----------------------------------|--------------|--|---------------------|
| | | 2004 | 2003 |
| | | (Unaudited) | (Unaudited) |
| | | <i>HK\$</i> | <i>HK\$</i> |
| | <i>Notes</i> | | |
| Turnover | 2 | 1,677,159 | 787,820 |
| Cost of sales | | <u>(833,098)</u> | <u>(238,052)</u> |
| Gross profit | | 844,061 | 549,768 |
| Other revenue | | 79 | 31,617 |
| Selling expenses | | (87,233) | – |
| Administrative expenses | | (889,284) | (783,455) |
| Other operating expenses | | <u>(406,209)</u> | <u>(426,473)</u> |
| Operating loss | | (538,586) | (628,543) |
| Finance costs | | <u>–</u> | <u>–</u> |
| Loss before taxation | | (538,586) | (628,543) |
| Taxation | 3 | <u>–</u> | <u>–</u> |
| Loss attributable to shareholders | | <u>(538,586)</u> | <u>(628,543)</u> |
| Loss per share | | | |
| – basic | 5 | <u>HK 0.13 cent</u> | <u>HK 0.16 cent</u> |
| – diluted | 5 | <u>N/A</u> | <u>N/A</u> |



NOTES ON THE UNAUDITED QUARTERLY RESULTS

1. GROUP REORGANISATION AND 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. The shares of the Company were successfully listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited on 15th November, 2002.

On 28th October, 2002, pursuant to the group reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company on the GEM, the Company became the holding company of HK6 Investment Limited, Hong Kong Financial Institute Limited, hk6.com Limited and HK6 Media Limited. Details of the Reorganisation are set out in the prospectus of the Company dated 31st October, 2002.

The consolidated results have been prepared under the historical cost convention in accordance with accounting principles generally accepted in Hong Kong, Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, the disclosure requirements of Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated results are consistent with those used in the annual accounts for the year ended 31st March, 2004.

All significant inter-company transactions between group companies have been eliminated on consolidation.

2. TURNOVER

| | Three months ended 30th June, | |
|---|--|-----------------------------|
| | 2004 (Unaudited) | 2003 (Unaudited) |
| | <i>HK\$</i> | <i>HK\$</i> |
| Provision of financial information | 347,279 | 346,460 |
| Production of financial programmes and videos | 653,400 | 188,000 |
| Seminars and courses | 676,480 | 253,360 |
| | <hr/> | <hr/> |
| | 1,677,159 | 787,820 |
| | <hr/> | <hr/> |

The Group is principally engaged in the operation of financial website, production of financial programmes and videos and the provision of financial information and investor education.



3. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5%. No provision for Hong Kong profits tax has been made, as the Group has no estimated assessable profits for the three months ended 30th June, 2004 (For the three months ended 30th June, 2003: 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 dividends for the three months ended 30th June, 2004 (For the three months ended 30th June, 2003: Nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 30th June, 2004 is based on the unaudited consolidated net loss attributable to shareholders of HK\$538,586 (For the three months ended 30th June, 2003: Net loss of HK\$628,543) and the weighted average number of 400,000,000 issued ordinary shares (For the three months ended 30th June, 2003: 400,000,000 issued ordinary shares).

No diluted loss per share for the three months ended 30th June, 2004 and the corresponding period in 2003 has been presented as the Company has no dilutive potential shares.

6. MOVEMENT OF RESERVES

| | Share premium (Unaudited) <i>HK\$</i> | Merger reserve (Unaudited) <i>HK\$</i> | Accumulated losses (Unaudited) <i>HK\$</i> | Total (Unaudited) <i>HK\$</i> |
|-------------------------------|--|---|---|-------------------------------------|
| The Group | | | | |
| Balance as at 1st April, 2003 | 15,195,487 | 8,320,333 | (10,316,147) | 13,199,673 |
| Loss for the period | — | — | (628,543) | (628,543) |
| | <u>15,195,487</u> | <u>8,320,333</u> | <u>(10,944,690)</u> | <u>12,571,130</u> |
| Balance as at 30th June, 2003 | 15,195,487 | 8,320,333 | (13,654,766) | 9,861,054 |
| Balance as at 1st April, 2004 | 15,195,487 | 8,320,333 | (538,586) | (538,586) |
| Loss for the period | — | — | (538,586) | (538,586) |
| | <u>15,195,487</u> | <u>8,320,333</u> | <u>(14,193,352)</u> | <u>9,322,468</u> |
| Balance as at 30th June, 2004 | <u>15,195,487</u> | <u>8,320,333</u> | <u>(14,193,352)</u> | <u>9,322,468</u> |

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

As at 30th June, 2004, the interests and short positions of the Directors and the chief executives in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

| Name of Director | Number of shares held | | | | Total interests in shares | Number of underlying shares | | | Approximate percentage of the issued share capital of the Company |
|------------------------|-----------------------|---------------------|------------------|-----------------|---------------------------|-----------------------------|---------------------|---------------------|---|
| | Personal interests | Corporate interests | Family interests | Other interests | | Pre-IPO Share Option Scheme | Share Option Scheme | Aggregate interests | |
| | <i>(Note)</i> | | | | | | | | |
| 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 | - | - | 100,000 | - | 100,000 | 1,500,000 | 2,000,000 | 3,600,000 | 0.90% |
| Yip Tai Him | - | - | - | - | - | - | 400,000 | 400,000 | 0.10% |
| Guo Qi | - | - | - | - | - | - | 400,000 | 400,000 | 0.10% |

Notes: These shares are held by Superhero Limited, which is wholly-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) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules as at 30th June, 2004.



Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 30th June, 2004, the interests and short positions of shareholders (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

| Name of Shareholder | Capacity | Number of shares held Interests in shares | Number of underlying shares | | Aggregate interests | Approximate percentage of the issued share capital of the Company |
|-------------------------------|---|--|-----------------------------|---------------------|---------------------|---|
| | | | Pre-IPO Share Option Scheme | Share Option Scheme | | |
| Superhero Limited (Note) | Beneficial owner | 107,079,195 | - | - | 107,079,195 | 26.77% |
| Chan Tan Lui, Danielle (Note) | 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-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 in the Company held by Superhero Limited in addition to 240,000 shares of the Company held by herself.

Save as disclosed above, as at 30th June, 2004, the Company had not been notified of any shareholders' interests or short position, being 5% or more of the issued share capital of the Company, other than those of the Directors and chief executives of the Company.

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 30th June, 2004, under the terms of the pre-IPO share option scheme on 28th October, 2002 (the "Pre-IPO Share Options 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.



Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at 30th June, 2004 were as follows:

| Name or category of participant | Date of grant | Exercisable period | Exercise price per share | Number of share options | | | | At 30th June, 2004 |
|------------------------------------|--------------------|--|--------------------------|-------------------------|-----------------------------------|-------------------------------------|--------------------------------------|--------------------|
| | | | | At 1st April, 2004 | Options granted during the period | Options exercised during the period | Options lapsed during the period (2) | |
| <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 | - | - | (1,500,000) | 2,900,000 |
| <i>Other Eligible Participants</i> | | | | | | | | |
| In aggregate (3) | 28th October, 2002 | 15th November, 2003 to 14th November, 2005 (1) | 0.21 | 7,000,000 | - | - | (1,500,000) | 5,500,000 |
| | | | | 17,900,000 | - | - | (3,000,000) | 14,900,000 |

- (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 | 50% |
| the date falling 18 months after 15th November, 2002 | 25% |
| the date falling 24 months after 15th November, 2002 | 25% |

- (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 period, 3,000,000 share options were lapsed upon the resignation of employee and eligible participant.



(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") 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. Details of the Share Option Scheme have been set out in the annual report of the Company dated 21st June, 2004.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 30th June, 2004 were as follows:

| Name or category of participant | Date of grant | Exercisable period | Exercise price per share | Number of share options | | | | At 30th June, 2004 |
|------------------------------------|------------------|--|--------------------------|-------------------------|-----------------------------------|-------------------------------------|-------------------------------------|--------------------|
| | | | | At 1st April, 2004 | Options granted during the period | Options exercised during the period | Options lapsed during the period(1) | |
| <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 | - | - | - | 11,300,000 |
| <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 | - | - | - | 22,100,000 |



- (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.
- (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.

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 granted during the period 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

As updated and notified by the Company's sponsor, Tai Fook Capital Limited (the "Sponsor"), as at 30th June, 2004, 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 has received and will receive a fee for acting as the Company's retained sponsor for the period from 15th November, 2002 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.



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 Society of Accountants. It comprises an executive director, namely, Ms. Chan Tan Lui, Danielle and two independent non-executive directors, namely Mr. Yip Tai Him 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 reviewed the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited first quarterly report for the three months ended 30th June, 2004.

Board Practice and Procedures

During the three months ended 30th June, 2004, 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 (if applicable).

Purchase, Sale or Redemption of Shares

During the three months ended 30th June, 2004, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

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

Hong Kong, 10th August, 2004