



CHINAINFO HOLDINGS LIMITED

神州資訊控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8206)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31ST DECEMBER, 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

HIGHLIGHTS

- Turnover of the Group for the nine months ended 31st December, 2005 was approximately HK\$2,357,000.
- Net loss attributable to shareholders was approximately HK\$4,325,000 for the nine months ended 31st December, 2005.
- Loss per share for the nine months ended 31st December, 2005 was approximately HK1.02 cents.
- The board of the Directors (the "Board") does not recommend any payment of dividend for the nine months ended 31st December, 2005.

The Directors hereby present the unaudited results of the Company together with its subsidiaries (collectively the "Group") for the nine months ended 31st December, 2005.

FINANCIAL PERFORMANCE

The Group recorded consolidated turnover of approximately HK\$2,357,000 for the nine months ended 31st December, 2005, representing a decrease of approximately 35%, compared to approximately HK\$3,640,000 for the nine months ended 31st December, 2004. Approximately 49.0%, 47.0% and 4.0% of the turnover for the nine months ended 31st December, 2005 were attributable to the income derived from the investor education on financial market, provision of real-time financial information services and corporate public relations services respectively.

The Group incurred a net loss attributable to shareholders of approximately HK\$4,325,000 for the nine months ended 31st December, 2005 as compared to approximately HK\$2,338,000 for the corresponding period in 2004. The increase of net loss was mainly attributable to the decrease of turnover, the increase in administrative expenses and the share of loss of the associated company.

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) investor education within the financial market in Hong Kong; (ii) real-time financial news and up-to-date financial market commentaries and recommendations through multimedia; and (iii) financial programme and video production services. During the three months ended 31st December, 2005, the Group also provided corporate public relations services.

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 nine months ended 31st December, 2005 revenue derived from investor education within the financial market was approximately HK\$1,155,000, compared to approximately HK\$1,969,000 for the corresponding period in 2004. The decrease in revenue was attributable to the decrease in number of courses organized during the period.

Provision of real-time financial information services

For the nine months ended 31st December, 2005, the revenue derived from the provision of real-time financial information services was approximately HK\$1,108,000, compared to approximately HK\$1,018,000 for the corresponding period in 2004. 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 used to produce financial programmes and corporate videos broadcasting through different media as well as for corporate public relation purposes.

For the nine months ended 31st December, 2005, no revenue was derived from the provision of financial programme and video production services (for the nine months ended 31st December, 2004: approximately HK\$654,000) as no project was obtained during the period.

Corporate public relations services

For the nine months ended 31st December, 2005, the revenue derived from the corporate public relations services was approximately HK\$94,000. No revenue was derived from the corporate public relations services for the corresponding period in 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and for the nine months ended 31st December, 2005

The unaudited consolidated results of the Group for the three months and nine months ended 31st December, 2005, together with the comparative unaudited figures for the corresponding period in 2004 are as follows:

		Three months ended 31st December, 2005		Nine months ended 31st December, 2005	
	Notes	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$
Turnover	3	1,070,119	1,171,630	2,357,026	3,640,318
Cost of sales		(206,410)	(283,693)	(432,910)	(1,260,218)
Gross profit		863,709	887,937	1,924,116	2,380,100
Other revenue		188,043	4,970	346,717	5,117
Selling expenses		(95,912)	(79,680)	(250,260)	(267,226)
Administrative expenses		(1,443,968)	(1,146,782)	(3,723,819)	(2,970,109)
Other operating expenses		(498,670)	(494,919)	(1,131,525)	(1,250,270)
Operating loss		(986,798)	(828,474)	(2,834,771)	(2,102,388)
Finance costs	4	(177,787)	–	(248,755)	–
Share of loss of associated company		(403,386)	(235,283)	(1,241,750)	(235,283)
Loss before taxation		(1,567,971)	(1,063,757)	(4,325,276)	(2,337,671)
Taxation	5	–	–	–	–
Loss attributable to shareholders		(1,567,971)	(1,063,757)	(4,325,276)	(2,337,671)
Loss per share – basic	6	HK0.37 cent	HK0.27 cent	HK1.02 cent	HK0.58 cent
Loss per share – diluted	6	N/A	N/A	N/A	N/A

NOTES TO THE UNAUDITED QUARTERLY RESULTS

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 successfully listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15th November, 2002.

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

2. BASIS OF PREPARATION

- (i) Adoption of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("New HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of New HKFRSs which are effective for accounting periods beginning on or after 1st January, 2005. The Group has adopted the New HKFRSs in the preparation of accounts for the period from 1st April, 2005 onward. The comparative financial statements for 2005 have been restated in accordance with the relevant requirements of the New HKFRSs, if applicable.

The adoption of Hong Kong Financial Reporting Standards 2 – Share-based Payments ("HKFRS 2") has resulted in a change in accounting policy for share options. Prior to this, the provision of share options to employees and directors did not result in a charge to the profit and loss account. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortized over the relevant vesting periods to the profit and loss account. The Company has not applied the HKFRS 2 retrospectively as share options of the Company granted after 7th November, 2002 had vested at 1st April, 2005.

The adoption of other New HKFRS does not result in substantial changes to the Group's accounting policies except presentation and disclosure of the accounts will be effected on the 2006 annual reports.

- (ii) The unaudited condensed financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2005 except for the matter as referred to Note 2 (i) above.

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

3. TURNOVER

	Three months ended 31st December, 2005 (Unaudited) HK\$		Nine months ended 31st December, 2005 (Unaudited) HK\$	
		2004 (Unaudited) HK\$		2004 (Unaudited) HK\$
Seminars and courses	593,856	837,613	1,154,816	1,968,813
Provision of financial information	382,263	334,017	1,108,210	1,018,105
Corporate public relations services	94,000	–	94,000	–
Production of financial programmes and videos	–	–	–	653,400
	<u>1,070,119</u>	<u>1,171,630</u>	<u>2,357,026</u>	<u>3,640,318</u>

4. FINANCE COSTS

	Three months ended 31st December, 2005 (Unaudited) HK\$		Nine months ended 31st December, 2005 (Unaudited) HK\$	
		2004 (Unaudited) HK\$		2004 (Unaudited) HK\$
Interest expense for convertible bonds wholly repayable within five years	<u>177,787</u>	<u>–</u>	<u>248,755</u>	<u>–</u>

5. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5% (nine months ended 31st December, 2004: 17.5%). No provision for Hong Kong profits tax has been made, as the Group has no estimated assessable profits for the nine months ended 31st December, 2005 (nine months ended 31st December, 2004: Nil).

No provision for deferred taxation has been recognised 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 utilised in the foreseeable future.

6. LOSS PER SHARE

The calculation of the basic loss per share for the three months and nine months ended 31st December, 2005 is based on the unaudited consolidated net loss attributable to shareholders of HK\$1,567,971 (2004: HK\$1,063,757) and HK\$4,325,276 (2004: HK\$2,337,671) respectively and on the weighted average number of 427,710,000 (2004: 400,000,000) and 422,678,364 (2004: 400,000,000) issued ordinary shares for the three months and nine months ended 31st December, 2005 respectively.

No diluted loss per share for the three months (2004: Nil) and nine months (2004: Nil) ended 31st December, 2005 has been presented as the Company has no dilutive potential shares.

7. DIVIDENDS

No dividends have been paid or declared during the three months (2004: Nil) and nine months (2004: Nil) ended 31st December, 2005.

8. MOVEMENT OF RESERVES

	Share premium (Unaudited) HK\$	Merger reserve (Unaudited) HK\$	Capital surplus (Unaudited) HK\$	Convertible bonds reserve (Unaudited) HK\$	Accumulated losses (Unaudited) HK\$	Total (Unaudited) HK\$
The Group						
Balance as at 1st April, 2004	15,195,487	8,320,333	–	–	(13,654,766)	9,861,054
Loss for the period	–	–	–	–	(2,337,671)	(2,337,671)
Excess amount contributed by the major investor of the Associated Company	–	–	1,498,659	–	–	1,498,659
Balance as at 31st December, 2004	<u>15,195,487</u>	<u>8,320,333</u>	<u>1,498,659</u>	<u>–</u>	<u>(15,992,437)</u>	<u>9,022,042</u>
Balance as at 1st April, 2005	15,195,487	8,320,333	1,498,659	–	(16,924,939)	8,089,540
Loss for the period	–	–	–	–	(4,325,276)	(4,325,276)
Issue of shares	10,257,000	–	–	–	–	10,257,000
Exercise of share options	62,900	–	–	–	–	62,900
Convertible bonds issuing expenses	(100,000)	–	–	–	–	(100,000)
Share issue expenses	(329,582)	–	–	–	–	(329,582)
Repurchase of shares	(91,300)	–	–	–	–	(91,300)
Equity component for the convertible bonds issued during the period	–	–	–	448,441	–	448,441
Balance as at 31st December, 2005	<u>24,994,505</u>	<u>8,320,333</u>	<u>1,498,659</u>	<u>448,441</u>	<u>(21,250,215)</u>	<u>14,011,723</u>

OTHER INFORMATION

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

As at 31st December, 2005, the interests and short positions of the Directors and the 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	
Chan Tan Lui, Danielle	240,000	107,079,195 (Note)	-	-	107,319,195	-	4,000,000	111,319,195	26.03%
Choo Kwok How	-	-	-	-	-	-	2,000,000	2,000,000	0.47%
Yip Tai Him	-	-	-	-	-	-	400,000	400,000	0.09%
Guo Qi	-	-	-	-	-	-	400,000	400,000	0.09%

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 December, 2005.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31st December, 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		Approximate percentage of the issued share capital of the Company	
		Interests in shares		Pre-IPO Share Option Scheme	Share Option Scheme		
Superhero Limited (Note)	Beneficial owner	107,079,195		–	–	107,079,195	25.04%
Chan Tan Lui, Danielle (Note)	Beneficial owner & interest of a controlled corporation	107,319,195		–	4,000,000	111,319,195	26.03%
Fu Shing Ki	Beneficial owner	97,001,144		–	–	97,001,144	22.68%
Chan Wong Kam Fung, Cecilia	Beneficial owner	71,265,798		–	–	71,265,798	16.66%

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 December, 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 4.7% of the shares of the Company in issue as at 31st December, 2005, 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.

All pre-IPO share options have been lapsed during the period. Particulars of the options which have been granted under the Pre-IPO Share Option Scheme as at 31st December, 2005 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 31st December, 2005
				At 1st April, 2005	Options granted during the period	Options exercised during the period	Options lapsed during the period ⁽²⁾	Options cancelled during the period	
<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	1,600,000	-	-	(1,600,000)	-	-
				8,100,000	-	-	(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:

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) 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.

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 23rd June, 2005.

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

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 31st December, 2005
				At 1st April, 2005	Options granted during the period	Options exercised during the period ⁽²⁾	Options lapsed during the period ⁽¹⁾	Options cancelled during the period	
<i>HK\$</i>									
<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	9,900,000	-	(1,700,000)	(200,000)	-	8,000,000
<i>Other Eligible Participants</i>									
In aggregate	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	600,000	-	-	-	-	600,000
				17,300,000	-	(1,700,000)	(200,000)	-	15,400,000

- (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 period, 200,000 share options were lapsed upon the resignation of employee.

- (2) The weighted average share price at the date of exercise is HK\$0.415 per share.

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.

Advances and financial assistance to an associated company

As at 31st December, 2005, the aggregate advances and financial assistance provided by the Group to 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") amounted to RMB1,960,000 (equivalent to approximately HK\$1,850,436), representing approximately 14.9% of the audited total assets of the Group as at 31st March, 2005.

The advance to the Associated Company was made on 5th November, 2004 and is unsecured, bearing interest at the rate of 5% per annum. During the period, a supplemental agreement was signed on 4th November, 2005 pursuant to which the repayment date of the loan and the interests incurred therein has been extended to 4th November, 2006.

The above advance was funded by internal resources of the Group and was made for the purpose of providing general working capital to the Associated Company.

The condensed unaudited balance sheet of the Associated Company as at 31st December, 2005 is set out as follows:

	<i>HK\$'000</i>
Non-current assets	6,669
Current assets	5,068
Current liabilities	(2,905)
	<hr/>
Net assets	8,832
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The group's share of net assets	<u>4,328</u>

Purchase, Sales or Redemption of shares

During the period under review, the Company repurchased its own shares on GEM as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
August 2005	200,000	0.330	0.315	64,500
September 2005	90,000	0.330	0.330	29,700
	<u>290,000</u>			<u>94,200</u>

The above shares were cancelled upon repurchases and accordingly the issued share capital of the Company was reduced by the par value of these shares amounted to HK\$2,900. An aggregate amount of approximately HK\$91,300 equivalent to the premium portion and brokerage expenses payable on the repurchases was charged against the share premium account.

Apart from the repurchases of shares as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares on GEM during the nine months ended 31st December, 2005.

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 reviewed the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited third quarterly report for the nine months ended 31st December, 2005.

Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 to the GEM Listing Rules during the nine months ended 31st December, 2005.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the nine months ended 31st December, 2005.

By order of the Board
Chinainfo Holdings Ltd.
Chan Tan Lui, Danielle
Chairman

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

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

Hong Kong, 10th February, 2006