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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)

PLACING OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

PLACING AGENT



VC BROKERAGE LIMITED

滙盈證券有限公司

(A Member of Melco Group)

On 15 May 2006, CCI and Superhero entered into the Placing and Subscription Agreement with the Placing Agent pursuant to which the Placing Agent agreed with CCI and Superhero to place up to a total of 100,000,000 existing Shares, out of which 85,540,000 existing Shares beneficially owned by CCI to be placed to the exclusion and before 14,460,000 existing Shares beneficially owned by Superhero, at the Placing Price of HK\$1.5 per Placing Share to not less than six places who will be third parties independent of the Group and its connected persons on a best effort basis.

Under the Placing and Subscription Agreement, CCI and Superhero have agreed to subscribe for the Subscription Shares, which are equal to the number of the Placing Shares that they place respectively under the Placing. The Subscription is conditional upon, among other things, (i) granting approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange; and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

* For identification purpose only

The Placing Price represents (i) a discount of approximately 14.29% to the closing price of HK\$1.75 per Share as quoted on the Stock Exchange on 15 May 2006, being the date of the Placing and Subscription Agreement; (ii) a discount of approximately 14.77% to the average of the closing prices of HK\$1.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 May 2006; (iii) a discount of approximately 0.33% to the average of the closing prices of approximately HK\$1.505 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 15 May 2006; and (iv) a premium of approximately 3133% over the net asset value per Share of approximately HK\$0.0464 as at 30 September 2005 as shown in the unaudited consolidated balance sheet of the Group made up to 30 September 2005. The Placing Price was arrived at after arm's length negotiations between the Company, CCI, Superhero and the Placing Agent with reference to the closing price as shown above. Given the size of the Placing Shares involved (which represent approximately 18.92% of the existing Shares in issue) and the relatively low discount to the closing price as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 15 May 2006, the Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Shares represent approximately 18.92% of the existing issued share capital of the Company. The Subscription Shares represent approximately 15.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the extraordinary general meeting of the Company held on 24 April 2006.

Assuming all the 100,000,000 Placing Shares are successfully placed, the net proceeds from the Subscription will be approximately HK\$146,000,000. The Group intends to use such net proceeds as its general working capital. As at the date of the announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to Chapters 19 and 20 of the GEM Listing Rules.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 16 May 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 May 2006.

PLACING AND SUBSCRIPTION AGREEMENT DATED 15 MAY 2006

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed with CCI and Superhero to place up to a total of 100,000,000 existing Shares, out of which 85,540,000 existing Shares beneficially owned by CCI to be placed to the exclusion and before 14,460,000 existing Shares beneficially owned by Superhero, at the Placing Price on a best effort basis. On the next business day after the conditions of the Subscription have been fulfilled, the Company will allot and issue to Superhero and CCI the Subscription Shares, which are equal to the number of Placing Shares that Superhero and CCI respectively place under the Placing, at the Subscription Price. Details of the Placing and the Subscription are set out below.

I. Placing

The Vendors

CCI currently holds 85,542,000 Shares representing approximately 16.19% of the existing issued share capital of the Company.

Superhero, the entire issued share capital of which is beneficially owned by Ms. Chan, currently holds 82,079,195 Shares representing approximately 15.53% of the existing issued share capital of the Company.

The Placing Agent

VC Brokerage Limited has been appointed to place the Placing Shares on a best effort basis and will receive a placing commission of 2% on the gross proceeds from the Placing. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

The Placees

The Placing Shares shall be placed to not less than six individual placees. The placees and their ultimate beneficial owners shall be third parties independent of the Group and its connected persons. The placees and their ultimate beneficial owners shall also be third parties independent of CCI, Superhero and their respective connected persons. The placees and their ultimate beneficial owners shall be independent of and not connected with other placees and their ultimate beneficial owners. No placees will become substantial Shareholders as a result of the Placing.

Number of Placing Shares

The number of Placing Shares shall be up to a total of 100,000,000 Shares. The Placing Shares represent approximately 18.92% of the existing issued share capital of the Company and approximately 15.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placing Price

The Placing Price of HK\$1.5 per Placing Share represents:

- (i) a discount of approximately 14.29% to the closing price of HK\$1.75 per Share as quoted on the Stock Exchange on 15 May 2006, being the date of the Placing and Subscription Agreement;
- (ii) a discount of approximately 14.77% to the average of the closing prices of HK\$1.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 May 2006;

- (iii) a discount of approximately 0.33% to the average of the closing prices of approximately HK\$1.505 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 15 May 2006; and
- (iv) a premium of approximately 3133% over the net asset value per Share of about HK\$0.0464 as at 30 September 2005 as shown in the unaudited consolidated balance sheet of the Group made up to 30 September 2005.

The Placing Price was arrived at after arm's length negotiations between the Company, CCI, Superhero and the Placing Agent with reference to the closing prices as shown above. Given the size of the Placing Shares involved (which represent approximately 18.92% of the existing Shares in issue) and the relatively low discount to the closing price as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 15 May 2006, the Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights.

Completion of the Placing

The Placing is unconditional. Completion of the Placing is expected to take place on 19 May 2006. Under the Placing and Subscription Agreement, the Placing Shares will be placed by the Placing Agent to not less than six placees who will be third parties independent of the Group and its connected persons on a best effort basis.

Waiver to CCI

As disclosed in the announcement of the Company dated 1 February 2006, under the agreement dated 1 February 2006 and entered into between CCI and Pro-Concept Development Limited, a wholly owned subsidiary of the Company, CCI has undertaken and covenanted with the Company that it will not, and will procure that none of its subsidiaries will, within a period of twelve (12) months after completion of such agreement, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the consideration Shares, being 85,542,000 Shares, or otherwise dispose of or create any encumbrance or other rights over any shares in any company controlled by it which is for the time being the beneficial owner of such consideration Shares. Please refer to the announcement of the Company dated 1 February 2006 for details of such non-disposal undertaking.

By a letter of waiver dated 15 May 2006 from the Company to CCI, which has been approved by the Board (including the independent non-executive Directors), the Company has agreed to waive the strict compliance of such restriction by CCI only for the purpose of and in relation to the placing of 85,540,000 Placing Shares pursuant to the Placing and Subscription Agreement and subject to the subscription by CCI of the same number of Shares placed by it under the Placing. The waiver was granted by the Board to facilitate the Placing and the Subscription.

II. Subscription

The Issuer

The Company

The Subscribers

CCI, which, as at the date of this announcement, is interested in approximately 16.19% of the existing issued share capital of the Company. Assuming all the 100,000,000 Placing Shares are successfully placed, the total shareholding of CCI will be reduced to 0.0004% of the existing issued share capital of the Company. The Subscription will then increase the total shareholding of CCI to approximately 13.61% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Superhero, which, as at the date of this announcement, is interested in approximately 15.53% of the existing issued share capital of the Company. Assuming all the 100,000,000 Placing Shares are successfully placed, the total shareholding of Superhero will be reduced to approximately 12.80% of the existing issued share capital of the Company. The Subscription will then increase the total shareholding of Superhero to approximately 13.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Number of Subscription Shares

The number of Subscription Shares shall be equivalent to the number of Shares placed pursuant to the Placing. The Subscription Shares represent approximately 18.92% of the existing issued share capital of the Company and approximately 15.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$1.5 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse CCI and Superhero all costs and expenses incurred by CCI and Superhero in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net subscription price is approximately HK\$1.46 per Share.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the extraordinary general meeting of the Company held on 24 April 2006. Under the said general mandate, up to 105,691,352 Shares, representing 20% of the issued Shares as at the date of the extraordinary

general meeting of the Company, may be issued by the Company. As at 24 April 2006, the date of the passing of the resolution to grant the general mandate to allot, issue and deal with Shares to the Directors by the Shareholders, the issued share capital of the Company was 528,456,761 Shares. As at the date of this announcement, the issued share capital of the Company is 528,456,761 Shares. As at the date of the announcement, the general mandate has not been utilized.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by 25 May 2006 (or such other date as may be agreed between the Company, CCI and Superhero):

- (i) the completion of the Placing pursuant to the Placing and Subscription Agreement; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company, CCI nor Superhero shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the next business day after the conditions of the Subscription are fulfilled. The Subscription must be completed on or before 29 May 2006, being 14 days from the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are placed in full, are as follows:

Shareholder	Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription	Shareholding immediately after completion of the Placing but before completion of the Subscription	Shareholding immediately after completion of the Placing and the Subscription
CCI	85,542,000 Shares (approximately 16.19%)	2,000 Shares (approximately 0.0004%)	85,542,000 Shares (approximately 13.61%)
Ms. Chan (<i>Note</i>)	82,319,195 Shares (approximately 15.58%)	67,859,195 Shares (approximately 12.84%)	82,319,195 Shares (approximately 13.10%)
Fu Shing Ki	97,001,144 Shares (approximately 18.36%)	97,001,144 Shares (approximately 18.36%)	97,001,144 Shares (approximately 15.43%)
Chan Wong Kam Fung, Cecilia	71,265,798 Shares (approximately 13.49%)	71,265,798 Shares (approximately 13.49%)	71,265,798 Shares (approximately 11.34%)
The placees	–	100,000,000 Shares (approximately 18.92%)	100,000,000 Shares (approximately 15.91%)
Public Shareholders (other than the placees)	192,328,624 Shares (approximately 36.38%)	192,328,624 Shares (approximately 36.39%)	192,328,624 Shares (approximately 30.61%)
Total	528,456,761 Shares (100%)	528,456,761 Shares (100%)	628,456,761 Shares (100%)

Notes: Ms. Chan, an executive Director, is beneficially interested in 240,000 Shares and is deemed to be interested in 82,079,195 Shares held by Superhero, the entire issued share capital of which is wholly and beneficially owned by Ms. Chan.

REASONS FOR THE PLACING AND SUBSCRIPTION

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 programs and video production services; and (iii) investor education on financial markets in Hong Kong.

As at the date of this announcement, the Company has general working capital in the amount of approximately HK\$3 million. As such, the Directors (including the independent non-executive Directors) considered to proceed with the Placing and the Subscription as a means to raise additional working capital for the Company so that the Company can have available fund to use when there are suitable investment opportunities.

The Company has not conducted any fund raising activities during the 12 months immediately preceding the date of the Placing and Subscription Agreement. The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares. Assuming that 100,000,000 Subscription Shares are fully subscribed, the net proceeds from the Subscription will be approximately HK\$146,000,000. The Group intends to use such net proceeds as its general working capital. As at the date of the announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to Chapters 19 and 20 of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company, CCI, Superhero and the Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 16 May 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 May 2006.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“CCI”	神州通信投資有限公司 (China Communication Investment Ltd.), a company incorporated in the British Virgin Islands, a Shareholder which is interested in approximately 16.19% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription
“Company”	Chinainfo Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	directors of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ms. Chan”	Ms. Chan Tan Lui, Danielle, an executive Director, and a Shareholder who is interested in approximately 15.58% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of CCI and Superhero pursuant to the Placing and Subscription Agreement
“Placing Agent”	VC Brokerage Limited, a deemed licensed corporation to carry on business in types 1 (dealing in securities) and 4 (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the conditional placing and subscription agreement dated 15 May 2006 and entered into between CCI, Superhero, the Company and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$1.5 per Placing Share
“Placing Shares”	up to a total of 100,000,000 Shares, out of which 85,540,000 Shares beneficially owned by CCI to be placed to the exclusion and before 14,460,000 Shares beneficially owned by Superhero by the Placing Agent pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the subscription for the Subscription Shares by CCI and Superhero pursuant to the Placing and Subscription Agreement
“Subscription Shares”	up to a total of 100,000,000 Shares to be subscribed by Superhero and CCI pursuant to the Placing and Subscription Agreement, which will be equal to the number of the Placing Shares successfully placed under the Placing

“Superhero”	Superhero Limited, a company incorporated in Samoa, a Shareholder which is interested in approximately 15.53% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
Chinainfo Holdings Limited
He Chenguang
Chairman

Hong Kong, 16 May 2006

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the issuer. 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.*

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.