

\* For identification purpose only



**HK6** Holdings Limited

駿陸控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

A decorative graphic on the right side of the cover. It features a large, stylized green leaf shape that overlaps a semi-circular area containing a stock market chart. The chart shows a line graph with a peak and a subsequent decline, set against a grid background. The text 'Stock Quote Ch...' is partially visible at the top of the chart area. The background of the entire cover is a light purple color, with a large green semi-circle at the bottom right.

Interim Report 2002

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

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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.*

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## HIGHLIGHTS

- Turnover for the Group for the six months ended 30th September, 2002 was approximately HK\$2,272,000.
- Net loss attributable to shareholders was approximately HK\$595,000 for the six months ended 30th September, 2002.
- Loss per share during the six months ended 30th September, 2002 was approximately HK\$0.18 cents.

The Directors are pleased to present the interim results of the Company together with its subsidiaries (collectively the "Group") for the six months ended 30th September, 2002.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue and Profitability

The Group recorded turnover of approximately HK\$1,435,000 and HK\$2,272,000 for the three months and six months ended 30th September, 2002, representing an increase of approximately 219.6% and 26.5%, respectively, compared to approximately HK\$449,000 and HK\$1,796,000 for the corresponding periods last year. Approximately 48.3%, 32.2% and 19.5% of the turnover for the six months ended 30th September, 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's gross profit for the six months ended 30th September, 2002 amounted to approximately HK\$1,201,000, representing a decrease of 3.7% compared to the corresponding period last year whilst the Group's gross profit margin dropped to 52.8%, representing a decrease of 16.7% compared to that of six months ended 30th September 2001. The lower gross profit margin of the Group for the six months period was mainly attributable to the reduction of gross profit margin for financial programme and video production services from approximately 53.0% for the last period to approximately 28.8% for the current period.

Selling, administrative and other operating expenses for the three months and six months ended 30th September 2002 decreased by 25.5% and 26.9% to approximately HK\$891,000 and HK\$1,791,000 respectively, from the corresponding periods last year. The decrease was mainly attributable to more effective cost control by management.

## Net Loss Attributable to Shareholders

The Group's net losses for the three months and six months ended 30th September, 2002 decreased to HK\$232,000 and HK\$595,000 respectively, compared to the corresponding periods last year. This improvement in the results was attributable to the increase in turnover and effective cost control by management.

## Liquidity, Financial Resources and Capital Structure

As at 30th September, 2002, the Group had net current assets of approximately HK\$1,634,000. The Group's current assets consisted of cash and cash equivalents of approximately HK\$1,065,000, accounts receivable of approximately HK\$320,000 and deposits and prepayment of approximately HK\$2,108,000. The Group's current liabilities consisted of accounts payable of approximately HK\$113,000, accrued expenses of approximately HK\$310,000 and receipts in advance of approximately HK\$1,436,000.

Prior to the listing of the shares of the Company on 15th November, 2002 (the "Listing"), the Group's operations and investments have been financed principally by the internal resources and funds from the substantial shareholders and convertible bond holders. Following the Listing, the Directors expect to finance the Group's future operations, capital expenditure and other capital requirements with the existing bank balances and cash available, future cash inflows from operations and the net proceeds from the Listing.

The gearing ratio, defined as the ratio of total liabilities to total assets, was 49.4% as at 30th September, 2002, compared to 113.3% as at 31st March, 2002. The decrease was mainly due to the conversion of convertible bonds to the share capital of Smart Talent Holdings Limited, a wholly owned subsidiary of the Company, on 10th June, 2002.

## Employees

As at 30th September, 2002, the Group had 17 employees (31st March, 2002: 18), comprising 3 in management (31st March, 2002: 3), 9 in content development (31st March, 2002: 10), 2 in sales and marketing (31st March, 2002: 2) and 3 in finance and administration (31st March, 2002: 3). The Group's remuneration, bonus and share option scheme policies are granted based on the performance of individual employees.

## Contingent Liabilities

As at 30th September, 2002, the Company did not have any significant contingent liabilities.

## Foreign Currency Risk

The income and expenditure of the Group are mainly in Hong Kong dollars and the assets and liabilities of the Group were denominated in Hong Kong dollars. Accordingly, the Directors do not consider the Group is significantly exposed to any foreign currency exchange risk.

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE THREE MONTHS AND FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Notes	Three months ended 30th September,		Six months end 30th September,	
		2002 (Unaudited) HK\$	2001 (Unaudited) HK\$	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$
Turnover	3	<b>1,434,827</b>	449,202	<b>2,272,204</b>	1,796,056
Cost of sales		<b>(777,404)</b>	(63,392)	<b>(1,071,690)</b>	(548,692)
Gross profit		<b>657,423</b>	385,810	<b>1,200,514</b>	1,247,364
Other revenue	3	<b>1,594</b>	27	<b>6,369</b>	262
Selling expenses		<b>(9,880)</b>	(100)	<b>(9,880)</b>	(100)
Administrative expenses		<b>(550,083)</b>	(855,968)	<b>(1,111,704)</b>	(1,693,133)
Other operating expenses		<b>(331,237)</b>	(339,834)	<b>(669,022)</b>	(757,636)
Operating loss	4	<b>(232,183)</b>	(810,065)	<b>(583,723)</b>	(1,203,243)
Financc costs	5	–	(15,004)	<b>(11,671)</b>	(30,024)
Loss before taxation		<b>(232,183)</b>	(825,069)	<b>(595,394)</b>	(1,233,267)
Taxation	6	–	–	–	–
Loss attributable to the shareholders		<b>(232,183)</b>	(825,069)	<b>(595,394)</b>	(1,233,267)
Loss per share	8				
– basic		<b>0.07 cents</b>	0.25 cents	<b>0.18 cents</b>	0.37 cents
– diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2002 AND 31ST MARCH, 2002

	Notes	30th September, 2002 (Unaudited) HK\$	31st March, 2002 (Unaudited) HK\$
<b>Non-current assets</b>			
Fixed assets	9	270,396	512,072
<b>Current assets</b>			
Accounts receivable	10	320,251	372,110
Deposits and prepayments		2,108,063	956,574
Cash and bank balances		1,065,356	1,918,422
		<b>3,493,670</b>	3,247,106
<b>Current liabilities</b>			
Accounts payable	11	113,443	17,893
Accrued expenses		309,483	412,509
Receipts in advance	12	1,436,302	716,763
Convertible bonds and interest payables to be matured within one year	13	—	1,040,548
		<b>1,859,228</b>	2,187,713
<b>Net current assets</b>		<b>1,634,442</b>	1,059,393
<b>Non-current liabilities</b>			
Convertible bonds and interest payables	13	—	2,071,233
<b>Total net assets/(liabilities)</b>		<b>1,904,838</b>	(499,768)
Representing			
<b>Share capital</b>	15	20,389	1,100
<b>Reserves</b>		1,884,449	(500,868)
		<b>1,904,838</b>	(499,768)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	<b>Six months ended 30th September,</b>	
	<b>2002 (Unaudited) HK\$</b>	2001 (Unaudited) HK\$
<b>Net cash outflow from operating activities</b>	<b>(715,634)</b>	(1,188,176)
<b>Net cash outflow from investing activities</b>	<b>(13,980)</b>	(130,144)
<b>Net cash (outflow)/inflow financing activities</b>	<b>(123,452)</b>	1,061,667
<b>Decrease in cash and cash equivalents</b>	<b>(853,066)</b>	(256,653)
<b>Cash and cash equivalents at 1st April</b>	<b>1,918,422</b>	462,105
<b>Cash and cash equivalents at 30th September</b>	<b>1,065,356</b>	205,452
<b>Analysis of the balances of cash and cash equivalents:</b>		
<b>Cash and bank balances</b>	<b>1,065,356</b>	205,452

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	<b>Share capital (Note 15) (Unaudited) HK\$</b>	<b>Merger reserve (Unaudited) HK\$</b>	<b>Accumulated losses (Unaudited) HK\$</b>	<b>Total (Unaudited) HK\$</b>
Balance as at 1st April, 2001	1,000	7,662,333	(6,347,585)	1,315,748
Loss for the period	–	–	(1,233,267)	(1,233,267)
Balance as at 30th September, 2001	1,000	7,662,333	(7,580,852)	82,481
Balance as at 1st April, 2002	1,100	8,612,233	(9,113,101)	(499,768)
Issue of shares and its premium by Smart Talent Holdings Limited as a result of the conversion of bonds	207	2,999,793	–	3,000,000
Issue of shares by HK6 Investment Limited to acquire Smart Talent Holdings Limited and hk6.com Limited	20,389	(20,389)	–	–
Transfer to merger reserve	(1,307)	1,307	–	–
Loss for the period	–	–	(595,394)	(595,394)
Balance as at 30th September, 2002	20,389	11,592,944	(9,708,495)	1,904,838



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. Group reorganization 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,

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 six months ended 30th September, 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 accounts 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.

For the six months ended 30th September, 2002, the Group suffered a loss of HK\$595,394 (For the six months ended 30th September, 2001: HK\$1,233,267), while the accumulated losses as at 30th September, 2002 amount to HK\$9,708,495. As the Group has successfully obtained approval in its application of the listing of the shares of the Company On GEM, the Directors believe that, taking into account its internally generated funds and the net proceeds of the listing of the shares on the GEM, the Company will continue as a going concern and consequently the Directors have prepared the financial statements on the going concern basis.

## **2. Principal accounting policies**

### **(a) Subsidiary Companies**

A subsidiary company is a company in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors.

### **(b) Revenue recognition**

Revenue from the sale of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with time when the goods are delivered to customers and the title has passed.

Revenue from the provision of services is recognized when the services are rendered.

Interest income is recognized on a time apportionment basis.

**(c) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases, net of incentives received from the leasing company, are charged to the profit and loss account on a straight-line basis over the lease periods.

**(d) Retirement benefit costs**

The companies now comprising the Group contribute to defined contribution retirement schemes. The assets are held separately from those of the Group in an independently administered fund. Contributions to these retirement schemes are charged to the profit and loss account as they become payable in accordance with the rules of these schemes.

**(e) Taxation**

The charge for taxation is based on the results for the three months and for the six months ended 30th September, 2002 as adjusted for items, which are non-assessable or disallowable. Timing differences arise from the recognition for tax purposes of certain income and expenses in a different accounting period from that in which they are recognized in the financial statements. The tax effect of timing differences computed under the liability method is recognized as deferred taxation in the financial statements to the extent that it is probable that an asset or liability will crystallize in the foreseeable future.

**(f) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and any provisions for impairment losses required to reflect recoverable amounts. Cost represents purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives, on a straight-line basis, at the following annual rates:

Computer equipment	33 $\frac{1}{3}$ %-50%
Leasehold improvements	Shorter of unexpired lease period or useful life
Equipment, furniture and fixtures	25%-33 $\frac{1}{3}$ %

**(g) Borrowing costs**

Borrowing costs are loan interest and other costs charged to the profit and loss account as they are incurred by the Group in connection with the borrowing of funds

**(h) Related parties**

Two parties are considered to be related within the Group if one party has the ability, directly or indirectly, to control the other parties or exercise significant influence over the other parties in making financial and operating decisions, Parties are also considered to be related if they are subject to common control or common significant influence.

**(i) Accounts receivables**

Provision is made against accounts receivables to the extent they are considered to be doubtful. Accounts receivables in the balance sheet are stated net of such provision, if any.

**(j) Cash and cash equivalents**

Cash and cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

### 3. Segment information

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.

An analysis of the Group's revenue and results for the period by business segment is as follows:

<b>For the six months ended 30th September, 2002</b>					
	<b>Financial information</b>	<b>Financial programme and video production</b>	<b>Financial seminars and courses</b>	<b>Others</b>	<b>Total</b>
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	732,186	1,096,000	444,018	–	2,272,204
Segment results	702,590	316,000	181,924	–	1,200,514
Other revenue					6,369
Unallocated costs					(1,790,606)
Operating loss					(583,723)
Finance costs					(11,671)
Loss before taxation					(595,394)
Taxation					–
Loss attributable to shareholders					(595,394)

<b>For the six months ended 30th September, 2001</b>					
	<b>Financial information</b>	<b>Financial programme and video production</b>	<b>Financial seminars and courses</b>	<b>Others</b>	<b>Total</b>
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	653,162	1,065,500	66,274	11,120	1,796,056
Segment results	653,162	564,700	23,782	5,720	1,247,364
Other revenue					262
Unallocated costs					(2,450,869)
Operating loss					(1,203,243)
Finance costs					(30,024)
Loss before taxation					(1,233,267)
Taxation					–
Loss attributable to shareholders					(1,233,267)

No segmental information analyzed by geographical area is separately presented as the Group's principal market is in Hong Kong.

#### 4. Operating loss

Operating loss is stated after crediting and charging the following:

	Three months ended 30th September,		Six months ended 30th September,	
	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$
<b>Crediting:</b>				
Interest income	1,594	27	6,369	262
<b>Charging:</b>				
Auditors' remuneration	35,000	17,500	35,000	35,000
Depreciation of fixed assets	107,347	211,167	255,656	420,153
Operating leases rental in land and buildings	43,992	43,992	87,984	87,984
Staff costs (including directors' remuneration and retirement benefit costs)	469,704	788,135	941,718	1,548,682

#### 5. Finance costs

	Three months ended 30th September,		Six months ended 30th September,	
	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$	2002 (Unaudited) HK\$	2001 (Unaudited) HK\$
Interest expenses on:				
– bank overdraft	–	4	–	24
– convertible bonds	–	15,000	11,671	30,000
	–	15,004	11,671	30,024

## **6. 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 six months ended 30th September, 2002 (for the three months and for the six months ended 30th September, 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.

## **7. Dividends**

No dividends have been paid or declared by the Company since its incorporation or by companies now comprising the Group to their shareholders for the three months and for the six months ended 30th September, 2002 (for the three months and for the six months ended 30th September, 2001: Nil).

## **8. Loss per share**

The calculation of the basic loss per share for the three months and for the six months ended 30th September, 2002 is based on the unaudited consolidated net loss attributable to shareholders for the relevant period and on the 330,000,000 shares in issue for the three months and for the six months ended 30th September, 2002 (for the three months and for the six months ended 30th September, 2001: 330,000,000 shares) on the assumption that the 330,000,000 shares had been issued throughout the periods for the three months and for the six months ended 30th September, 2002.

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

## 9. Fixed assets

	<b>(Unaudited)</b> HK\$
Cost	
At 1st April, 2002	1,973,382
Additions	13,980
<hr/>	
At 30th September, 2002	1,987,362
<hr/>	
Accumulated depreciation	
At 1st April, 2002	1,461,310
Charge for the period	255,656
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At 30th September, 2002	1,716,966
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Net book value	
At 30th September, 2002	270,396
<hr/>	
At 31st March, 2002	512,072
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## 10. Accounts receivable

Details of the ageing analysis are as follows:

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Unaudited) HK\$
0 to 30 days	<b>294,057</b>	318,110
31 days to 60 days	<b>2,400</b>	—
61 days to 90 days	<b>23,794</b>	54,000
<hr/>		
	<b>320,251</b>	372,110
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Credit terms generally range from 7 days to 30 days.



## 11. Accounts payable

Details of the ageing analysis are as follows:

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Unaudited) HK\$
0 to 30 days	<b>113,443</b>	17,893
31 days to 60 days	<b>—</b>	—
	<b>113,443</b>	17,893

## 12. Receipts in advance

Included in the balance is an amount of HK\$1,040,000 (31st March, 2002: HK\$694,000) received in advance for financial programmes and videos production.

## 13. Convertible bonds and interest payables

	<b>30th September, 2002 (Unaudited) HK\$</b>	31st March, 2002 (Unaudited) HK\$
Convertible bond issued on 21st March, 2000 and to be matured on 20th March, 2003	<b>1,000,000</b>	1,000,000
Convertible bonds issued on 19th June, 2000 and to be matured on 18th June, 2003	<b>2,000,000</b>	2,000,000
Interest payables	<b>123,452</b>	111,781
	<b>3,123,452</b>	3,111,781
Less: Amounts maturing within one year included under current liabilities	<b>—</b>	(1,040,548)
Interest paid	<b>(123,452)</b>	—
Amounts converted as share capital	<b>(3,000,000)</b>	—
	<b>—</b>	2,071,233

These bonds are unsecured and bear interest at 2% per annum. On 10th June, 2002, the bondholders exercised the right to convert these bonds to ordinary shares. A total of 207 shares of HK\$ 1.00 each in the share capital of Smart Talent Holdings Limited were allotted and issued to these bondholders credited as fully paid at an aggregate consideration of HK\$3,000,000.

#### 14. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	Three months ended 30th September,		Six months ended 30th September,	
	2002	2001	2002	2001
	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$
Talent fee paid to a company in which a shareholder has beneficial interest	90,000	—	215,000	378,000

The Directors are of the opinion that the above transactions were conducted at arm's length in the ordinary course of business.

#### 15. Share capital

At 30th September, 2002, the Reorganisation has not yet been completed and accordingly the combined share capital of all companies now comprising the Group prior to the Reorganisation, after the elimination of certain intra-group holdings as at the balance sheet dates, is presented in lieu of the share capital of the Company for the purpose of this interim report.

#### 16. Subsequent events

On 28th October, 2002, the companies comprising the Group underwent the Reorganisation in preparation for the listing of the Company's shares on the GEM of Stock Exchange of Hong Kong Limited and on that day, the Company became the holding company of the Group. The shares of the Company were successfully listed on GEM on 15th November, 2002.

## **BUSINESS REVIEW AND OUTLOOK**

The Group is a multimedia financial information services provider offering a comprehensive range of financial information services which included 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**

Having started out as a financial content provider through the website [www.hk6.com](http://www.hk6.com) in 2000, the Group has evolved into a multimedia real-time financial information services provider with expertise in content reporting, editorial and distribution. In addition, the Group has developed good relationship with a number of well-known financial market commentators, analysts and columnists in Hong Kong and some of them have become the Group's celebrities. Capitalising on the strong support from the Group's celebrities, the Group has developed a reputation of being a provider of up-to-date financial market commentaries and recommendations.

For the six months ended 30th September, 2002, the revenue from provision of real-time financial information services was approximately HK\$732,000, compared to HK\$653,000 in the corresponding period. The increase in revenue was attributable from the management's effort in obtaining contracts from new 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 six months ended 30th September, 2002, the revenue from provision of financial programme and video production services increased slightly to approximately HK\$1,096,000, compared to HK\$1,066,000 in the corresponding period last year.

During the six months period, the Group co-operated with one of financial market regulators in Hong Kong to produce and release of 12-episode of financial programme 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 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 from July to September 2002.

## 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 six months ended 30th September, 2002, the revenue from investor education on financial market was approximately HK\$444,000, compared to HK\$66,000 in the corresponding period. The increase in revenue was due to the increase in number of seminars and courses organized during the six months ended 30th September, 2002 compared to the corresponding period last year.

## Business outlook

The results of the Group improved for the six months ended 30th September, 2002 compared to the corresponding period. The Group's loss for the six months ended 30th September, 2002 amounted to HK\$595,000, representing a decrease of approximately HK\$638,000 compared to the corresponding period last year. This improvement in the results was attributable to the increase in turnover and effective cost control by management.

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.

Up to the date of this report, the Group has entered into co-operative agreements with two Internet content providers in the PRC and has entered into memoranda of understanding with a company engaged in the application of network technology in information and telecommunication systems and design and operation of Global Positioning System ("GPS") application systems, and eight PRC television channels. Under such co-operative agreements/memoranda of understanding, the Directors believe that the Group is able to enhance the distribution networks in 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.

In near future, "HK6" will become a renowned brand name for multimedia financial information services.

## OTHER INFORMATION

### Directors' interests in shares

Up to the date of this report, 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 registrar 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	Number of shares			Total shareholding
		Corporate interests (Note)	Family interests	Other interests	
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, consultant and 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 up to the date of this report were as follows:

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

<b>Commencement date when the options become exercisable</b>	<b>Proportion of options granted under the Pre-IPO Share Option Scheme that can be exercised</b>
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; the 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.

Up to the date of this report, no options were granted or agreed to be granted by the Company under the Share Option Scheme.

### Substantial shareholders

Up to the date of this report, 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:

<b>Name</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
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 up to the date of this report.

## 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 the date of this report, 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 six months ended 30th September, 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.

### **Purchase, sale or redemption of shares**

During the six months ended 30th September, 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, 20th November, 2002