

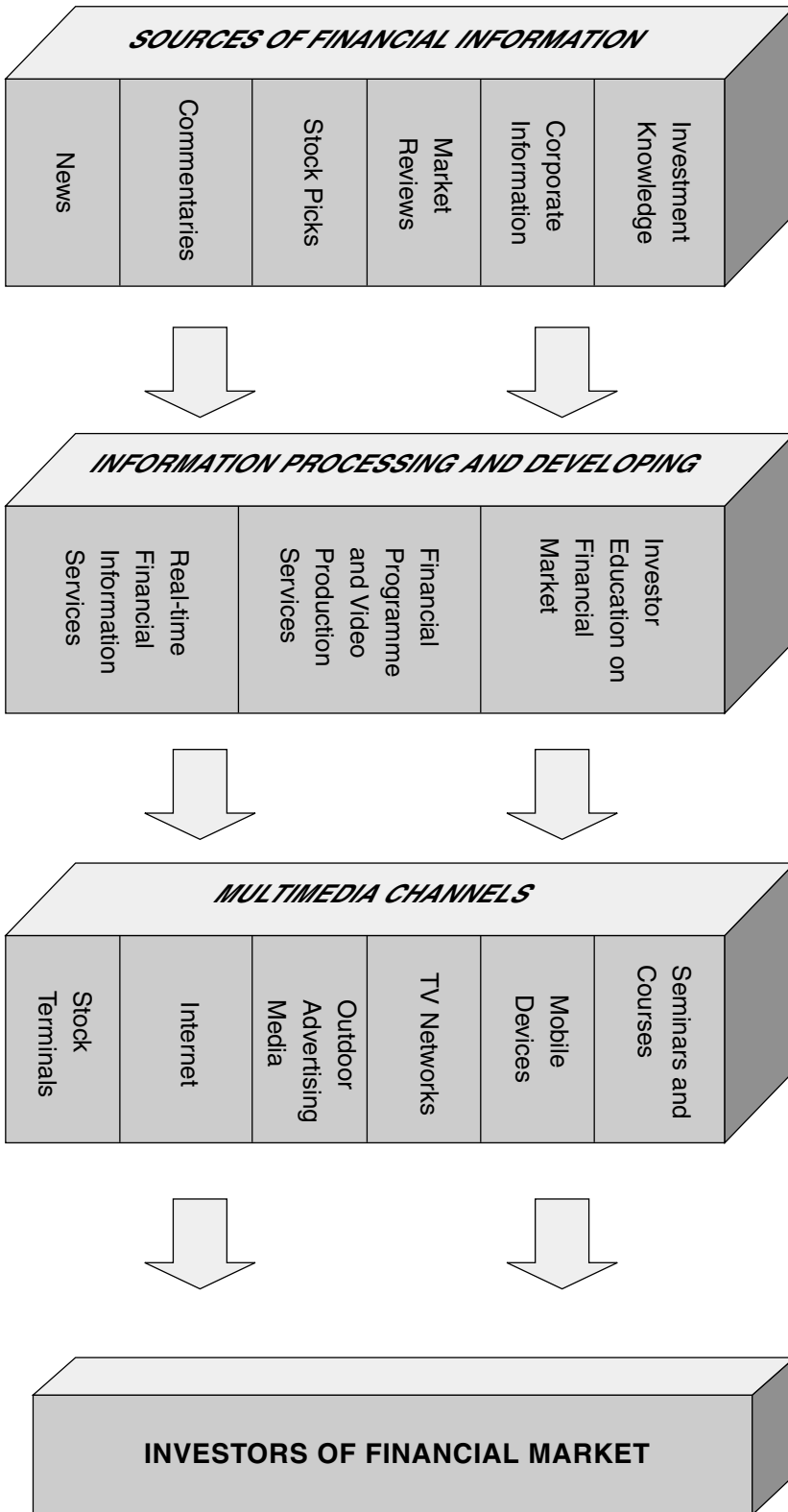
INTRODUCTION

The Group is a multimedia financial information services provider offering a comprehensive range of financial information services which include the provision of (i) real-time financial news and up-to-date financial market commentaries and recommendations through multimedia; (ii) financial programme and video production services; and (iii) investor education on financial market in Hong Kong. The Group's services are characterised by its capability to distribute the information or services through various media channels including stock terminal channels, outdoor advertising media, television networks, Internet and other mobile devices, as well as its ability to produce original financial programmes and source real-time financial news and insightful financial market commentaries and recommendations through its in-house reporter team and Celebrities to both professional and public investors. The Group aims at becoming one of the leading and most comprehensive multimedia financial information services providers in Hong Kong and the PRC.

The Group's business model stems from the objective to screen and filter different sources of information related to financial market and deliver the most useful and latest information and commentaries to public investors, who are always looking for reliable and timely financial information to assist their investment decision making. The Directors believe that public investors are exposed to numerous information on the financial market and information provider who is able to provide the latest, most reliable and the greatest variety of financial information can assist them in making investment decisions. Information such as news, commentaries, recommendations and even rumours on different financial markets and companies, as well as basic investment knowledge may be of interest to public investors. Listed companies are also willing to deliver information such as their latest corporate development, business objectives, strategies and prospects to potential investors in order to attract them to invest in those companies. In light of the expected demand for such kinds of information, the Group establishes a business model that focuses on processing various sources of financial information and developing a comprehensive package of financial information services which can assist public investors to make investment decisions as well as companies to promote their business and branding. The Group also capitalises on the strong audience and viewership base through multimedia in order to increase the coverage of its services.

BUSINESS

Conceptual Business Model of the Group



BUSINESS OPERATIONS

Real-time financial information services

Having started out as a financial content provider through the website 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. The Group has an in-house reporter team sourcing real-time financial information and news from different channels, such as announcements and press releases of listed companies, and also through monitoring the price fluctuation of stocks, interviewing the management of listed companies and market commentators and attending daily events such as press conferences and presentations of listed companies. The Group also sources global financial markets news from other Independent Third Parties and, in such case, will make appropriate references to the sources of such information accordingly which is considered by the Directors as an acceptable market practice. For financial news which the Group's reporters believe to be of particular interest to public investors, they will follow up and report on the latest development. The Group's editorial policy is to send news to customers and post news on its website only after scrutinising by the content editors who ensure that quality standards are maintained across all the reported news and information released. The Directors believe that the enriched, original and reliable content provided by the Group can meet investors' demand for sophisticated and instant financial information for their investment purposes.

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. Up to the Latest Practicable Date, the Group has entered into memoranda of understanding with 12 Celebrities (including Mr. Tang who is an executive Director) and a consultancy agreement with Mr. Chan. 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.

The Group has established a wide range of multimedia distribution channels for its real-time financial information including stock terminal channels, Internet content providers and other mobile devices operators in Hong Kong. These partners can assist the Group to more efficiently and effectively distribute its content to target audience. All the real-time financial information provided by the Group to these multimedia is originated from the same sources and similar in nature. The Directors believe that such practice can maximise the Group's operation efficiency. Currently, the Group's principal media channels used in distributing its real-time financial information include:-

Stock terminal channels

AFE is an online stock trading solutions provider in Hong Kong principally engaged in providing real-time and historical financial and investment data and information including provision of stock terminal services and electronic stock trading platform. Its customers include banks, financial institutions, securities houses, investment consultants, agents and brokers and other media in Hong Kong. It is a joint venture of Reuters Hong Kong Limited, a well-known international news agency and financial information provider, and Systex Corporation.

The Group entered into a contract with AFE in February 2001 for a term of one year and has renewed the contract for another period of one year commencing on 1st March, 2002, pursuant to which the Group granted AFE a license to market and distribute the Group's real-time and updated financial news and commentaries via AFE terminals and other information services provided by AFE. The Group also procured to source the financial market commentaries and recommendations from

BUSINESS

at least any 3 Celebrities out of a group of 16 Celebrities as set out in the contract with AFE. Such information is archived for a period of up to 12 months from the date of its delivery to AFE by the Group so as to allow clients of AFE to retrieve necessary information. In addition, the Group also provides video content to AFE which will be broadcast through the stock terminals every 30 minutes on each trading day using the Group's self-developed application, Internet Video Broadcasting System.

The content currently provided to AFE by the Group includes: –

- **Celebrities Commentaries**
(財星評論) Market commentaries provided by well-known financial market commentators and/or analysts/columnists in Hong Kong. The Group provides a minimum of 10 Celebrities Commentaries to AFE on each Hong Kong stock market trading day.
- **Real-time News**
(即市頭條) A collection of a minimum of 115 (normally 160) real-time financial market news and updates on each Hong Kong stock market trading day.
- **Market Intelligence**
(缸邊情報) Through their connections with brokers, traders and other market participants, the Group's reporters collect first-hand market intelligence for investors. The Group provides a minimum of 55 pieces of Market Intelligence information to AFE on each Hong Kong stock market trading day.
- **Celebrities Recommendations**
(財星推介) Recommendations and investment tips provided by Celebrities.
- **Technical Strategies** Focus on futures market by providing analytical views and commentaries on Hang Seng Index futures.
- **Other video content** Other than text content, the Group also provides video programmes on selected topics to AFE in every 30 minutes on each Hong Kong stock market trading day. Programmes including Celebrities Commentaries, press conference of listed companies, IPO presentation, stock market round-up and corporate videos produced by the Group such as CEO Interviews may be distributed via stock terminals in video format.

Pages of financial information provided via AFE

股運通 17.1

恆生指數:9722.54(-64.95)(-0.66%) 小型期指:9715 低水:7.54 (-36) 總成交額: 4.639B
 期指即日:9720 低水:2.54 (-31) 期指下月:9720 低水:2.54 (-30) 274 GLOBAL GREEN Bid=1.36

7401 恆生指數 香港交易所

交易所	HKG
貨幣	HKD
現時	9722.540
升跌	-64.950
升跌%	-0.66%
開市	9715.670
當日最高	9728.560
當日最低	9655.000
前收市價	9787.490
前收市日	24 OCT 2002
全年最高	12021.720
全年最低	8772.480
歷來最高	18397.570
歷來最低	58.610
歷來最高日	28 MAR 2000
歷來最低日	31 AUG 1967

即時新聞

所有 港交所資訊 路透社新聞 財星網速遞 All Languages

即時頭條 新聞資料庫... 關於 14

11:30 26-10 HK6- 即時頭條-大同<0118.HK>不悉股價急升之因

11:01 26-10 HK6- 即時頭條-冠軍科技<0092.HK>全年純利1.7億, 倒退32%

10:59 26-10 HK6- 即時頭條-牡丹汽車<8188.HK>9個月純利3306萬人民幣, 增長7.6%

10:58 26-10 HK6- 即時頭條-南大蘇富特<8045.HK>9個月純利1046萬人民幣, 增長3%

10:36 26-10 HK6- 即時頭條-看通<1059.HK>全年純利6326萬, 倒退38%

10:33 26-10 HK6- 即時頭條-美國9月新屋銷售升0.4%再創歷來新高

10:28 26-10 HK6- 即時頭條-美國9月耐用用品訂單急跌5.9%

10:26 26-10 HK6- 即時頭條-美10月密歇根消費信心指數急跌至80.6

10:20 26-10 HK6- 即時頭條-金威<0910.HK>全年純利升30%, 派息0.4仙

10:19 26-10 HK6- 即時頭條-美股總結: 藥品股造好, 美股連升三周

10:14 26-10 HK6- 即時頭條-實力國際<0519.HK>全年虧損擴至2792萬元

最新 上一頁 下一頁 1 of 189

11:43 26-10 HK6- 缸邊情報-傳壹傳媒<0282.HK>副主席周安橋辭職

市傳壹傳媒<0282.HK>現任副主席周安橋, 已就私人理由向主席黎智英呈辭, 並將於12月離職。

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傳真 +852 21159676

newsroom@hk6.com

EN 11:43 26-10 HK6- 缸邊情報-傳壹傳媒<0282.HK>副主席周安橋辭職 12:00

股運通 17.1

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歷來最高日	28 MAR 2...
歷來最低日	31 AUG 1...

代號	名稱	現價
1	長江實業	53.750
2	中電控股	31.200
3	中華煤氣	10.350
4	九龍倉	16.050
5	匯豐控股	86.250
6	港燈集團	31.200
8	電訊盈科	1.190
10	恆隆集團	7.150
11	恆生銀行	85.000
12	恆基地產	25.000

恆生指數

9728
9692
9655

10:00 11:00 12:00 休息 15:00 16:15

1 長江實業 CHEUNG KONG

當日最高	54.000	買入
當日最低	52.500	53.500
開市	53.000	103K (16)
前收	53.500	108K (9)
收市價	53.750	164K (18)
升跌\$	+0.250	297K (19)
升跌%	+0.47%	265K (32)
波幅	2.82%	
總成交量	3.177M	交易額
總成交	168.8M	15.59 10C
平均價	53.134	15.59 10C
IEP	0.000	15.59 10C
IEV	0	15.59 10C
交易價位	0.250	港交所
貨單位	1000	
貨幣	HKD	

財經6 頻道

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即時新聞

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最新 上一頁 下一頁 5 of 189

10:36 26-10 HK6- 即時頭條-看通<1059.HK>全年純利6326萬, 倒退38%

看通集團<1059.HK>公布, 截至6月底止之末期業績, 錄得純利6326萬元, 較去年同期下跌38%, 每股盈利2.85仙, 不派末期息。

財星網新聞組 +852 21113826

傳真 +852 21159676

newsroom@hk6.com

EN 10:36 26-10 HK6- 即時頭條-看通<1059.HK>全年純利6326萬, 倒退38% 12:05

Internet content providers

To capitalise on the growth in popularity of Internet as a form of information transmission, the Group has co-operated with a number of Internet content providers to provide its financial information to investors. These Internet content providers include not only traditional portals but also websites of financial institutions in Hong Kong. The Group also maintains its website **www.hk6.com** which is aimed at promoting public awareness of the Group's brand name.

www.hk6.com is the Internet portal of the Group formally launched in July 2000 which offers a wide range of financial market information including the latest financial market news, updated commentaries and recommendations provided by the Group's Celebrities and general investment knowledge on the stock market. Financial news that is presently provided by the Group includes local stock markets news, listed companies information and stock market forecast. Users can also obtain localised investment information from daily market commentaries on Hong Kong stock market. Presently, the financial news on the website **www.hk6.com** is updated throughout the trading hours of the stock market in Hong Kong. In addition, the Group maintains a database of financial news, and commentaries and recommendations of listed companies within two years that can be searched by the public on the Group's website.

The Group currently charges a subscription fee of HK\$100 per month for each subscriber for instant financial information published on the website **www.hk6.com**. However, public can still access the same financial information free of charge but subject to four hours delay and without the access right to certain video content. For the year ended 31st March, 2002, the subscription fee from the Group's website represented approximately 0.3% of the Group's combined turnover. No revenue was generated from the Group's website for the period from 4th October, 1999 to 31st March, 2001.

The Directors believe that the content provided on the Group's website can assist investors to make investment decisions and can promote the brand name of the Group in building up a large viewers base for the Group which targets public investors interested in the Hong Kong stock market.

Capitalising on the Group's content developed from financial programme and corporate video production, the Group is able to expand the spectrum of information provided via Internet to include audio-visual materials. In addition, the Group provides a full range of financial and investment information and knowledge as well as lifestyle features in **www.hk6.com**, which facilitate understanding, planning and achievement of personal financial goals and wealth management.

Basically the website **www.hk6.com** offers the following features:

- *Real-time Express (即市速遞)*: real-time information provided through automatically refreshed screen during trading hours of the stock market in Hong Kong, including:
 - i. Celebrities Commentaries (財星評論)
 - ii. Real-time News (即市頭條)

BUSINESS

- iii. Market Intelligence (缸邊情報)
 - iv. Celebrities Recommendations (財星推介)
 - v. Technical Strategies (技術攻略)
 - vi. Real-time News Summary (即市傳真)
 - vii. IPO Summary (新股上市)
 - viii. Dividend Summary (派息備忘錄)
- *hk6TV*: financial programmes produced by the Group for outdoor advertising media and television networks and corporate videos for investor relations purposes will be broadcast on the Group's website. Other audio-visual content such as Celebrities Commentaries, press conferences of listed companies, IPO presentations, corporate videos and "CEO Interviews" produced by the Group and stock market round-up are also available. The video content provided on the Group's website are transmitted through 56K and broadband connections. Topics of *hk6* include:
 - i. *hk6* Channel (財經6頻道)
 - ii. Wealth Forum (財富論壇)
 - iii. Company Visit (公司巡禮)
 - iv. Celebrities Interview (財星專訪)
 - v. Financial Events (全程直擊)
 - vi. Financial Stories (財經實錄)
 - vii. Stars Interview (名人本色)
 - viii. Stock Market Round-up (每日總結)
 - ix. Voiceful Mail Box (空中信箱)
 - x. Celebrities Index (財星信心指數)
 - xi. Market Focus (大市焦點)
 - xii. Tsang Sir Shows (馱股藏龍)
 - xiii. Celebrities Quotes (財星雋語)
 - xiv. Financial Intelligence (財姿慧語)
 - xv. Gains from Learning (創業心得)
- *hk6 Stock Quotes and Teletext (hk6大利市)*: direct links to other financial information providers and Internet content providers such as AFE, AASTOCKS.com, HKSTOCK Limited and Star Internet Financial Information Services Limited which provide stock quote and teletext service. Certain links provide free delayed stock quote service while subscription fee will be charged for real-time stock quote service. The Group shares revenue with the stock quote and teletext service providers for those subscribers who subscribe for real-time stock quote service from the Group's website linkage. Stock quote service that can be accessed in the Group's website include:
 - i. AFE Quotes (AFE 大利市)
 - ii. *hk6* Quotes (hk6股壇大利市)
 - iii. AA Stock Quotes (AA財星大利市)
 - iv. Star Quotes (星光好利市)

- *Personal investment (理財6面睇):* focus on delivering general information and knowledge for personal investment and financing, including:
 - i. Celebrities Quotes (財星雋語)
 - ii. Funds Track (基金短打)
 - iii. Rich Dad and Poor Dad (富爸窮爸)
 - iv. Moving in Forex (外匯縱橫)
 - v. Property Market Forecast (樓市前瞻)
 - vi. Sixth Avenue (第6街)
 - vii. Celebrities Lecture (財星教室)
 - viii. Uncle 6 Lecture (陸叔講法)
 - ix. Spending Square (消費廣場)

- *Celebrities special (財星專頁):* the special areas for the Group's Celebrities, including Celebrities' background, commentaries and recommendations archive, interview, chats room and voiceful mail box. Celebrities who have special areas on the Group's website include:
 - i. Chan Wing Luk (陳永陸)
 - ii. Tang Sing Hing, Kenny (鄧聲興)
 - iii. Kwong Man Bun (鄺民彬)

A page from the Group's website, www.hk6.com



Apart from the Group's own financial portal, the Group also distributes its real-time financial information to other Internet content providers, which is originated from the Group's website. The Directors consider that the similar nature of the content published on the Group's website and other Internet content providers to which the Group provides services would not materially dilute the viewership of **www.hk6.com** given the huge population base on the Internet. In addition, the Group's website is aimed at promoting public awareness of the brand name of the Group rather than generating revenue.

Under the co-operation with AFE, the Group grants AFE a licence to market and distribute the Group's real-time financial news and market commentaries and recommendations via the Internet services provided by AFE as well as the Internet service "Hong Kong Stock Market Net".

In May 2001, the Group entered into a re-distribution agreement with AASTOCKS.com pursuant to which the Group granted AASTOCKS.com a non-transferable and non-exclusive licence to re-distribute the Group's package of financial information to other websites. Such financial information includes "Real-time News" (即市頭條), "Celebrities Commentaries" (財星評論), "Celebrities Recommendations" (財星推介), "Market Intelligence" (缸邊情報) and "Technical Strategies" (技術攻略). The Group charges AASTOCKS.com a monthly subscription fee and AASTOCKS.com is allowed to mark up thereon. Under the aforesaid agreement, the Group's financial information was offered by AASTOCKS.com to three websites of a financial institution in Hong Kong.

Other users to which the Group provides financial content via Internet include brokerage houses such as Karl Thomson Securities Company Limited and Internet portals such as *www.icare.com.hk*. The Group started to provide real-time financial information to Karl Thomson Securities Company Limited in March 2002 for a period of six months at a fixed subscription fee per month. For *www.icare.com.hk*, the Group has not entered into any written agreement with it. Revenue will be charged by the Group at a fixed rate on each subscriber of *www.icare.com.hk* who has used the Group's content. Both Karl Thomson Securities Company Limited and the operator of *www.icare.com.hk* are Independent Third Parties. Basically the content provided to these Internet content providers is based on the content maintained on the Group's website and the scope of which is determined on a case-by-case basis.

Other mobile devices operators

One of the Group's companies has co-operated with Hutchison Telephone Company Limited, a mobile phone network operator and an Independent Third Party, to provide daily financial market commentaries in text format for access by customers of Hutchison Telephone Company Limited via its WAP services. During the Relevant Periods, approximately 15.8% and 0.1% of the Group turnover were attributable to the services provided to Hutchison Telephone Company Limited.

The advancement of wireless data transmission technology enables wireless access to the Internet through hand-held device such as PDA. To capitalise on this potential market, the Group has established business relationship in November 2001 with HK TelePDA which is a mobile device network operator and an Independent

Third Party providing wireless access services through PDA. HK TelePDA operates a network to deliver various kinds of information to PDA installed with software developed by it. Under the agreement with HK TelePDA, the Group is responsible for the provision of real-time financial information to HK TelePDA for distribution to its subscribers. The agreement is for a term of one year and the Group receives a fixed fee for the information provided on a monthly basis.

The Group also entered into an agreement with a mobile phone and pager network operator in Hong Kong which is an Independent Third Party in December 2001. The services provided by this client include a financial PDA which offers its subscribers to access various financial information such as Hong Kong stock quotes, charts, foreign exchange, financial market news and commentaries. Under the agreement with this client, the Group agrees to provide real-time financial market news and commentaries for a term of one year at a fixed monthly subscription fee.

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. Leveraging on its programme production capability, the Group is able to expand the spectrum of financial information other than text format to include audio-visual format. It allows the Group's financial content to be distributed through different media channels more efficiently.

The Directors believe that financial programmes and videos production services are compliment to the Group's real-time financial information services and will become increasingly important to the Group's revenue stream as they represent value-added information compared with traditional real-time market news and fundamental stock information.

The Group currently produces corporate videos for broadcasting through different media channels including AFE, RoadShow and the Group's website and obtains production or sponsorship income from companies for production of such videos. Through interviews with company management and attending corporate presentations, the Group established contact channels with listed and unlisted companies in Hong Kong. The Directors believe that public exposure and hence market awareness of these companies would be increased through the Group's services by designing, producing and broadcasting the corporate videos of these companies in different media. Depending on the requirements of each media channel and corporate client, the content of such corporate video may include introducing company business and management interview to explain corporate strengths and future prospects.

For some corporate videos which are broadcast in media channels such as television networks, the Group will also search for advertisers to sponsor the broadcasting of an exclusive programme.

Other than producing specific corporate videos and exclusive programmes, the Group constantly interviews senior management of established corporations to share their management experience and produces such content named "CEO Interviews" in video format. Since 2000, the Group has produced a total of 105 corporate videos and "CEO Interviews" which are broadcast through different media channels.

BUSINESS

The Group also produces financial programmes which are specifically tailored for outdoor advertising media and television networks, including RoadShow and ATV. These financial programmes are also provided to other media channels such as AFE and Internet content providers to vivify the traditional text format of financial information.

For the financial programmes and corporate videos produced by the Group, the Group is responsible for idea generation, script writing, host selection, production directorship and supervision, editing and other post-production work. During the Relevant Periods, the contracts/agreements entered into between the Group and its clients in relation to financial programme and video production did not confine which Celebrities should host the programmes and videos.

Outdoor advertising media

Outdoor advertising media industry in Hong Kong and China is becoming a significant segment of the total advertising industry.

To capitalise on the growing opportunity of outdoor advertising media, the Group has established a business relationship with RoadShow which is engaged in multimedia on-board business marketing and advertising to transit vehicle audiences in Hong Kong. The Group utilises its capability in programme production to produce tailor-made financial programmes for broadcasting in the multimedia on-board system of RoadShow and the programming content (typically three minutes in duration) are designed to be of interest to transit vehicle passengers. The programmes produced by the Group are broadcast daily on approximately 2,400 buses in Hong Kong.

The programmes produced by the Group and broadcast on RoadShow include two series of “Celebrities Quotes” (財星雋語) and one series of “Invest with your heads up” (投投是道). The content of “Celebrities Quotes” (財星雋語) principally focuses on investment knowledge, personal financing and financial products and services introduction and includes certain selected corporate videos produced by the Group. The first series of “Celebrities Quotes”(財星雋語) were broadcast via RoadShow on buses in Hong Kong during the period from March 2001 to June 2001 and consisted of 26 episodes of approximately 3 minutes each. The second series consisted of 26 episodes of approximately 3 minutes each and were broadcast during the period from September 2001 to November 2001.

The Group was engaged to produce the first series of “Celebrities Quotes” (財星雋語) by a public relations advisory company which acted as an agent for RoadShow. The Group received a lump-sum production fee from the public relations advisory company where the Group was responsible for idea generation, script writing, production directorship and supervision, editing and other post-production work. For the second series of “Celebrities Quotes” (財星雋語), the Group negotiated the terms directly with RoadShow. In addition to the production fee from RoadShow, the Group also shared the advertisement income for the programme with RoadShow.

“Invest with your heads up” (投投是道) is an investor education programme jointly produced with one of the financial market regulators in Hong Kong with the objective to enhance investor knowledge in the Hong Kong securities market. The programme consisted of 12 episodes broadcast on approximately 2,400 buses in Hong Kong during the period from May 2002 to August 2002.

Television networks

The Group's financial programmes were also broadcast in local television network. In June 2001, the Group entered into a contract with an advertising company under which the Group was engaged in the production of a financial programme "Financial Intelligence" (財姿慧語) which was broadcast on ATV (Home Channel). This programme consisted of 75 episodes of approximately one and a half minutes each and was broadcast during the period from September 2001 to November 2001. The content of "Financial Intelligence" (財姿慧語) focused on basic investment knowledge and investor education.

In January 2002, the Group was engaged by a brokerage house which is an Independent Third Party to produce a financial programme to be broadcast on ATV (Home Channel) during the period from December 2002 to February 2003. The brokerage house paid a fixed sponsorship fee to the Group for arranging and producing this financial programme which will be named using the name of the brokerage house.

In April 2002, Hang Fung Jewellery Company Limited which is an Independent Third Party engaged the Group to produce a 40-episode financial programme named "Uncle Six Golden Quotes" (陸陸無窮句句金). The programme was broadcast on ATV (Home Channel) from May to June 2002. The Group received a lump-sum production fee from Hang Fung Jewellery Company Limited for the programme.

In May 2002, the Group was engaged by Asia Aluminum Holdings Limited which is an Independent Third Party to produce a corporate video and a 8-episode television programme which were broadcast on ATV (Home Channel) from July to September 2002. The Group received a lump-sum production fee from Asia Aluminum Holdings Limited for the video and programme.

In July 2002, the Group entered into a contract with an integrated telecommunication services provider in China, which is an Independent Third Party. The Group was responsible for the production process in respect of a financial programme being broadcast on ATV (Home Channel) during the period from September 2002 to December 2002. Under the contract, the Group receives a fixed production fee and is responsible for content development, script writing, production directorship and supervision, editing and other post-production work for the programme.

The Group's strategy in developing financial programme and video production services is to make use of the reputation of the Group's Celebrities and its coverage of different media to offer listed and unlisted companies in Hong Kong an opportunity to increase their public exposure and promote their business. Clients may choose which media channels to be broadcast as well as which Celebrities to host their programmes and videos.

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

BUSINESS

in organising seminars and courses focusing on investor education on financial market. The Group invites Celebrities as speakers and targets public investors of financial market in Hong Kong. Topics such as financial market updates, basic investment knowledge, financial products and services introduction and personal investment strategy are chosen to aim at facilitating better understanding of investment knowledge and the financial market in Hong Kong among current and prospective public investors. The Group also pursues initiatives and support from professional bodies and joins with other financial institutions and corporations to motivate public investors to obtain objective information and increase their knowledge and understanding of investing in the financial markets.

The Group organised a seminar named “The 6th Discovery in Investment” (投資第6發現) in January 2001 targeted at general public investors. The content of the seminar included Hong Kong financial market forecast and analysis for the year 2001, investment strategies and personal investment knowledge. The Group invited Mr. Chan and Mr. Tang as speakers of the seminar and there were over 200 attendants.

In June 2001, the Group joined with a Chinese newspaper in Hong Kong to organise a seminar to introduce China B Shares. The seminar focused on China B Shares market analysis, recommendations and analysis of the impact of China B Shares market on Hong Kong stock market. The Group invited reputable China market investment analysts as speakers and distributed over 200 tickets.

In May 2002, the Group, sponsored by a brokerage house which is an Independent Third Party, organised a seminar named “Investing on warrants and stocks” (雙線出擊－窩輪股票投資講座) to introduce and analyse the warrants market and the stock market in Hong Kong. It attracted over 300 attendants.

The Group has also assisted HKSI to provide five continuing professional training courses in August 2001, November 2001, February 2002, July 2002 and August 2002 to registered dealers and investment advisers who are required by the SFC to obtain sufficient training hours for each year as a continuous registration requirement. The Group will carry out research on latest development of financial market and advise topics of the training courses to HKSI for approval.

In May 2002, the Group entered into a memorandum of understanding with HKSI whereby the Group agreed to assist HKSI to provide a series of professional training courses for Hong Kong financial practitioners. Under the memorandum of understanding, the Group will be responsible for advising the courses' outline and inviting instructors for the courses.

In July 2002, the Group established the Financial Star Club (財星會) aimed at inviting public investors to subscribe for membership. The Group plans to arrange gatherings for the members of the Financial Star Club in which Celebrities will be invited to share investment experience and deliver investment knowledge to them. Benefits are also offered to members of the Financial Star Club including privileges to participate in meetings with the Group's Celebrities, seminars and courses organised by the Group as well as purchase discounts on selected merchandises. The Directors consider that the establishment of the Financial Star Club can promote investor education in Hong Kong and the brand name of the Group.

REVENUE MODEL

Content distribution-driven model

One of the Group's principal revenue streams comes from the provision of its real-time financial information services to stock terminal channels, Internet and other media channels. Revenue derived from this model is recurring in nature and profitability will increase if more media channels subscribe for the Group's services of which most of the operating costs are fixed in nature.

The content distribution-driven model can be further divided into two bases:–

Fixed subscription fee basis

For the year ended 31st March, 2002, over 40% of the Group's revenue originated from fixed subscription fee where the Group supplied real-time and updated financial news, commentaries and investment information at a fixed rate per month to the subscribers of the Group's website and to other clients for their redistribution. Clients charged at fixed rate basis include AFE, AASTOCKS.com, HK TelePDA, Karl Thomson Securities Company Limited as well as a mobile telephone and pager network operator in Hong Kong.

Revenue sharing basis

Under the revenue sharing basis, the revenue received by the Group is based on the number of subscribers who subscribe for the Group's financial information through the media channels. The Group negotiates the revenue sharing ratio with the media channels individually and the sharing ratios are usually in a range of 25% to 40%. Co-operating media channels under the revenue sharing basis are principally those Internet content providers including AASTOCKS.com and HKSTOCK Limited which provide stock quote service through the Group's website.

Production-driven model

This model generates revenue by producing and hosting financial programmes and corporate videos. This kind of revenue is usually charged at project basis. Depending on the terms of co-operations with media channels and corporate clients, the revenue driven from this model may be a combination of the following income streams:–

Production income

The Group may receive a lump-sum production fee for the production of financial programmes and corporate videos from either the media channels or corporate clients. The Group normally requires its customers to pay deposits after the execution of contracts with them. The Group will recognise the production income when the production is completed. The programmes and videos will then be sold to clients and the ownership of their copyrights may be determined on a case-by-case basis. However, for corporate videos the Group will usually be granted the right to re-distribute to other media for broadcasting. The Group will be responsible for the costs of production including script writing, video shooting, editorial and other post-production costs.

Sponsorship income

The Group may look for a particular sponsor who will pay a fixed sponsorship fee to the Group for arranging and producing an exclusive programme to be broadcast in a selected media. Sponsors are usually corporate clients which aim at increasing their publicity and promoting their business. The Group will suggest various topics and media for its clients to choose from and will be responsible for the production and arranging the programmes to be broadcast in the selected media.

Advertising revenue income

Other than the production fee or sponsorship fee, both the Group and the media channels may look for advertisers to make advertisements in the specific airtime during which the financial programmes produced by the Group are broadcast in particular media channels such as television or outdoor advertising media. This advertising income will be shared between the media and the Group on a ratio negotiated on a case-by-case basis.

Service-driven model

The Group currently organises or co-operates with other organisers to hold educational seminars and courses relating to personal investment and analysis on financial markets for public investors and generates revenue from the entry fee for these seminars and courses. For those co-operative projects, the Group either receives fixed organising fees or shares net profit with the co-organisers.

In the future, the Group intends to capitalise the existing client base of corporate entities and to provide them with other value-added services which are complementary to the Group's existing business. The Group currently produces and hosts corporate video programmes for broadcasting through different media channels. The Group invites Celebrities to interview the managements of listed and unlisted companies in the video programmes such that the companies can introduce their business and prospects to potential public investors or customers with ultimate aims to enhance their corporate image and business opportunities. The Group manages to host these corporate videos in different media channels so as to achieve a more extensive audience coverage.

The Group intends to further develop this business to provide other media-oriented financial information services for listed and unlisted companies, especially companies which plan to apply for listing status in Hong Kong, in order to enhance their public exposure and market awareness. Leveraging on the Group's experience in content development and established relationship with media channels and Celebrities, the Group will provide a variety of choices to its clients including the content and the media of distribution.

CONTENT DEVELOPMENT

Real-time financial information

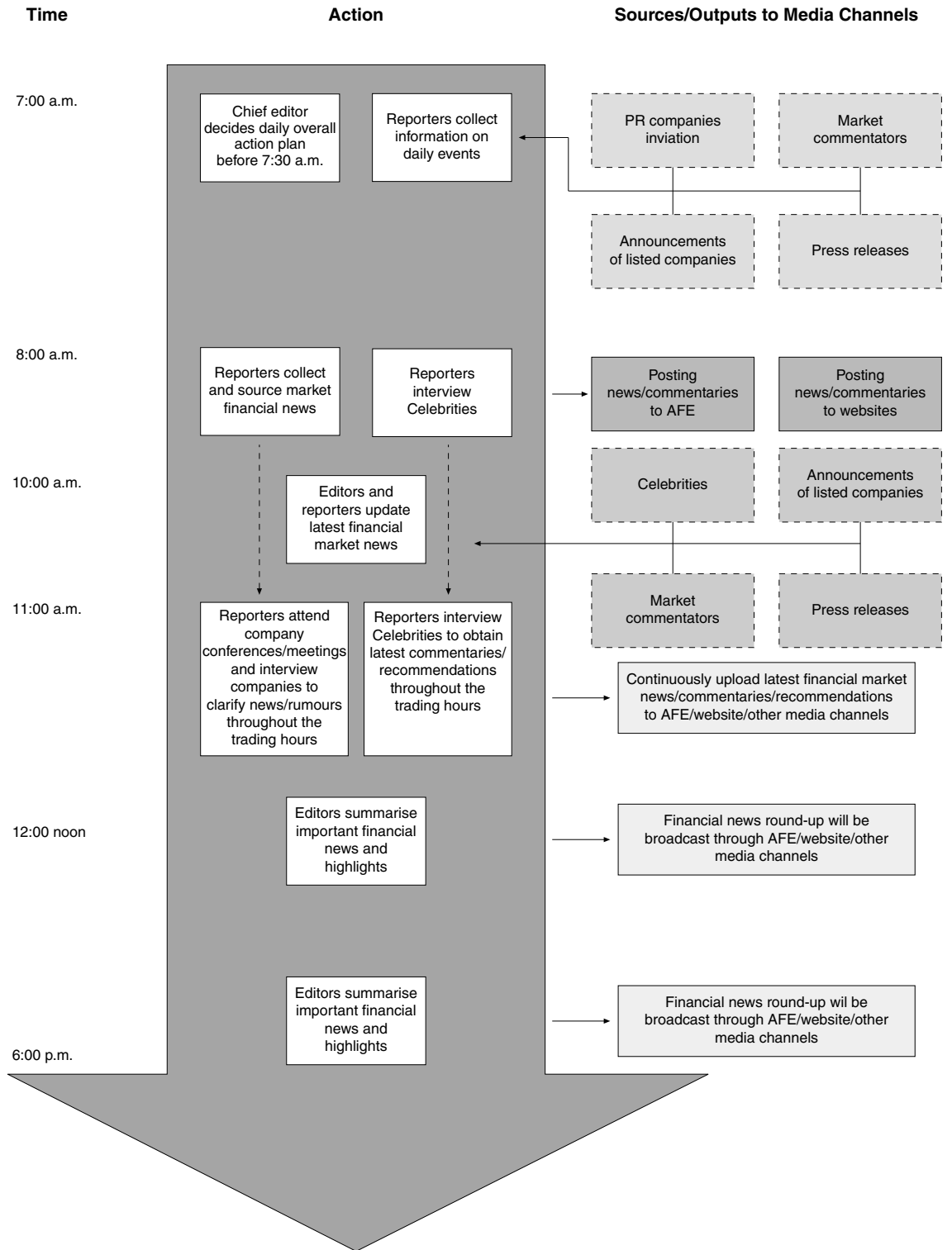
The Group has a team of 5 in-house reporters and 3 editors sourcing real-time financial information and news from different channels such as announcements and press releases of listed companies, and also through monitoring the price fluctuation of stocks, interviewing the management of listed companies and market commentators and attending daily events such as press conferences and presentations of listed companies. The Group also sources global financial markets news from other independent third parties and, in such case, has made appropriate references to the sources of such information accordingly which is considered by the Directors as an acceptable market practice. Where the Group's reporters believe certain financial news to be of particular interest to public investors, they will follow up and report on the latest development. The Group's editorial policy is to send news to customers only after scrutiny by the chief editor of the Group who ensures quality standards are maintained across all the reported news. The Directors believe that the enriched, original and reliable financial market related information provided by the Group can meet investors' demand for sophisticated and instant financial information for their investment purposes.

In addition, the Group has developed good relationship with certain well-known financial market commentators, analysts or columnist in Hong Kong. Through years of co-operations with them, these financial market commentators, analysts or columnist become the Group's Celebrities. The Group's in-house reporters obtain an average of 17 market commentaries and recommendations from over 10 Celebrities on each Hong Kong stock market trading day through interviews or telephone conversations.

Before 7:30 a.m. on each Hong Kong stock market trading day, the chief editor of the Group will decide the over-all action plan for sourcing financial content to be distributed to different media. The chief editor of the Group, the editors and the reporters will review information from other media such as announcements and press releases of listed companies and obtain schedules of press conferences and company meetings to decide the latest topics in the Hong Kong financial market and the schedule of actions for the reporters. Throughout the Hong Kong stock market trading hours, the reporters will collect latest market news; interview Celebrities to obtain current market forecast and commentaries; attend press conferences and company meetings and interview company management. After being scrutinised by the chief editor of the Group, the information is then uploaded to computers for automatic transmission to AFE, the Group's website and other Internet content providers which subscribe for the Group's financial information services.

BUSINESS

The following diagram illustrates the daily work flow in relation to the provision of financial information by the Group to different media channels during the trading days:–



Financial programme and video production

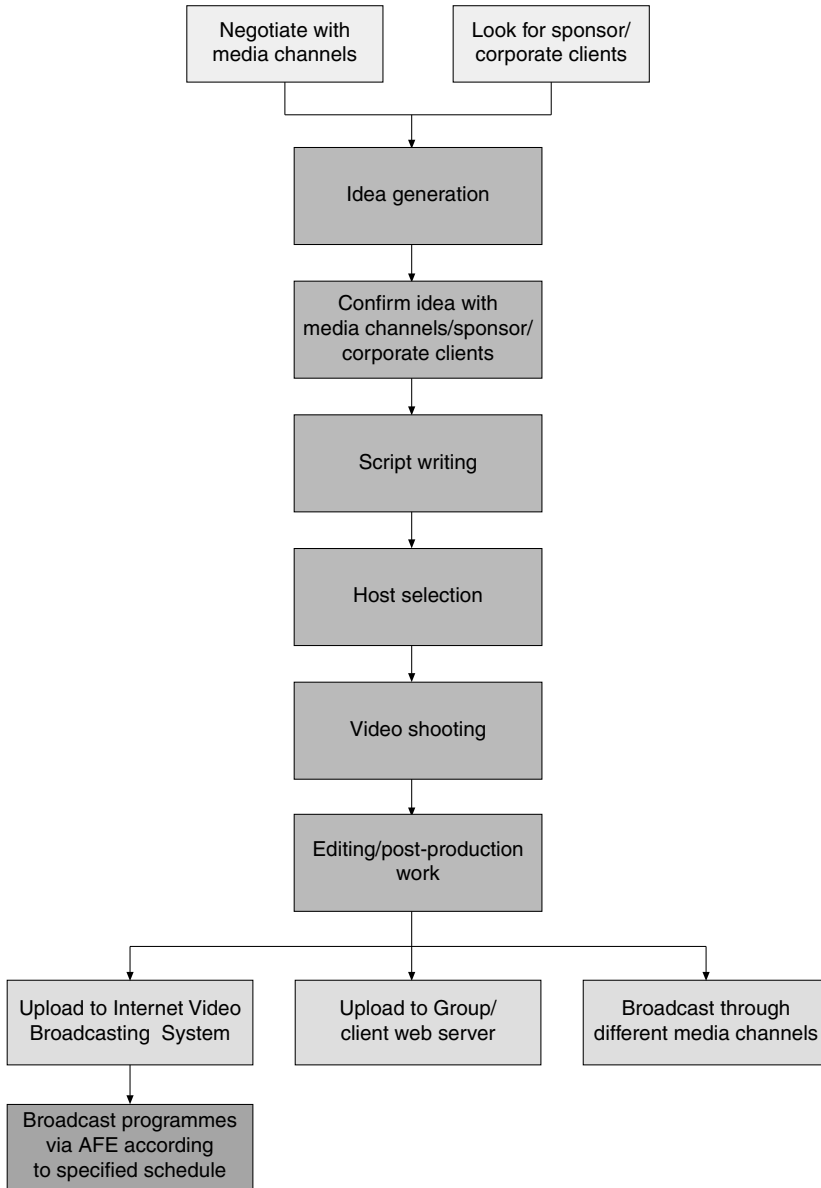
The Group's financial programme and video production business can be classified into routine operation and non-routine operation. The chief editor of the Group will select certain Celebrities interviews, press conferences, IPO presentations, corporate videos and "CEO Interviews" produced by the Group and market round-up to be reported in audio-visual format for broadcasting through different media channels. In addition, the Group constantly interviews with senior management of established corporations to share their management experience and produces such content named "CEO Interviews" in video format. Such daily video production operation is routine in nature and serves as a value-added component to the traditional text format content.

For non-routine programme and video production, the Group's sales and marketing team will approach media channels and corporate clients to look for opportunities to produce financial programmes or corporate videos for them. Some media channels will also request the Group to produce financial related programmes to be broadcast via their media. Once a project is confirmed, the Group will be responsible for idea generation, script writing, host selection, production directorship and supervision, editing and certain post-production works while the process of video shooting and part of post-production works are outsourced to independent third parties which are experienced in video production.

Depending on the terms of each co-operation project with media channels and corporate clients for programme and video production, the Group may be granted the right to broadcast these programmes and videos on the Group's website or via other media channels.

BUSINESS

The following chart demonstrates the general procedures for producing a financial programme or video by the Group:-



BUSINESS PARTNERS

The Directors believe that the Group's relationship with its Celebrities and business partnership with media channels allow it to differentiate its services from other financial content providers. The Group has entered into various strategic alliance agreements or memoranda of understanding to ensure its capability to provide instant, comprehensive and quality financial information services through efficient and effective media channels networks.

Each of the memoranda of understanding referred to in this section of the prospectus has been entered into with the general purpose of setting out, in broad and general terms, the basic understanding and intention of the parties thereto, and the nature and form of the co-operation which the parties wish to develop.

Celebrities

The Directors believe that the Group's success is partly attributable to its relationship with the Celebrities, who are well-known financial commentators, analysts or columnists in Hong Kong. They provide stock market commentaries and recommendations to the Group for the provision of its financial information services through various media channels. In addition, the Celebrities are invited to host financial programmes and corporate videos as well as to participate as speakers at the seminars and courses organised by the Group. During the Relevant Periods, the Group obtained financial market commentaries and recommendations from a pool of Celebrities and did not rely on a particular Celebrity.

For the period from 4th October, 1999 to 31st March 2001, there were around 10 Celebrities contributing stock market commentaries and recommendations to the Group including Mr. Chan Wing Luk (陳永陸先生), Mr. Tang Sing Hing, Kenny (鄧聲興先生), Mr. Kwong Man Bun (鄺民彬先生), Mr. Wong Wai Kit, Louis (黃瑋傑先生), Mr. Tsang Chi Ying (曾志英先生), Mr. Wong Kwok Ying (黃國英先生), Mr. Pang Wai Sun (彭偉新先生), Mr. Lam Hok Kweng (林學焯先生), Mr. Chan Mou Fung (陳茂峰先生) and Mr. Wan Chuck Pui, Mark (溫灼培先生). For the year ended 31st March, 2002, the number of Celebrities providing such services increased to more than 30.

Other than providing stock market commentaries and recommendations, however, the Group had paid cash consideration to the Celebrities who hosted or appeared in the financial programmes and corporate videos produced by the Group and those who participated as speakers at the seminars and courses organised by the Group. For each of the Relevant Periods, the talent fees of approximately HK\$74,500 and HK\$476,500 were paid to the Celebrities, of which approximately HK\$74,500 and HK\$468,000 were accounted for the services provided by Mr. Chan while the remaining were paid to the Celebrities.

As at the Latest Practicable Date, Smart Talent has entered into memoranda of understanding with 12 Celebrities (including Mr. Tang who is an executive Director) and a consultancy agreement with Mr. Chan as a consultant under which each of these Celebrities and Mr. Chan agrees to, as and when requested by the Group and from time to time during the terms of such memoranda of understanding and consultancy agreement (as the case may be) but subject to good faith discussion, negotiation and agreement between the Group and each of the Celebrities and Mr. Chan on a case by case basis, provide financial contents consisting of commentaries, analyses and advices on financial markets or other financial products and to act as hosts or speakers in the financial programmes produced and at the seminars organised by the Group.

The scope of services to be provided by the Celebrities and Mr. Chan and the timing and manner in which such services to be provided and utilised by the Group on each occasion are subject to good faith discussion, negotiation and agreement between the Group and each of the Celebrities and Mr. Chan on a case by case basis. However, the Group's memoranda of understanding and consultancy agreement with the Celebrities and Mr. Chan (as the case may be) generally provide that the Celebrities and Mr. Chan shall at all times act in good faith to discuss, negotiate and agree such matters with the Group and shall not unreasonably refuse to provide any services requested by the Group.

BUSINESS

Under the memoranda of understanding and the consultancy agreement entered into between Smart Talent and each of the Celebrities and Mr. Chan (as the case may be), services to be provided by them to the Group are not exclusive. However, the Directors are of the view that they are similar to the suppliers of the Group and so it is commercially unreasonable to request a supplier to provide exclusive services to a particular company. In fact, it is the intention of the Group not to rely on a particular Celebrity to provide services but to capitalise on a pool of Celebrities to perform for the Group.

Based on the following reasons and with reference to the past experiences, the Directors believe that the Celebrities are willing to accept any assignment from the Group under normal circumstances:

- the assignments can increase public exposure of the Celebrities in multimedia which enable them to create reputation and maintain popularity for themselves. It is a market practice for many Celebrities to provide financial market commentaries to various media free of charge;
- financial market commentaries are normally provided by the Celebrities over the phone to the Group which only involve them a minimal of time; and
- the Group relies on a pool of Celebrities instead of a particular Celebrity which ensures that services can be obtained from any of the Celebrities.

The Directors consider that all Celebrities who have entered into memoranda of understanding with the Group are also providing financial commentaries to different media, such as newspapers, television channels and radio channels. It is a common practice in the industry for such engagement since the Celebrities are also capitalising on such opportunity to create public awareness and popularity for them and to promote the brokerage firms and other financial institutions they are working for.

The principal terms of the memoranda of understanding entered into with the 12 Celebrities and the consultancy agreement entered into with Mr. Chan are basically the same save that i) each of the memoranda of understanding has an initial term of one year from the Listing Date while the consultancy agreement has initial term of two years; and ii) the consultancy agreement entered into with Mr. Chan contains an undertaking to the Company, details of which are set out in the sub-paragraph headed “Undertaking given by Mr. Chan” under the paragraph headed “Competing interests of the Directors, the Initial Management Shareholders and the Substantial Shareholders” in this prospectus.

Each of the Celebrities and Mr. Chan is not entitled to unilaterally terminate the memoranda of understanding and the consultancy agreement (as the case may be) during such initial term. In general, the Group's memoranda of understanding with the Celebrities or the consultancy agreement with Mr. Chan will extend automatically at the end of their respective initial terms until either parties provides written notice of termination to the other. The notice period for termination of the memoranda of understanding or the consultancy agreement is normally not less than one month.

BUSINESS

Further cash consideration for the services to be rendered by the Celebrities to the Group following the listing of Shares on GEM will be determined on a case by case basis. The memoranda of understanding and the consultancy agreement also provide that the Group will have the right to commercialise or market the contents provided by or derived from their participation in the Group's content development and programme production.

For Mr. Chan and Mr. Tang, in addition to the share options of the Company granted under the Pre-IPO Share Option Scheme, the Group will also provide them with cash consideration for hosting financial programmes, corporate videos, seminars and courses produced or organised by the Group. However, no cash consideration will be given for providing stock market commentaries and recommendations. It is estimated that the aggregate value of the share options of the Company granted under the Pre-IPO Share Option Scheme and the cash consideration to be given to each of Mr. Chan and Mr. Tang for each financial year will not exceed HK\$1 million.

In addition to those Celebrities who have entered into the memoranda of understanding with the Group, there are around 17 Celebrities who have not entered into the memoranda of understanding with the Group. However, the Directors believe that through years of co-operation with them, these Celebrities would continue to provide valuable commentaries and recommendations to the Group.

Set out below are highlights of some of the Group's Celebrities and Mr. Chan as a consultant of the Group: –

Mr. Chan Wing Luk (陳永陸先生), or more commonly known as "Uncle Six", is a well-known investment strategist and a market commentator on the stock market in Hong Kong. With more than 29 years of experience in the financial services industry, he is one of the most well-known and popular expert in the financial services industry in Hong Kong.

Since his graduation from The University of Hong Kong with a Degree of Bachelor of Science General in 1973, Mr. Chan has held various senior management positions at the Hongkong and Shanghai Banking Corporation Limited between 1973 to 1982, Legarleon Finance Limited between 1982 to 1984, Dao Heng Bank Limited between 1984 to 1985, Citibank in 1985, Deutsche Bank AG between 1985 to 1990, Tai Fook Securities Company Limited between 1990 to 1996 and Tai Fook Securities Group Limited between 1996 to 2000. In 2000, he set up his own company, U Six Holdings Limited, whose members offer a wide range of services including corporate financial advisory, strategic investment consultation, corporate and financial communications as well as other financial related services.

Mr. Chan is keenly involved in public services and serves various committees. He is a Committee Member of the Investor Education Advisory Committee of the SFC, a member of SFC Shareholders Group, a fellow member of the Hong Kong Institute of Directors, Director of the Hong Kong Securities Institute, a fellow member of the Hong Kong Institute of Marketing, Member of the Corruption Prevention Advisory Committee of ICAC and Committee Member of the Licensing Appeals Board.

BUSINESS

Mr. Tang Sing Hing, Kenny (鄧聲興先生) (*executive Director*), is a well-known commentator of the Hong Kong stock market and financial columnist of several newspapers. Mr. Tang holds a Bachelor of Business degree in Finance & Banking from the Edith Cowan University and a Degree of Associate in Arts in General Education from the University of East Asia. He became a Senior Associate of the Australian Institute of Banking and Finance in 1995. Mr. Tang has over 9 years of experience in the finance industry and has held several positions in financial institutions in Hong Kong including Bank of East Asia between 1993 to 1994 and CA Pacific Group between 1995 to 1998. He was also a tutor for the course of equity analysis offered by The University of Hong Kong (SPACE) between 1997 to 2000 and is currently an Associate Director of Tung Tai Securities Co. Ltd.

Mr. Chan Mou Fung (陳茂峰先生), is presently the Managing Director of Noble Apex Advisors Limited. Mr. Chan is a financial commentators and always provides commentaries to various media in Hong Kong. He is also an active participant on personal financial education and is involved in designing the course material for the Open University of Hong Kong of its first course on personal finance in Hong Kong. Mr. Chan is also a part-time lecturer of certain universities in Hong Kong.

Mr. Lun Sheung Nim, Francis (蘭常念先生), graduated from the University of Minnesota in the United States with a Master degree in Business Administration. Mr. Lun has extensive experience in banking sectors and was a securities analyst of Pacific Challenge Securities Ltd. from 1996 to 1999. He is presently the General Manager of Fulbright Securities Ltd.

Mr. Luo Qi (羅琦先生), is currently the general manager of the Shenzhen Branch of Xiangcai Securities Company Limited. Mr. Luo studied at Zhejiang University, CAD & CG National Key Laboratory and was awarded a Bachelor degree in Advanced Technology and a Master degree in Physics. He started his career in the securities industry in 1998. Before he joined Xiangcai Securities Company Limited, he was a Researcher for China Travel International Trust Securities, specialising in information technology industry sector. Mr. Luo passed the examinations of China Securities and Regulatory Commission in 1999, and became a qualified securities industry practitioner and a qualified financial analyst. Mr. Luo has also published many market and stock analysis articles in different newspapers in the PRC. He has also been the guest commentator on various television programmes of Shenzhen Television Station, Hunan Television Station, Guangdong Television Station and Phoenix Satellite Television Holdings Limited.

Ms. Hung Lai Ping (熊麗萍小姐), is currently the Head of Research of Delta Asia Financial Group. Ms. Hung had worked for Research Department of Nomura Securities (HK) Limited and Mansion House Securities (FE) Limited focusing on the economies of China and Hong Kong as well as the local stock market analysis. Prior to joining the securities sector, she had been a journalist in financial news. Ms. Hung holds a Master's degree in Economics from the University of London.

BUSINESS

Mr. Pang Wai Sun (彭偉新先生), is currently an account manager with TKR Securities International Limited. After graduation from the Hong Kong Baptist University with a Master Degree in Finance, Mr. Pang started his career as a research analyst in a domestic brokerage house and participated in many academic conferences with the intention to improve the domestic investor's education. In 1999, Mr. Pang was elected as a committee member of the Hong Kong Securities Professionals Association and was responsible for the activities in academic affairs. During the past two years, Mr. Pang was a part-time lecturer of several investment courses held by the Hong Kong Securities Institute and the Open University of Hong Kong. In addition, he was invited as a guest speaker in many local financial television and radio programmes. Mr. Pang also contributes articles to some newspapers in Hong Kong.

Mr. Wan Chuck Pui, Mark (溫灼培先生), has joined Tanrich Financial Holdings Limited since 1992, and has recently been appointed as the Senior Research Manager of the company. Mr. Wan is specialized in the world-wide macro economic research and the analysis of various financial markets based on global capital movement including Hong Kong stock market, "Dollar Bloc" currencies, Chicago and Japanese commodities future markets such as crude oil, copper, precious metals, coffee and sugar. Prior to his appointment with Tanrich Financial Holdings Limited, Mr. Wan worked as a property analyst.

Mr. Wong Kwok Ying (黃國英先生), graduated from the University of Hong Kong in 1990 with a Bachelor of Social Sciences degree majoring in economics. He firstly worked in Trendsetter Financial Securities Limited as an analyst responsible for providing real-time analysis in foreign exchange and futures and was later promoted to a senior technical analyst. Mr. Wong then worked for 1 year in a financial institution currently known as Quam Securities Company Limited as a stock analyst. Since 1997, he has been working for OSK Asia Securities Limited as the head of research.

Mr. Wong Man Sek (黃敏碩先生), is the Associate Director of Hantec Investment Consultant Limited and is responsible for global stock market portfolio strategy and mutual fund analysis. Mr. Wong contributes financial analytical articles to the press and financial market commentaries to various electronic media. He started as a research manager in Tai Fook Securities Company Limited and Pegasus Fund Managers Limited, and became research director in Pacific World Asset Management Limited. Mr. Wong holds a Master of Science degree in Finance from City University of Hong Kong and a Bachelor's degree in Financial Services from National University of Ireland. Mr. Wong is also a registered financial planner.

Mr. Wong Wai Kit, Louis (黃瑋傑先生), graduated from the University of Hong Kong in 1982 and joined Alliance Securities (HK) Ltd. as a research analyst in the late 80's. From 1991 to 1993, Mr. Wong was the Vice President of Roctec Investment Limited. He is presently the Director of Phillip Securities (HK) Limited and Phillip Securities Research (HK) Limited and is responsible for asset management and securities research. Mr. Wong has become the financial columnist for Hong Kong Economic Times since 1989 and has been a host of certain financial programmes of Hong Kong Cable Television Limited and the putonghua channel of Radio Television Hong Kong. He is also a part-time instructor of certain investment courses for the City University of Hong Kong.

Ms. Wu Mang Ching, Agnes (胡孟青小姐), is the Deputy General Manager of Karl Thomson Holdings Limited and the Dealing Director of Karl-Thomson Securities Company Limited. Ms. Wu holds a Bachelor of Arts degree in Economics from the University of Leicester in the United Kingdom and a Master of Science in Finance degree from the City University of Hong Kong. Ms. Wu is currently the host of a financial programme of Metro Finance radio and an equity market commentator providing financial commentaries regularly on television, newspapers and websites. She gives seminars and tuitions on equity analysis occasionally for various organisations and academic institutions such as the SPACE of the University of Hong Kong. Ms. Wu is also an Honorary Vice-President of the Advisory Board of the Business Students' Union of the Hong Kong University of Science and Technology during the session 2001 to 2002.

Mr. Tsang Chi Ying (曾志英先生), commonly known as “Tsang Sir”. He was previously a financial translator, reporter, and editor for many newspapers in Hong Kong. Later, he started his electronic media career and hosted many well-known financial programmes for Commercial Radio Hong Kong and Hong Kong Cable Television Limited including “Financial Chit Chat Network”, “Money Family”, “Money Club” and “Financial Chit Chat”. Mr. Tsang is currently hosting two financial programmes for Commercial Radio Hong Kong, namely “Cross Rader” and “Financial Talk Fever” with another well-known financial commentator Mr. Chan.

Media channels

In developing the Group's financial information services, the Group has entered into certain partnership agreements with media channels in Hong Kong. These partnership agreements ensure viewership coverage of the Group's financial information and therefore enhance the efficient and effective distribution of the Group's services. It is also the Group's future plan to develop financial information services market in the PRC and the Group has entered into certain agreements and memoranda of understanding with media channels in the PRC. The Group has sought the PRC legal advice and the Directors confirm that the existing business arrangements and co-operations with the media channels in the PRC as stated in this section comply with relevant PRC laws and regulations. These agreement and memoranda of understanding are described in further details below:–

Media channels in Hong Kong

- **AFE** AFE is an online stock trading solution provider in Hong Kong principally engaged in providing real-time and historical financial and investment data and information including provision of stock terminal services and electronic stock trading platform. Its customers include banks, financial institutions, securities house, investment consultants, agents and brokers and other media in Hong Kong. It is a joint venture of Reuters Hong Kong Limited, a well-known international news agency and financial information provider, and Systex Corporation.

BUSINESS

In February 2001, the Group entered into an agreement with AFE pursuant to which the Group granted AFE a license to market and distribute real-time and updated financial news and commentaries provided by the Group via AFE terminals. Such information was also archived for a period of up to 3 months from the date of its delivery to AFE which could be retrieved by clients of AFE. The agreement with AFE was for a term of one year and automatically renewable for additional six months unless the parties thereof served prior notice of termination. On 1st March, 2002, the Group renewed the agreement with AFE for one year.

- AASTOCKS.com

In May 2001, the Group entered into a re-distribution agreement with AASTOCKS.com pursuant to which the Group granted AASTOCKS.com a non-transferable and non-exclusive license to re-distribute the Group's financial information which was originated from its own website to other websites at a monthly subscription fee and AASTOCKS.com was allowed to mark up thereon. Under the aforesaid agreement, the Group's financial information was offered to three websites of a financial institution in Hong Kong.

- HKSI

In May 2002, the Group and HKSI entered into a memorandum of understanding whereby the Group agreed to assist HKSI to provide a series of professional training courses for Hong Kong financial practitioners.

HKSI is a professional body with an objective to maintain the highest standards of integrity and professional ethics within the industry, and to ensure the ongoing improvement on the standards of professional competence for securities and finance practitioners in Hong Kong through education, training and the necessary qualifications. Currently, all HKSI's continuing professional training courses are recognized by SFC.

Under the memorandum of understanding, the Group will be responsible for advising the courses' outline and inviting instructors for the courses subject to the approval of HKSI.

The memorandum of understanding shall terminate on the earlier of the date of execution of the definitive agreement and 8th May, 2003, unless otherwise extended in writing by the parties thereto.

Media channels in the PRC

- Shanghai Mining Computer Software Co. Ltd.
(上海美寧電腦軟體有限公司)
("Shanghai Mining")
Shanghai Mining, an Independent Third Party, is a leading application service provider in the PRC who specialises in serving financial and securities industry. It is also the first Internet enterprise in the PRC that procures ISO9001 accreditation. It operates the website *www.stockstar.com* (證券之星), which is the first and most comprehensive financial website in the PRC. The website boasts 4 million registered users in 2002, and obtains approximately 70% of the market share in the PRC financial data provision market.

On 1st January, 2002, the Group entered into an agreement with Shanghai Mining for an initial term of one year pursuant to which the Group and Shanghai Mining will jointly set up a column "港股論壇" on the website *www.stockstar.com* (證券之星) operated by Shanghai Mining and will co-operate in organising any marketing activities relating to it. The Group also agreed to authorise Shanghai Mining to publish certain Hong Kong stock market news and information provided by the Group and will provide subscribers of *www.stockstar.com* with information on Hong Kong stock market via their e-mail addresses regularly. In return, the Group is authorised to place advertisements on *www.stockstar.com* and in the aforesaid e-mails, and is entitled to all the advertisement profits realised.

As at the Latest Practicable Date, the co-operation with Shanghai-Mining has not yet commenced because both parties have not finalised the implementation schedule. However, the Directors consider that the co-operation with Shanghai Mining will continue.

- Heilongjiang Star Navigation Position Applied Technology Co. Ltd.
(黑龍江興達導航定位應用技術有限公司)
("Heilongjiang Star")
Heilongjiang Star, an Independent Third Party, is a company engaged in the application of network technology in information and telecommunication systems and the design and operation of GPS application systems. Utilising GPS technology, Heilongjiang Star has rolled out mobile computers and vehicle automatic navigation systems which enable passengers to receive and view information and programmes on transport vehicles.

BUSINESS

In January 2002, the Group entered into a memorandum of understanding with Heilongjiang Star pursuant to which Heilongjiang Star agreed to source Hong Kong stock market news and financial programmes exclusively from the Group, and broadcast these information via its vehicle automatic navigation systems. The Group and Heilongjiang Star also agreed to co-operate in marketing and promotion activities which are planned to be held in certain major cities and regions in the PRC including Heilongjiang, Shanghai, Beijing and Shengzhen.

As at the Latest Practicable Date, no further agreement has been entered into between the Group and Heilongjiang Star and the co-operation has not yet commenced.

- Shenzhen Genius Information Technology Co. Ltd. (深圳巨靈信息技術有限公司) (“Shenzhen Genius”)

On 1st March, 2002, the Group entered into an agreement with Shenzhen Genius, an Independent Third Party, for an initial term of one year pursuant to which:–

 - (i) the Group and Shenzhen Genius will jointly set up a column “香港財星工作室” on the website *www.chinaef.com* (巨靈信息網) operated by Shenzhen Genius and will co-operate in organising any marketing activities relating to it. The Group also authorises Shenzhen Genius to market and distribute via *www.chinaef.com* certain Hong Kong financial market information provided by the Group, and will be entitled to share any profit on agreed terms for those subscription accounts acquired through Shenzhen Genius; and
 - (ii) Likewise, Shenzhen Genius authorises the Group to publish on the Group’s website certain proprietary China B Shares information and to act as Shenzhen Genius agent of Shenzhen Genius to market these information in Hong Kong and the Group is entitled to any mark up on the agreed costs of such information.

In March 2002, the Group started to provide Hong Kong Stock Market news to Shenzhen Genius. Since the Group is only responsible for providing information and Shenzhen Genius has the editorial and publishing authority, the Directors consider that, after seeking the PRC legal advice, the co-operation with Shenzhen Genius complies with relevant PRC laws and regulations.

BUSINESS

- PRC television channels

In May 2002, the Group entered into memoranda of understanding with eight PRC television channels including An Hui Television (安徽電視台), Chu Zhou Television (滁州電視台), Hangzhou Television (杭州電視台), Huai Nan Television (淮南電視台), Qingdao Television (青島電視台), Shaoxing Television (紹興電視台), Wu Wei Television (無為電視台) and Zhejiang Television (浙江電視台). All these PRC television channels are Independent Third Parties.

Under the aforesaid memoranda of understanding, these television channels agreed to provide airtime to broadcast the financial programmes produced by the Group and both parties will jointly organise marketing activities such as press conferences to promote these financial programmes. With the assistance of these television channels, the Group will be able to look for sponsorship for exclusive programmes to be broadcast in the PRC television networks.

As at the Latest Practicable Date, no further agreement has been entered into between the Group and the above eight PRC television channels and the co-operation has not yet commenced.

SALES AND MARKETING

Sales

The Group's revenue mainly includes subscription fees from media channels which subscribe for the Group's real-time financial information services and production or sponsorship fees from corporate clients or media channels for the production or sponsorship of Group's financial programmes and videos. The Group also maintains a diversified base of advertisers and advertising agency clients who put or procure advertisements to be put on the Group's website or during the airtime of the Group's programmes broadcast via different media channels. Depending on the terms of co-operation with different media channels, the Group will share this advertising income with them according to a negotiated sharing ratio.

The Group usually offers its clients credit terms, which are typically 7 to 30 days.

For the period from 4th October, 1999 to 31st March, 2001, the turnover from the Group's largest customer, Asia Information Resources (Holdings) Limited, a company listed on GEM and an Independent Third Party, accounted for approximately 43% of the Group's combined turnover for the period while for the year ended 31st March, 2002, the turnover from the Group's largest customer, AFE, accounted for approximately 37% of the Group's total turnover for the year. Turnover derived from the Group's five largest customers accounted for approximately 100% and 87% respectively of the Group's total turnover for each of the Relevant Periods. The Group has established business relationships with these customers ranging from one year to one year and nine months. Credit terms offered to them were ranging from 7 days to 30 days.

Except that Mr. Wu Wing Kin, an executive Director appointed on 15th October, 2002, who had never have any role in the Group before such appointment (except that Mr. Wu Wing Kin has been a director of Smart Talent since 30th October, 2001), was a director of V Six Securities Limited which is an Independent Third Party and one of the top five largest customers of the Group for the period from 4th October, 1999 to 31st March, 2001 attributing to the turnover of HK\$84,356, representing approximately 36.37% of the total turnover of the Group for the period, none of the Directors, their respective associates and Shareholders who own more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group for each of the Relevant Periods.

During the Relevant Periods, all of the Group's sales were denominated in Hong Kong dollar and the Group accepted cheques from its customers as settlement method.

Marketing

The Group's marketing strategy focuses on building awareness of the Group's brand name as one of the leading financial information services providers with strong support from the Celebrities and its capabilities to develop and distribute real-time financial information through various media channels and to produce financial programmes and corporate videos for publicity purpose of its customers.

The Group is able to achieve this strategy through a series of marketing activities. When the Group's website *www.hk6.com* was firstly launched in July 2000, the Group produced and distributed to the general public a video compact disc which aimed at introducing the Group's Celebrities and the Group's website. In addition, the Group held a talk in a financial seminar named "Where is the money coming from?" (財來自方投資研討會) organised by Metro Broadcast Corporation Limited in April 2000. The Group also set up exhibition counter in the expos named Money World Asia – Hong Kong 2000 and Cyber Web Expo 2000 held in May 2000 and August 2000 respectively. Other than participating in these special events which the Directors believe have increased the Group's publicity, the Group also carried out traditional marketing activities such as publishing advertisements on RoadShow.

The Group will co-operate with media channels to jointly promote the financial information services provided by the Group to increase the interests of public to subscribe for the Group's financial content from various media. The Directors also believe that the seminars and courses solely or jointly organised by the Group can promote the Group's reputation in the financial industry.

As the Group intends to expand its business into the PRC in the near future, marketing activities are currently carried out so as to increase the Group's publicity to PRC investors who are interested in the Hong Kong stock market. The Group has set up two outdoor billboards in Shenzhen during October 2001 to March 2002. It is the intention of the Directors that increasing marketing effort will be diverted to the PRC market in the future.

In July 2002, the Group established the Financial Star Club (財星會) aimed at inviting public investors to subscribe for membership. The Group plans to arrange gatherings for the members of the Financial Star Club in which Celebrities will be invited to share investment experience and deliver investment knowledge with them. Benefits will also be

BUSINESS

offered to members of the Financial Star Club including privileges to participate in meetings with the Group's Celebrities, seminars and courses organised by the Group as well as purchase discounts on selected merchandises. The Directors consider that the establishment of the Financial Star Club can promote investor education in Hong Kong and the brand name of the Group.

The Group relies on direct marketing and referrals from its existing customers and Celebrities for future business development. The Group's marketing team comprises three employees who are responsible for direct marketing and formation of marketing strategies. This team also performs market analysis, coordinates promotional activities and develops strategies to enhance brand awareness of the Group.

FACILITIES AND NETWORK MANAGEMENT

Facilities

The Group's office is located at Room 701, 7th floor of the Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong, occupying an area of approximately 1,128 square feet and is leased from an independent third party pursuant to a lease with an initial term of two years commencing on February 2000 and expiring on February 2002. Such lease has been renewed for a period of 14 months by the Group to April 2003. Total rental payments for the year ended 31st March, 2003 is expected to be approximately HK\$180,000. The office is occupied by the Group's accounting, sales and marketing, content and programme production departments and management.

Sourcing and distributing of the Group's financial information do not require complicated facilities. Equipment such as digital camera, recording system and computers are used for content development. To ensure the stability, speediness and reliability in transmitting financial information to media channels, the Group utilises three leased lines connecting with the Group's web server and clients' web servers.

With respect to the production of financial programmes and corporate videos, the Group is basically responsible for idea generation, script writing, host selection, production directorship and supervision, editing and transmitting to the media channels. The Group utilises digitised equipment including computers and self-developed software application, Internet Video Broadcasting System, for editing and transmitting programmes to different media channels. The Internet Video Broadcasting System is characterised by its capability to transmit programmes and videos to designated servers of media channels according to a designated schedule automatically. Finished programmes and videos are firstly transformed to ASF format and then uploaded and stored in the system. The programmes will be broadcast automatically by the system according to the broadcasting schedule determined and input by the chief editor.

Video shooting and part of post-production works are outsourced by the Group to independent third parties which are experienced in video production. The Directors believe that such arrangement is cost-effective. The Group does not anticipate any difficulty in finding suitable reliable production house for outsourcing the video shooting process and post-production works.

BUSINESS

Network management

The Group's server systems in Hong Kong are physically located at 3rd Floor, Corporation Park, 11 On Lui Street, Shatin, New Territories, Hong Kong and are maintained by an independent IT service contractor, who provides the following services:–

- hosting, maintaining and uploading latest financial information provided by the Group to the web server of www.hk6.com;
- providing at least 1Mbps guaranteed 24-hour Internet connections and 24-hour networking monitoring for the web server of www.hk6.com;
- monitoring two broadband connections between the Group's office and the web server of www.hk6.com located at the IT service contractor;
- providing security infrastructure with firewall and intrusion detection server and anti-virus servers; and
- providing dedicated technical support hotline to users of www.hk6.com by answering their queries on the use of software to improve operational efficiency.

The contract with the IT service contractor is for a period of two years commencing from 25th February, 2002. The total service charge is expected to be approximately HK\$478,000 for the fiscal year 2003.

SUPPLIERS AND PURCHASERS

The Group's suppliers principally consist of the Celebrities and video production houses. Supplies of video production services do not constitute a material portion of the Group's operating costs since the Group's business relied on its experienced staff and the Celebrities in content development. For each of the Relevant Periods, approximately 65% and 54% respectively of the Group's cost of sales were attributable to the talent fees paid to the Celebrities.

Fine Expert Limited, a company wholly owned by Mr. Chan who is a Substantial Shareholder and one of the directors of which is Mr. Wu Wing Kin, an executive Director, was the Group's largest supplier in relation to the services rendered by Mr. Chan for each of the Relevant Periods, whereas the total talent fees paid to him, which were determined on a case-by-case basis, accounted for approximately 65% and 53% respectively of the Group's total costs of sales in those periods. Such amounts paid to Fine Expert Limited represented talent fees paid to Mr. Chan for his participation in the hosting of financial programmes produced and seminars organised by the Group during the respective periods. The Directors consider that such transactions will carry on after the listing of the Shares on GEM and details of which are set out in the paragraph headed "Connected transactions" under the section headed "Business" in this prospectus.

For each of the Relevant Periods, the Group's five largest suppliers accounted for approximately 100% and 95% respectively of total cost of sales of the Group. The Group has established business relationships with these five largest suppliers with an average length of relationship of two years.

BUSINESS

Save as aforesaid, as at the Latest Practicable Date, none of the Directors, their respective associates and Shareholders who own more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group for each of the Relevant Periods.

During the Relevant Periods, all of the Group's purchases were usually settled by cheques in Hong Kong dollars within the credit terms of 30 days granted by the suppliers.

COMPETITION

Through the provision of financial information services with multimedia channels, the Directors consider that the Group will be able to help satisfy the demand for quality financial contents and services from the public investors.

The Directors consider that competition exists in the area of providing real-time financial information in view of numerous ICPs and other media in Hong Kong which are providing information relating to Hong Kong stock market. However, the Directors consider that the Group has competitive advantages attributable to its capabilities to provide real-time financial information in text, voice and video formats based on the Group's in-house reporters team.

The Directors believe that there are small number of competitors for financial programme and video production services. Financial programmes broadcast in Hong Kong are mostly produced by local television channels for their own use. Although there are some production houses produce financial programmes for sale, they do not have much experience in financial areas as compared to the Group. For investor education on financial market, there are certain financial services companies organising seminars and courses but the Group has competitive advantages in this area for its pool of Celebrities and experience in organising financial seminars and courses.

The Directors also believe that the Group's relationship with its Celebrities, the Shareholders' background and the multitude of the Group's various media channels offer extensive distribution of quality financial information which make the Group highly competitive.

The Directors believe that the Group's business and services will continue to experience competition from the existing and potential competitors. In response to such competition, the Group will continue to provide instant and quality financial information promptly which can enhance users' loyalty and appeal to more viewers through different media channels. The Directors believe that the Group is well-positioned to provide such financial information to users with its strong professional and technical team and the Celebrities.

INTELLECTUAL PROPERTY RIGHTS

The Group has applied for the registration of certain trademarks in Hong Kong and the PRC and registered domain names, details of which are set out in the paragraph headed "Intellectual property" under the section headed "Further information about the business" in appendix IV to this prospectus.

RELIANCE ON MR. CHAN

Mr. Chan is a Substantial Shareholder but not a Director. He never participated in the daily management of the Group's business during the Relevant Periods because he has been engaged in other personal business including provision of public relations advisory and consultancy services, hosting of financial programmes for radio and television channels, contributing articles to newspapers and organising financial seminars to public investors, thus he could not devote sufficient time for the management of the Group's business. However, the Group has relied on the services provided by Mr. Chan in providing stock market commentaries and recommendations to the Group, hosting the Group's financial programmes and being a speaker of the Group's financial seminars. During the Relevant Periods, Mr. Chan was the Group's largest supplier and the total talent fees paid to him, which is determined on a case-by-case basis, accounted for approximately 65% and 53% respectively of the Group's total costs of sales in those periods. However, such talent fees paid to Mr. Chan were only related to his services of being the host and speaker of the Group's financial programmes and seminars respectively and the Group did not offer any cash consideration to the Celebrities for contributing financial market commentaries and recommendations, where the turnover of which accounted for approximately 15.8% and 41.9% of the Group's total turnover during the Relevant Periods. In addition, the Group had produced 4 series of financial programmes and corporate videos and organised 5 seminars during the Relevant Periods in which Mr. Chan was the host of 3 series of financial programmes and the speaker of 2 seminars. The Group currently also contacts about 10 to 11 Celebrities in each trading day to collect stock market commentaries and recommendations for the provision of the Group's real-time financial information services and Mr. Chan is always one of the Celebrities being contacted. To provide services to the Group, Mr. Chan has entered into a consultancy agreement with Smart Talent for an initial fixed term of two years commencing from the Listing Date, the details of which are set out in the paragraph headed "Connected transactions" in this section.

Given Mr. Chan's extensive experience and reputation in Hong Kong financial market, the Directors consider that the background of Mr. Chan can help build the Group's brand as a provider of quality financial information services and thus enhancing the Group's capability in obtaining contracts from clients. However, the Directors consider that it may be only one of the reasons for those clients approaching the Group for its services because they may also consider other factors such as the job profiles, experience and quality of services of the Group. Also, the Group's sale and marketing team is responsible for soliciting with its clients in respect of the terms and scope of services. As such, the Directors consider that the revenue earned by the Group during the Relevant Periods cannot be regarded as sourced by Mr. Chan. To ensure continuity of services from the Celebrities and avoid over-reliance on a particular Celebrity including Mr. Chan, the Group has maintained a pool of Celebrities by entering into a memorandum of understanding with each of them so that it can rely on a pool of Celebrities instead of a particular one to provide services to the Group. The Directors consider that there would not be any difficulty in inviting Celebrities to provide services to the Group given that it can increase public exposure of the Celebrities in multimedia and help them build market awareness and maintain popularity.

In relation to the Group's real-time financial information services, since the total number of the Celebrities increased from about 10 for the period from 4th October, 1999 to 31st March, 2001 to about 30 for the year ended 31st March, 2002 and the average number of Celebrities contacted by the Group to obtain financial commentaries is about

10 for each trading day, the Directors consider that the Group has not placed much reliance on Mr. Chan. Regarding financial programmes, since Mr. Chan is one of the most reputed financial commentators in Hong Kong, and thus as indicated above the Group would normally invite him to provide such services. However, other than Mr. Chan, during the period from 1st April, 2002 to the Latest Practicable Date, the Group also invited 6 Celebrities to host 9 episodes of a 12-episode programme and produced 13 corporate videos and “CEO Interviews” which were hosted by the Group’s in-house reporters. In addition, all the contracts/agreements entered into between the Group and its clients in relation to provision of real-time financial information services and financial programme and video production services during the Relevant Periods did not confine which particular Celebrity should provide such services.

In the future, the Group intends to provide financial news, commentaries and educational programmes to the PRC investors who are interested in investing in Hong Kong financial market. The Directors expect that such programmes will be broadcast throughout PRC television channels in the future which would be hosted by the PRC commentators who are proficient in Putonghua and are well-known in the PRC financial markets. As such, reliance on Hong Kong Celebrities will be reduced in the future.

In view of the above, the Directors and the Sponsor consider that there was no over-reliance of the Group’s business on Mr. Chan in relation to his services of providing stock market commentaries and recommendations, hosting the Group’s financial programmes and being a speaker of the Group’s financial seminars. In fact, the Group has taken measures to avoid over-reliance on a particular Celebrity and there will not be any material adverse impact on the business of the Group if Mr. Chan ceases to provide services to the Group.

INVESTMENT ADVISER LICENCE

The turnover attributable to the Group’s financial information business (which includes the issue and publication of stock commentaries and recommendations) accounted for approximately 16% of the Group’s total turnover during the period from 4th October, 1999 to 31st March, 2001, and approximately 42% of the Group’s turnover during the year ended 31st March, 2002. After consultation with the Company’s legal advisers, it has become uncertain whether the Group is definitely not required to obtain an investment adviser licence for its business of issuing and publishing stock commentaries and recommendations of the Celebrities, in particular whether the Group fits the condition that the contents including the stock commentaries and recommendations posted on the Group’s website are generally available to the public, otherwise than on subscription. The Group does not have, nor has it taken steps to apply for, an investment adviser licence under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) in relation to its business of issuing and publishing stock commentaries and recommendations of the Celebrities, as the Directors had been of the view that the Group does not fall within the definition of “investment adviser” under the Securities Ordinance by virtue of the “periodical publication exemption” which is available under the Securities Ordinance. Further, the Group has never been investigated or prosecuted by the SFC in connection with any possible or alleged breach of the Securities Ordinance relating to the requirements to obtain an investment adviser licence. When the new Securities and Futures Ordinance comes into effect which exempts publications which issue analyses or reports on securities and are generally available to the public (whether on subscription or otherwise) from registration, the Group will be entitled and able to rely on such exemption and would not be required to be registered.

BUSINESS

In the event that the Group is convicted of an offence under Section 49 of the Securities Ordinance in connection with its failure to be registered as an investment adviser or to have at least one director who actively participates in or is responsible for the supervision of the Group's investment advice business registered as an investment adviser, the Group is liable to a fine of HK\$20,000 and an additional fine for HK\$200 each day during which the offence continues. The Company's legal advisers have advised the Company that the Group is not liable to any other penalty on a conviction of an offence under Section 49 of the Securities Ordinance and the SFC has no statutory power to discontinue or suspend the business of the Group even if the Group is convicted of an offence under Section 49 of the Securities Ordinance. The Company's legal advisers are of the view that although the SFC will take into account any conviction of an offence in assessing whether an applicant is fit and proper to be registered, the SFC is unlikely to refuse to grant an investment adviser licence solely on the ground of that conviction unless it is an offence involving dishonesty or fraud.

To address the potential issue that the Group could be required to obtain an investment adviser, the Directors have undertaken to the Stock Exchange that the Group would apply for the investment adviser licence from the SFC as soon as practicable, but no later than two weeks after the date of listing of the Company, unless the new Securities and Futures Ordinance comes into effect during such period. To apply for registration, the Group must have at least one director who would actively participate in or be responsible for the supervision of the Group's investment advice business registered as an investment adviser. The Directors believe that the Group can find such director before its application for the investment adviser licence. The Directors believe that the Group has the financial and human resources to enable it to satisfy all the statutory requirements under the Securities Ordinance to be registered as an investment adviser including the requirement to have and maintain a net tangible asset of HK\$500,000 and to have at least one director who actively participates in or is responsible for the supervision of the Group's investment advice business registered as an investment adviser. Further, any conviction of an offence under Section 49 of the Securities Ordinance is not one of the statutory grounds set out in the Securities Ordinance which would entitle the SFC to refuse the Group to be registered as an investment adviser. The Company's legal advisers are of the view that although the SFC will take into account any conviction of an offence in assessing whether an applicant is fit and proper to be registered, the SFC is unlikely to refuse to grant an investment adviser licence solely on the ground of that conviction unless it is an offence involving dishonesty or fraud.

Although the Group would apply for the investment adviser licence no later than two weeks after the listing of the Company, the Group faces a possible risk that it would not be able to conduct its business of stock commentaries and recommendations in the future, in the event that it cannot obtain the investment adviser licence from the SFC. The possible discontinuation of the Group's business of stock commentaries and recommendations may have an adverse impact on the Group as a whole.

Mr. Chan and Ms. Danielle Chan have personally executed an indemnity in favour of the Company to indemnify the Group against all fines and all legal costs and expenses liable to be paid by the Group in connection with or arising out of any prosecution and conviction of the Group under Section 49 of the Securities Ordinance, and all resulted costs, expenses, claims, liabilities, losses and damages to be incurred and suffered by the Group.

BUSINESS

COMPETING INTERESTS OF THE DIRECTORS, THE INITIAL MANAGEMENT SHAREHOLDERS AND THE SUBSTANTIAL SHAREHOLDERS

The business of the Group and the financial-related activities of Mr. Chan, a Substantial Shareholder, and Mr. Tang, an executive Director and an Initial Management Shareholder, are set out as follows:–

The Group: Provision of multimedia financial information services including (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.

Mr. Chan: a celebrity in multimedia who, on his personal capacity or through his controlled companies, (i) contributes financial market commentaries and recommendations; (ii) engages in financial programme hosting; (iii) organises seminars in financial-related areas to public investors; and (iv) engages in the provision of public relations consultancy services.

Mr. Tang: a celebrity in multimedia who, on his personal capacity, (i) contributes financial market commentaries and recommendations; and (ii) engages in financial programme and seminar hosting.

Competing interests of Mr. Chan

Provision of financial market commentaries and recommendations

The Directors consider that the contribution of financial market commentaries and recommendations by Mr. Chan to other media does not directly compete with the Group's business in the provision of real-time financial information because such business activity of the Group is different from that of Mr. Chan in terms of (i) the scope of services being provided; (ii) the mode of providing such services; and (iii) the target customers.

- Scope of services

The business model of the Group is to provide to its customers a package of comprehensive financial information which includes real-time financial news and collective financial commentaries and recommendations from different Celebrities. The Directors consider that the Group's Celebrities including Mr. Chan are simply services providers of the Group such that it can collect financial commentaries and recommendations from a pool of different services providers. The Group also has an in-house reporters team to collect updated financial news and listed companies information such as press conferences and IPO presentations which are processed and consolidated to provide a package of value added financial information to its customers. However, Mr. Chan will not provide real-time financial news or other kinds of comprehensive information services and only contribute financial commentaries and recommendations as an individual talent whereas the scope of which is less comprehensive and the business model is different from that of the Group.

BUSINESS

- Mode of providing services

One of the edges of the Group is that it provides its financial information services through multimedia including the Group's website, television channels, stock terminal channels, Internet content providers, outdoor advertising media, mobile phones and PDA which serve as platforms on which the Group's financial information can be constantly accessed at all times during trading hours of stock market in Hong Kong to ensure market coverage. In fact, the Group's mode of providing its services can be described as actively collecting different types of financial information on a real-time basis and then despatching them to different media channels. However, Mr. Chan as an individual Celebrity who works under personal capacity does not have an established platform of media channels on which his financial commentaries can be constantly accessed at all times during trading hours of stock market in Hong Kong. He only gives his financial commentaries when media such as television channels, stock terminal channels or Internet content providers approach him and can only have a passive role in providing his services.

- Target customers

During the Relevant Periods, the Group's business of providing real-time financial information, for example, to AFE and through the Group's website, was on a collective basis and never provided financial commentaries only from a particular Celebrity. Target customers of the Group are those who are looking for collective package of financial information including financial news, financial commentaries from various Celebrities rather than from a particular Celebrity and other value added financial information services. In fact, the Group does not consider the Celebrities including Mr. Chan as its competitors, and they are only regarded as suppliers or services providers of the Group.

Financial programme hosting

The Group is specialized in the production process of financial programmes and corporate videos such as idea generation, script writing, host selection, production directorship and supervision, editing and certain post-production works while the process of video shooting and part of post-production works are outsourced to independent third parties. However, Mr. Chan is only experienced in hosting financial programmes and he does not have a production team to offer the same services as that provided by the Group. Similar to provision of financial commentaries as described above, the Group only regards Mr. Chan as one of its suppliers in the course of financial programme and video production and Mr. Chan only engages in financial programme hosting in his personal capacity. Since the services offered by the Group in relation to financial programmes and videos production are different from those of Mr. Chan, the Directors consider that no competition exists in this business activity.

Seminars organising

The Directors consider that there is a competition between the Group and Mr. Chan in organising financial seminars to public investors. However, in respect of any business currently carried on by the Group in Hong Kong and/or the PRC as set out in this prospectus, Mr. Chan has undertaken to the Company, details of which are described in the paragraph headed "Undertaking given by Mr. Chan" below, not to carry on any business in competition with that of the Group.

BUSINESS

Provision of public relations consultancy services

The Group does not engage in the provision of public relations consultancy services and therefore there is no competition between the Group and Mr. Chan in this respect. However, the provision of public relations advisory and consultancy services by Mr. Chan may involve the production of corporate videos which is one of the principal businesses of the Group. As such, Mr. Chan has undertaken to the Company in respect of any business currently carried on by the Group in Hong Kong and/or the PRC as set out in this prospectus, details of which are described in the paragraph headed “Undertaking given by Mr. Chan” below, not to carry on any business in competition with that of the Group.

Undertaking given by Mr. Chan

The Directors consider that there is no direct competition between the businesses carried out by Mr. Chan and the Group other than organising seminars in financial-related areas to public investors and the production of corporate videos in the course of providing public relations advisory and consultancy services by Mr. Chan to his clients. Nevertheless, Mr. Chan has undertaken to the Company that, at any time while he and/or any of his associates, whether alone or together, is or are entitled to exercise or control the exercise of 10% or more of the voting power at the general meeting of the Company, he shall not, and shall procure that none of his associates shall, be engaged, concerned or interested directly or indirectly in, whether as shareholder, director, employee, partner, agent or otherwise, or carry on any business in competition with any business currently carried on by the Group in Hong Kong and/or the PRC as set out in this prospectus provided that nothing stated in such undertaking shall prohibit Mr. Chan, acting in his personal capacity alone, from providing, whether for remuneration or not, commentaries, recommendations, analysis and/or advice on financial and stock markets.

The above undertaking will cease to have effect on the date on which Mr. Chan and/or his associates cease to be shareholder(s) who is/are together entitled to exercise or control the exercise of 10% or more of the voting power at the general meeting of the Company.

Competing interests of Mr. Tang

Mr. Tang 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. Mr. Tang also contributes articles and journals to certain newspapers in Hong Kong.

Similar to the situation of Mr. Chan, the Directors consider that the services carried out by Mr. Tang in relation to 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 as an individual talent and the scope of which is less comprehensive and the business model is different from that of the Group.

BUSINESS

Disclaimers

Save as disclosed in this prospectus, none of the Directors, Initial Management Shareholders and the Substantial Shareholders and their respective associates has any business or interest that competes or may compete with the business of the Group and none of the above persons has any conflicts of interest with the Group.

CONNECTED TRANSACTIONS

Discontinued connected transactions

During each of the Relevant Periods, the Group entered into certain agreements with Fine Expert Limited which is a company wholly owned by Mr. Chan and therefore is a connected person of the Company under the GEM Listing Rules. Such transactions constituted connected transactions for the Group. However, such transactions shall cease after the Listing Date. The summaries of such transactions are set out as follows:–

Public relations advisory and consultancy services

The Group has, in the past, engaged Fine Expert Limited for the provision of public relations advisory and consultancy services for the purposes of enhancing the Group's profile and the public awareness of certain activities of the Group. The service fees in relation to such public relations advisory and consultancy services were based on arm's length negotiation between the Group and Fine Expert Limited on a case-by-case basis and were comparable to similar services rendered by Fine Expert Limited to other independent third parties.

The amount paid by the Group to Fine Expert Limited in respect of the public relations advisory and consultancy services for the period from 4th October, 1999 to 31st March, 2001 was approximately HK\$40,000. There was no such service fee paid by the Group to Fine Expert Limited for the year ended 31st March, 2002.

Given that the Group is able to source other public relations services providers at competitive prices, the Directors have confirmed that such connected transaction will not continue after dealings in the Shares on the GEM commence.

Project management services

In April 2000, the Group participated in an exhibition, Money World Asia – Hong Kong 2000. Since the Group did not have sufficient manpower to prepare for the exhibition, the Group engaged Fine Expert Limited for the provision of project management services which included overall event management, booth construction, equipment rental and production of marketing materials. The amount paid for the services provided by Fine Expert Limited was HK\$149,800 and was determined by both parties on normal commercial terms.

As the Group intends to expand its sale and marketing team after the listing of the Shares on GEM, the Directors have confirmed that such connected transaction will not continue after dealings in the Shares on the GEM commence.

Exempt continuing connected transactions

Following completion of the Share Offer, the Group will have the following ongoing transactions which constitute connected transactions under the GEM Listing Rules:-

Consultancy agreement entered into with Mr. Chan

Mr. Chan is a Substantial Shareholder and participates, from time to time, in the Group's business activities such as being the host of financial programmes produced by and speaker of seminars and courses organised by the Group. Mr. Chan has received talent fees for such services provided on a case-by-case basis but has not entered into any agreement to formalise the co-operation relationship. For each of the Relevant Periods, the total talent fees paid by the Group to Mr. Chan amounted to approximately HK\$74,500 and HK\$468,000 respectively.

For the purpose of applying for listing of the Shares on GEM, Smart Talent entered into a consultancy agreement with Mr. Chan in October 2002 pursuant to which Mr. Chan agreed to, as and when requested by the Group and from time to time during the terms of such agreement but subject to good faith discussion, negotiation and agreements between the Group and Mr. Chan, provide multimedia contents consisting of commentaries, analyses and advices on financial markets or other financial products and to appear in the financial programmes produced and at the seminars organised by the Group as hosts or speakers. Other than the aforesaid consultancy agreement and those disclosed in the paragraph headed "Discontinued connected transactions" in this section, Mr. Chan had not entered into any agreement with the Group during the Relevant Periods and up to the Latest Practicable Date.

The consultancy agreement entered into between Smart Talent and Mr. Chan has an initial term of two years from the Listing Date and Mr. Chan is entitled to the share options to subscribe for an aggregate of 2,500,000 Shares granted under the Pre-IPO Share Option Scheme as well as cash rewards as consideration to be determined on a case-by-case basis for his services rendered under such agreement. Based on the subscription price per Share of HK\$0.21 which is equal to 70% of the Offer Price and portion of the share options that can be exercised following the Listing Date as set out in the Pre-IPO Share Option Scheme, it is estimated that the aggregate consideration for the consultancy agreement for each financial year will not exceed HK\$1 million.

Provision of services by Mr. Tang

During each of the Relevant Periods, Mr. Tang participated, from time to time, in the Group's business activities. Mr. Tang may receive talent fees for his services rendered on a case-by-case basis and does not enter into any agreement to formalise the co-operation relationship. For the period from 4th October, 1999 to 31st March, 2001, no talent fee was paid by the Group to Mr. Tang while approximately HK\$3,000 was paid during the year ended 31st March, 2002.

Mr. Tang was appointed as an executive Director on 15th October, 2002 and entered into a director service contract with the Company. Apart from the director service contract, Mr. Tang entered into a memorandum of understanding with the

BUSINESS

Group pursuant to which Mr. Tang agreed to, as and when requested by the Group and from time to time during the terms of such memorandum but subject to good faith discussion, negotiation and agreements between the Group and Mr. Tang on a case by case basis, participate in the Group business activities such as providing stock market commentaries and recommendations, hosting financial programmes and corporate videos and acting as speaker of seminars and courses organised by the Group. As a consideration for providing such services, Mr. Tang will receive talent fees on a case-by-case basis.

Other than the aforesaid director service contract and the memorandum of understanding, Mr. Tang had not entered into any agreement with the Group during the Relevant Periods and up to the Latest Practicable Date.

The Directors estimated that the aggregate talent fees which may be paid to Mr. Tang for each financial year will not exceed HK\$1 million.

The above agreement and the transaction constitute exempt continuing connected transactions under the GEM Listing Rules. The Directors (including the independent non-executive Directors) have confirmed that the terms of the above agreement and the transaction are negotiated on an arm's length basis. The Directors are of the view that the above agreements and the transaction are made in the ordinary and usual course of business of the Group and on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole. Based on the documents and information provided by the Company and relying upon the confirmations made by the Directors, Tai Fook Capital is of the opinion that the exempt continuing connected transactions referred to above are in ordinary course of business of the Group and on normal commercial terms or the terms of such transaction is fair and reasonable so far as the Company and its shareholders as a whole are concerned.

As each of the total consideration or value of the above transactions is less than the higher of (a) HK\$1,000,000; or (b) 0.03% of the net tangible assets of the Group, the transactions will be exempted from any disclosure and independent Shareholders' approval requirements as set out in Rules 20.34 and 20.35 of the GEM Listing Rules.