



HK6 Holdings Limited 駿陸控股有限公司*

(incorporated in the Cayman Islands with limited liability)

First Quarterly Report **2003**

* For identification purpose only

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of HK6 Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the three months ended 30th June, 2003 was approximately HK\$788,000.
- Net loss attributable to shareholders was approximately HK\$629,000 for the three months ended 30th June, 2003.
- Loss per share for the three months ended 30th June, 2003 was approximately HK0.16 cent.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30th June, 2003.

The Directors are pleased to present the unaudited first quarterly results of the Company together with its subsidiaries (collectively the “Group”) for the three months ended 30th June, 2003.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$788,000 for the three months ended 30th June, 2003, representing a decrease of approximately 5.9%, compared to approximately HK\$837,000 for the three months ended 30th June, 2002. Approximately 23.9%, 44.0% and 32.1% of the turnover for the three months ended 30th June, 2003 were attributable to the income derived from the production of financial programmes and videos, provision of real-time financial information services and investor education within the financial market respectively.

The Group incurred a net loss attributable to shareholders of approximately HK\$629,000 for the three months ended 30th June, 2003 as compared to approximately HK\$363,000 for the corresponding period in 2002. The increase of net loss was mainly attributable to the decrease of turnover and the increase of both administrative expenses and other operating expenses.

BUSINESS REVIEW

The Group is a multimedia financial information services provider offering a comprehensive range of financial information services which include the provision of (i) real-time financial news and up-to-date financial market commentaries and recommendations through multimedia; (ii) financial programme and video production services; and (iii) investor education within the financial market in Hong Kong.

Provision of real-time financial information services

For the three months ended 30th June, 2003, the revenue derived from the provision of real-time financial information services was approximately HK\$346,000, compared to approximately HK\$369,000 in the corresponding period. The revenue derived from this source is relatively stable.

Financial programme and video production services

Apart from sourcing real-time financial information for distribution in multimedia channels, the Group also produces financial programmes and corporate videos broadcasting through different media as well as for corporate public relation purposes.

For the three months ended 30th June, 2003, revenue derived from the provision of financial programme and video production services decreased to approximately HK\$188,000, compared to HK\$268,000 in the corresponding period.

Investor education on financial market

Capitalising on the Group's expertise in Hong Kong financial market with its strong database of financial market information and relationship with celebrities, the Group is also engaged in organising seminars and courses focusing on investor education within the financial market.

For the three months ended 30th June, 2003, revenue derived from investor education within the financial market was approximately HK\$253,000, compared to HK\$200,000 in the corresponding period.

BUSINESS OUTLOOK

The Group aims to become one of the leading and one of the most comprehensive multimedia financial information services providers in Hong Kong and to establish market presence in the financial information service market of the People's Republic of China (the "PRC"). The Group seeks to achieve these objectives by expanding its multimedia financial information provision business from Hong Kong to the PRC.

The Directors will continue to seek opportunities to form alliances with companies that already have a sufficient audience or viewership base and media channel partners both in Hong Kong and the PRC in order to capture the viewership base and enhance the Group's distribution networks. In the near future, the Group intends to set up joint ventures with media partners in the PRC as a step to expand its business and enhance its network in the PRC.

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE, 2003

The unaudited consolidated results of the Group for the three months ended 30th June, 2003, together with the comparative unaudited figures for the corresponding period in 2002 are as follows:

	<i>Notes</i>	Three months ended 30th June,	
		2003 (Unaudited) <i>HK\$</i>	2002 (Unaudited) <i>HK\$</i>
Turnover	2	787,820	837,377
Cost of sales		<u>(238,052)</u>	<u>(294,286)</u>
Gross profit		549,768	543,091
Other revenue		31,617	4,775
Administrative expenses		(783,455)	(561,621)
Other operating expenses		<u>(426,473)</u>	<u>(337,785)</u>
Operating loss		(628,543)	(351,540)
Finance costs		<u>–</u>	<u>(11,671)</u>
Loss before taxation		(628,543)	(363,211)
Taxation	3	<u>–</u>	<u>–</u>
Loss attributable to shareholders		<u>(628,543)</u>	<u>(363,211)</u>
Loss per share			
– basic	5	<u>HK 0.16 cent</u>	<u>HK 0.11 cent</u>
– diluted	5	<u>N/A</u>	<u>N/A</u>

NOTES ON THE UNAUDITED QUARTERLY RESULTS

1. GROUP REORGANISATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 23rd May, 2002 as a company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The shares of the Company were successfully listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited on 15th November, 2002.

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

The Reorganisation is accounted for using merger accounting as permitted by the Hong Kong Statement of Standard Accounting Practice 2.127 “Accounting for group reconstructions”. The consolidated accounts of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months ended 30th June, 2002 and 30th June, 2003 are prepared as if the Company had always been the holding company of the Group from the beginning of the earliest period presented.

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

All significant intercompany transactions between group companies have been eliminated on consolidation.

2. TURNOVER

	Three months ended	
	30th June,	
	2003	2002
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Provision of financial information	346,460	369,377
Production of financial programmes and videos	188,000	268,000
Seminars and courses	253,360	200,000
	787,820	837,377

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

3. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5% (2002: 16%). No provision for Hong Kong profits tax has been made, as the Group has no estimated assessable profits for the three months ended 30th June, 2003 (For the three months ended 30th June, 2002: Nil).

No provision for deferred taxation has been recognized in respect of the tax losses as this has not yet been agreed with the Inland Revenue and it is not certain that they can be utilized in the foreseeable future.

4. DIVIDENDS

The Board does not recommend the payment of any dividends for the three months ended 30th June, 2003 (For the three months ended 30th June, 2002: Nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 30th June, 2003 is based on the unaudited consolidated net loss attributable to shareholders of HK\$628,543 (For the three months ended 30th June, 2002: Net loss of HK\$363,211) and the weighted average number of 400,000,000 issued ordinary shares (For the three months ended 30th June, 2002: 330,000,000 issued ordinary shares).

No diluted loss per share for the three months ended 30th June, 2003 and the corresponding period in 2002 has been presented as the Company has no dilutive potential shares.

6. MOVEMENT OF RESERVES

	Share premium (Unaudited) HK\$	Merger reserve (Unaudited) HK\$	Accumulated losses (Unaudited) HK\$	Total (Unaudited) HK\$
The Group				
Balance as at 1st April, 2002	–	8,612,233	(9,113,101)	(500,868)
Issue of shares and its premium by Hong Kong Financial Institute Limited (formerly known as Smart Talent Holdings Limited) as a result of the conversion of bonds	–	2,999,793	–	2,999,793
Loss for the period	–	–	(363,211)	(363,211)
Balance as at 30th June, 2002	<u>–</u>	<u>11,612,026</u>	<u>(9,476,312)</u>	<u>2,135,714</u>
Balance as at 1st April, 2003	15,195,487	8,320,333	(10,316,147)	13,199,673
Loss for the period	–	–	(628,543)	(628,543)
Balance as at 30th June, 2003	<u>15,195,487</u>	<u>8,320,333</u>	<u>(10,944,690)</u>	<u>12,571,130</u>

OTHER INFORMATION

Directors' and Chief Executives' Interests or Short Positions in Shares and Underlying Shares and Debentures

At 30th June, 2003, the interests or short positions of the Directors and the chief executives in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held					Total interests in shares	Number of underlying shares		Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Pre-IPO Share Option Scheme		Aggregate interests		
	<i>(Note)</i>								
Chan Tan Lui, Danielle	-	107,079,195	-	-	107,079,195	2,500,000	109,579,195	27.39%	
Tang Sing Hing, Kenny	27,714,613	-	-	-	27,714,613	1,500,000	29,214,613	7.30%	
Wu Wing Kin	-	-	-	-	-	3,500,000	3,500,000	0.88%	
Kwok Chi Kin	-	-	-	-	-	1,500,000	1,500,000	0.38%	

Note:

These shares are held by Superhero Limited, which is wholly owned by Ms. Chan Tan Lui, Danielle.

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules as at 30th June, 2003.

Share Option Schemes

Prior to the listing of the Company's shares on GEM, the board of Directors (the "Board") was authorised to grant options to certain directors, a consultant, a management shareholder and certain employees of the Group to subscribe for an aggregate of 20,000,000 ordinary shares in the Company, representing 5% of the shares of the Company in issue as at 30th June, 2003, under the terms of the pre-IPO share option scheme on 28th October, 2002 (the "Pre-IPO Share Options Scheme") and the price payable for each share on exercise of such options granted is HK\$0.21, representing 70% of the offer price per share of the Company to the public.

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Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at 30th June, 2003 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 30th June, 2003
				At 1st April, 2003	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options cancelled during the period	
<i>HK\$</i>									
Directors									
Chan Tan Lui, Danielle	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	-	-	-	-	2,500,000
Wu Wing Kin	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	3,500,000	-	-	-	-	3,500,000
Tang Sing Hing, Kenny	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	1,500,000	-	-	-	-	1,500,000
Kwok Chi Kin	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	1,500,000	-	-	-	-	1,500,000
Consultant									
Chan Wing Luk	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	-	-	-	-	2,500,000
Management Shareholder									
Cheng Kin Sang	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	500,000	-	-	-	-	500,000
Other employees									
In aggregate	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	8,000,000	-	-	-	-	8,000,000
				20,000,000	-	-	-	-	20,000,000

- (1) Under the terms of the options granted under the Pre-IPO Share Option Scheme, these options can only be exercised by the grantees in the following manner:

Commencement date when the options become exercisable	Proportion of options granted under the Pre-IPO Share Option Scheme that can be exercised
the date falling 12 months after 15th November, 2002 (the "Listing Date")	50%
the date falling 18 months after the Listing Date	25%
the date falling 24 months after the Listing Date	25%

- (2) Among the grantees in this grant of options, 4 executive directors for an aggregate of 9,000,000 shares were granted to them; a consultant of the Group for 2,500,000 shares were granted; a management shareholder of the Group for 500,000 shares and 12 full-time employees of the Group for an aggregate of 8,000,000 shares were granted.

On 28th October, 2002, the Company conditionally adopted a further share option scheme (the "Share Option Scheme") whereby full-time employees, executive or officers, directors of the Group and any suppliers, contractors, consultants, agents and/or advisers who, in the absolute determination of the Directors, will contribute or have contributed to the Group may be granted options to subscribe for shares of the Company. The Share Option Scheme became unconditional upon the listing of the Company's shares on GEM on 15th November, 2002.

At 30th June, 2003, no options were granted or agreed to be granted by the Company under the Share Option Scheme.

As the Company's shares have only been listed on the GEM since 15th November, 2002, the Directors do not consider that it is appropriate to disclose a theoretical value of the share options granted during the period because there would not be sufficient historical price performance data to produce reasonable valuations using commonly used methodologies.

Interests Disclosable under the SFO and Substantial Shareholders

As at 30th June, 2003, the following persons (other than the Directors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or had direct or indirect interests in 10% or more of the issued share capital of the Company:

Name of Shareholder	Capacity	Number of shares held		Aggregate interests	Approximate percentage of the issued share capital of the Company
		Interests in shares	Number of underlying shares		
Superhero Limited (Note 1)	Beneficial owner	107,079,195	–	107,079,195	26.77%
Chan Tan Lui, Danielle (Note 1)	Interest of a controlled corporation	107,079,195	2,500,000	109,579,195	27.39%
U six Group Limited (Note 2)	Beneficial owner	97,001,144	–	97,001,144	24.25%
Chan Wing Luk (Note 2)	Interest of a controlled corporation	97,001,144	2,500,000	99,501,144	24.88%
Tang Sing Hing, Kenny	Beneficial owner	27,714,613	1,500,000	29,214,613	7.30%
Chang Kin Kei	Beneficial owner	25,195,103	–	25,195,103	6.30%

Notes:

- (1) These entire issued shares of Superhero Limited is wholly owned by Ms. Chan Tan Lui, Danielle.
- (2) These entire issued shares of U six Group Limited is wholly owned by Mr. Chan Wing Luk.

Save as disclosed above, no person (other than the Directors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or had direct or indirect interests in 10% or more of the issued share capital of the Company as at 30th June, 2003.

Competing Interests

Mr. Tang Sing Hing, Kenny, executive director and management shareholder of the Company, is a well-known celebrity in financial industry and is from time to time being invited by different media such as television and radio channels as speaker or host of various financial programmes and seminars. He also contributes articles and journals to certain newspapers in Hong Kong.

The Directors consider that the services carried out by Mr. Tang Sing Hing, Kenny in relation to the financial programmes and seminars hosting and financial journals writing in his personal capacity will not constitute any competition for the Group on the ground that such activities are carried out by Mr. Tang Sing Hing, Kenny as an individual talent and the scope of which is less comprehensive and the business model is different from that of the Group.

Save as disclosed above, none of the Directors or the management shareholders of the Company (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group.

Sponsor's Interests

As updated and notified by the Company's sponsor, Tai Fook Capital Limited (the "Sponsor"), as at 30th June, 2003, neither the Sponsor nor any of its respective directors, employees or associates (as referred to in note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the Company's shares.

Pursuant to the agreement dated 30th October, 2002 entered into between the Company and the Sponsor, the Sponsor has received and will receive a fee for acting as the Company's retained sponsor for the period from the Listing Date to the earlier of 31st March, 2005 or the date on which the agreement is terminated upon the terms and conditions as set out therein the agreement.

Audit Committee

The Company established an audit committee in compliance with the Code of Best Practice as set out in Rule 5.23 of the GEM Listing Rules on 28th October, 2002 with written terms of reference based on the guidelines of the Hong Kong Society of Accountants. It comprises an executive director, namely, Ms. Chan Tan Lui, Danielle and two independent non-executive directors, namely Ms. Luk Wai Wun, Vivien and Mr. Yip Tai Him. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advices and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited first quarterly report for the three months ended 30th June, 2003.

Board Practice and Procedures

During the three months ended 30th June, 2003, the Company has complied with the Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules (if applicable).

Purchase, Sale or Redemption of Shares

During the three months ended 30th June, 2003, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

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

Hong Kong, 8th August, 2003