



HK6 Holdings Limited

駿陸控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Interim Report **2003**

* For identification purpose only

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

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

HIGHLIGHTS

- Turnover of the Group for the six months ended 30th September, 2003 was approximately HK\$1,283,000.
- Net loss attributable to shareholders was approximately HK\$1,668,000 for the six months ended 30th September, 2003.
- Loss per share for the six months ended 30th September, 2003 was approximately HK0.42 cent.
- The board of the Directors (the "Board") does not recommend the payment of any interim dividend for the six months ended 30th September, 2003.

The Directors are pleased to present the unaudited interim results of the Company together with its subsidiary companies (collectively the "Group") for the six months ended 30th September, 2003.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$1,283,000 for the six months ended 30th September, 2003, representing a decrease of approximately 43.6%, compared to approximately HK\$2,272,000 for the six months ended 30th September, 2002. Approximately 14.7%, 54.7% and 30.6% of the turnover for the six months ended 30th September, 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\$1,668,000 for the six months ended 30th September, 2003 as compared to approximately HK\$595,000 for the corresponding period in 2002. The increase of net loss was mainly attributable to the decrease of turnover and the increase of 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 six months ended 30th September, 2003, the revenue derived from the provision of real-time financial information services was approximately HK\$702,000, compared to approximately HK\$732,000 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 six months ended 30th September, 2003, revenue derived from the provision of financial programme and video production services decreased to approximately HK\$188,000, compared to approximately HK\$1,096,000 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 six months ended 30th September, 2003, revenue derived from investor education within the financial market decreased to approximately HK\$392,000, compared to approximately HK\$444,000 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 network. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and profitability

The Group recorded turnover of approximately HK\$1,283,000 (for the six months ended 30th September, 2002: approximately HK\$2,272,000) for the six months ended 30th September, 2003, representing a decrease of approximately 43.6%, compared to the previous corresponding period. Approximately 14.7%, 54.7% and 30.6% (for the six months ended 30th September, 2002: approximately 48.3%, 32.2% and 19.5%) of turnover for the six months ended 30th September, 2003 were attributable to income for the production of financial programmes and videos, provision of real-time financial information services and investor education on financial market respectively.

The Group's gross profit for the six months ended 30th September, 2003 amounted to approximately HK\$953,000 (for the six months ended 30th September, 2002: approximately HK\$1,201,000), representing a decrease of 20.6% compared to the previous corresponding period whilst the Group's gross profit margin raised to approximately 74.3% (for the six months ended 30th September, 2002: 52.8%), representing an increase of 21.5% compared to the previous corresponding period. The higher gross profit margin of the Group for the six months ended 30th September, 2003 was mainly attributable to the increase in proportion of the income derived from the provision of real-time financial information services.

Selling, administrative and other operating expenses for the six months ended 30th September, 2003 increased by approximately 49.3% to approximately HK\$2,673,000 (for the six months ended 30th September, 2002: approximately HK\$1,791,000) from the previous corresponding period. The increase was mainly attributable to the increase in the staff cost.

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group's net loss for the six months ended 30th September, 2003 increased to approximately HK\$1,668,000 (for the six months ended 30th September, 2002: approximately HK\$595,000). The increase of net loss was mainly attributable to the decrease in turnover and the increase in administrative expenses and other operating expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th September, 2003, the Group did not have any borrowings outstanding (31st March, 2003: nil) and did not have any committed borrowing facilities and any significant capital commitments (31st March, 2003: nil).

As at 30th September, 2003, the Group's net current assets amounted to approximately HK\$15,167,000 (31st March, 2003: approximately HK\$17,056,000). The Group's current assets consisted of cash and bank balances of approximately HK\$14,978,000 (31st

March, 2003: approximately HK\$16,713,000), accounts receivable of approximately HK\$299,000 (31st March, 2003: approximately HK\$228,000) and deposits and prepayments of approximately HK\$467,000 (31st March, 2003: approximately HK\$557,000). The Group's current liabilities consisted of accrued expenses of approximately HK\$243,000 (31st March, 2003: approximately HK\$174,000), receipts in advance of approximately HK\$334,000 (31st March, 2003: approximately HK\$237,000) and there was no accounts payable as at 30th September, 2003 (31st March, 2003: approximately HK\$31,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 3.6% as at 30th September, 2003, compared to 2.5% as at 31st March, 2003.

At present, the Group generally finances its operations and investing activities with internally generated cash flows. Excess cash held by the Group is generally placed in the licensed banks in Hong Kong.

The shares of the Company were successfully listed on GEM on 15th November, 2002. There has been no change in the capital structure of the Company since that date.

CHARGE ON GROUP ASSETS

The Group did not have any charges on its assets as at 30th September, 2003 and 31st March, 2003.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the six months ended 30th September, 2003.

EMPLOYEES

As at 30th September, 2003, the Group had 20 employees (as at 30th September, 2002: 17). The staff costs for the six months ended 30th September, 2003 was approximately HK\$1,324,000 (for the six months ended 30th September, 2002: approximately HK\$942,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance of individual employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the section "Statement of Business Objectives" of the prospectus of the Company dated 31st October, 2002 (the "Prospectus"), the Group has no plans for material investments or capital assets.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The assets and liabilities of the Group were denominated in Hong Kong dollars. The Group has no significant exposure to foreign exchange fluctuations.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30th September, 2003 and 31st March, 2003.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the prospectus

Actual business progress for the six months ended 30th September, 2003

Development of strategic alliances and business partnerships in the PRC

- Finalise terms of co-operations with television channels in the PRC
- Form strategic alliances with video production companies in the PRC
- Form strategic alliances with financial information providers in the PRC
- Set up offices in the PRC through strategic investment in PRC companies with similar nature of business as the Group in order to produce and market the Group's exclusive broadband multimedia content

- The Group has entered an agreement to co-operate with a financial information provider in the PRC.
- The Group has liaised with other potential partners in the PRC to form strategic alliances and business partnerships and further co-operative discussion is in progress.
- The Group is looking for PRC companies with similar nature of business for strategic investment.

Media channels development and enhancement in Hong Kong

- Form strategic alliances with video production companies in Hong Kong
- Form strategic alliances with other media channels in Hong Kong

- The Group has liaised with potential partners and further co-operative discussion is in progress.

Business objectives as stated in the prospectus

Actual business progress for the six months ended 30th September, 2003

Service development and enhancement

- | | |
|--|--|
| <ul style="list-style-type: none">– Continue to recruit reporters to enhance the content of the Group's website– Launch simplified Chinese version of www.hk6.com– Commence feasibility study on setting up an English version of www.hk6.com– Enhance computer equipments and software to improve the technological standard of the Group– Explore alternative distribution networks for higher speed data transmission and capacity– Produce financial programmes and broadcast on channels of the Group's strategic alliances– Commence feasibility study on setting up a video production team– Develop other value-added services to corporate clients to enhance their public exposure and market awareness | <ul style="list-style-type: none">– Recruitments have been made for replacements.– After performing the feasibility study during the period ended 31st March, 2003, the Group considered to postpone the launch of simplified Chinese version of www.hk6.com and continue to perform studies and researches for launching the service.– Undergoing– Undergoing– Undergoing– A financial programme broadcast on a channel in Hong Kong during the period– Undergoing– Undergoing |
|--|--|

Business objectives as stated in the prospectus

Sales and marketing

- Participate in exhibitions to increase public awareness
- Continue to recruit marketing executives to develop the Marketing and Communications Department of the Group
- Organise seminars and courses to the public to increase their knowledge on financial markets and to build up the public awareness of www.hk6.com
- Attract new www.hk6.com members through media channels such as television, newspaper, seminars and courses
- Explore potential customers in the PRC through strategic alliances
- Explore potential clients such as listed companies and other entities seeking for listing status for value-added services
- Co-operate with the Group's media channels partners to organise joint marketing programs

Actual business progress for the six months ended 30th September, 2003

- Due to the outbreak of Severe Acute Respiratory Syndrome ("SARS"), the Group postponed the promotion through participation in exhibitions.
- Recruitment has been made for replacement.
- The Group has organised a course with a university in Hong Kong and confirmed to organise the second course with the university. In May 2003, the Group has finalised the terms to co-operate with another university in Hong Kong to provide courses in relation to financial market in Hong Kong.
- Electronic newsletters were published during the period and distributed to the members of the Group's website every week. During the period, the Group advertised through newspapers and the Group's website and organised courses and seminars to the public in order to strengthen the public awareness of its brand name "HK6" and services.
- Undergoing
- Undergoing
- Undergoing

USE OF PROCEEDS

As at 30th September, 2003, the Group has incurred the following amounts to achieve the business objectives as set out in the Prospectus:

	As stated in the Prospectus <i>HK\$'000</i>	Actual (from 15th November, 2002 to 30th September, 2003) <i>HK\$'000</i>
Development of strategic alliances and business partnerships in the PRC	4,600	–
Media channels development and enhancement in Hong Kong	2,600	–
Service development and enhancement	6,100	578
Sales and marketing	1,600	312
General working capital	2,000	1,258
Net fund raised/used	16,900	2,148

The remaining net proceeds have been placed in the licensed banks in Hong Kong as short-term deposits.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS AND FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Notes	Three months ended 30th September,		Six months ended 30th September,	
		2003 (Unaudited) HK\$	2002 (Unaudited) HK\$	2003 (Unaudited) HK\$	2002 (Unaudited) HK\$
Turnover	2	494,717	1,434,827	1,282,537	2,272,204
Cost of sales		<u>(91,693)</u>	<u>(777,404)</u>	<u>(329,745)</u>	<u>(1,071,690)</u>
Gross profit		403,024	657,423	952,792	1,200,514
Other revenue	2	21,059	1,594	52,676	6,369
Selling expenses		(112,776)	(9,880)	(112,776)	(9,880)
Administrative expenses		(867,389)	(550,083)	(1,650,844)	(1,111,704)
Other operating expenses		<u>(483,278)</u>	<u>(331,237)</u>	<u>(909,751)</u>	<u>(669,022)</u>
Operating loss	3	(1,039,360)	(232,183)	(1,667,903)	(583,723)
Finance costs	4	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,671)</u>
Loss before taxation		(1,039,360)	(232,183)	(1,667,903)	(595,394)
Taxation	5	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss attributable to shareholders		<u>(1,039,360)</u>	<u>(232,183)</u>	<u>(1,667,903)</u>	<u>(595,394)</u>
Loss per share – basic	7	<u>HK0.26 cent</u>	<u>HK0.07 cent</u>	<u>HK0.42 cent</u>	<u>HK0.18 cent</u>
Loss per share – diluted	7	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2003

	Notes	30th September, 2003 (Unaudited) HK\$	31st March, 2003 (Audited) HK\$
Non-current assets			
Fixed assets	8	365,139	143,262
Current assets			
Accounts receivable	9	298,663	228,262
Deposits and prepayments		467,167	557,235
Cash and bank balances		14,978,421	16,713,224
		<u>15,744,251</u>	<u>17,498,721</u>
Current liabilities			
Accounts payable	10	–	31,000
Accrued expenses		243,680	174,170
Receipts in advance		333,940	237,140
		<u>577,620</u>	<u>442,310</u>
Net current assets		<u>15,166,631</u>	<u>17,056,411</u>
Total assets less current liabilities		<u>15,531,770</u>	<u>17,199,673</u>
Capital and reserves			
Share capital	12	4,000,000	4,000,000
Reserves		11,531,770	13,199,673
		<u>15,531,770</u>	<u>17,199,673</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Six months ended	
	30th September,	
	2003	2002
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Net cash outflow used in operating activities	(1,418,694)	(715,634)
Net cash outflow used in investing activities	(316,109)	(13,980)
Net cash outflow used in financing activities	—	(123,452)
Decrease in cash and cash equivalents	(1,734,803)	(853,066)
Cash and cash equivalents at 1st April	<u>16,713,224</u>	<u>1,918,422</u>
Cash and cash equivalents at 30th September	<u>14,978,421</u>	<u>1,065,356</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>14,978,421</u>	<u>1,065,356</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

	Share capital (Unaudited) <i>HK\$</i>	Share premium (Unaudited) <i>HK\$</i>	Merger reserve (Unaudited) <i>HK\$</i>	Accumulated losses (Unaudited) <i>HK\$</i>	Total (Unaudited) <i>HK\$</i>
Balance as at					
1st April, 2002	1,100	–	8,612,233	(9,113,101)	(499,768)
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	207	–	2,999,793	–	3,000,000
Issue of shares by HK6 Investment Limited to acquire Hong Kong Financial Institute Limited and hk6.com Limited	20,389	–	(20,389)	–	–
Transfer share capital of Hong Kong Financial Institute Limited to merger reserve	(1,307)	–	1,307	–	–
Loss for the period	–	–	–	(595,394)	(595,394)
	<u>20,389</u>	<u>–</u>	<u>11,592,944</u>	<u>(9,708,495)</u>	<u>1,904,838</u>
Balance as at 30th September, 2002					
Balance as at 1st April, 2003	4,000,000	15,195,487	8,320,333	(10,316,147)	17,199,673
Loss for the period	–	–	–	(1,667,903)	(1,667,903)
Balance as at 30th September, 2003	<u>4,000,000</u>	<u>15,195,487</u>	<u>8,320,333</u>	<u>(11,984,050)</u>	<u>15,531,770</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 interim financial statements have been prepared under historical cost convention in accordance with accounting principles generally accepted in Hong Kong, Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the disclosure requirements of Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2003 except that the Group has adopted the revised SSAP 12 "Income Taxes" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on 1st January, 2003.

On adoption of the revised SSAP 12, deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior periods, timing differences arise from the recognition for tax purposes of certain income and expenses in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences computed under the liability method is recognised as deferred taxation in the financial statements to the extent that it is probable that an assets or liability will crystallise in the foreseeable future.

The adoption of the SSAP 12 (revised) has had no material impact on the results of the Group for the current or prior accounting periods, no prior period adjustment is required.

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

2. SEGMENT INFORMATION

The Group is principally engaged in providing real-time financial news and up-to-date financial market commentaries and recommendations through multimedia, financial programme and video production services, and financial seminars and courses. In accordance with the Group's operating activities, the primary segment reporting is by business segments. No analysis by geographical segment is presented as the Group's turnover and results are substantially derived from Hong Kong.

The following table present revenue, results and expenditure information for the Group's business segments.

Segment revenue and results for the six months ended 30th September:

	Financial information		Financial programme and video production		Financial seminars and courses		Group	
	2003	2002	2003	2002	2003	2002	2003	2002
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	702,419	732,186	188,000	1,096,000	392,118	444,018	1,282,537	2,272,204
Segment results	678,220	702,590	14,300	316,000	260,272	181,924	952,792	1,200,514
Other revenue							52,676	6,369
Unallocated costs							(2,673,371)	(1,790,606)
Operating loss							(1,667,903)	(583,723)
Finance costs							-	(11,671)
Loss before taxation							(1,667,903)	(595,394)
Taxation							-	-
Loss attributable to shareholders							(1,667,903)	(595,394)

There are no significant sales or other transactions between the business segments.

3. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	Three months ended 30th September,		Six months ended 30th September,	
	2003	2002	2003	2002
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Crediting:				
Interest income	21,059	1,594	52,676	6,369
Charging:				
Auditors' remuneration	22,500	35,000	45,000	35,000
Depreciation of fixed assets	67,038	107,347	146,908	255,656
Directors' remuneration	209,130	–	418,260	–
Operating leases in land and buildings	129,600	43,992	204,187	87,984
Retirement benefit costs	17,584	22,287	35,581	43,380
Staff costs	456,423	447,417	870,234	898,338

4. FINANCE COSTS

	Three months ended 30th September,		Six months ended 30th September,	
	2003	2002	2003	2002
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Interest expenses on:				
– convertible bonds	–	–	–	11,671

5. TAXATION

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

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

6. DIVIDENDS

No dividends have been paid or declared during the three months and six months ended 30th September, 2003 (for the three months and six months ended 30th September, 2002: nil).

7. LOSS PER SHARE

The calculation of the basic loss per share for the three months and six months ended 30th September, 2003 is based on the unaudited consolidated net loss attributable to shareholders of HK\$1,039,360 and HK\$1,667,903 respectively (for the three months and six months ended 30th September, 2002: HK\$232,183 and HK\$595,394 respectively) and on the 400,000,000 ordinary shares in issue for the three months and six months ended 30th September, 2003 (for the three months and six months ended 30th September, 2002: 330,000,000 ordinary shares).

No diluted loss per share for the three months and six months ended 30th September, 2003 (for the three months and six months ended 30th September, 2002: nil) has been presented as the Company has no dilutive potential shares.

8. FIXED ASSETS

	(Unaudited) <i>HK\$</i>
Cost	
At 1st April, 2003	2,007,612
Additions	368,785
	2,376,397
At 30th September, 2003	2,376,397
Accumulated depreciation	
At 1st April, 2003	1,864,350
Charge for the period	146,908
	2,011,258
At 30th September, 2003	2,011,258
Net book value	
At 30th September, 2003	365,139
At 31st March, 2003	143,262

9. ACCOUNTS RECEIVABLE

Details of the ageing analysis are as follows:

	30th September, 2003 (Unaudited) <i>HK\$</i>	31st March, 2003 (Audited) <i>HK\$</i>
0 to 30 days	192,863	228,262
31 days to 60 days	105,800	—
	298,663	228,262

The Group generally granted credit periods ranging between 7 days to 30 days (31st March, 2003: 7 days to 30 days) to its customers.

10. ACCOUNTS PAYABLE

Details of the ageing analysis are as follows:

	30th September, 2003 (Unaudited) <i>HK\$</i>	31st March, 2003 (Audited) <i>HK\$</i>
0 to 30 days	—	31,000

11. RELATED PARTY TRANSACTIONS

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

	Three months ended 30th September, 2003 (Unaudited) <i>HK\$</i>		Six months ended 30th September, 2003 (Unaudited) <i>HK\$</i>	
	2003 (Unaudited) <i>HK\$</i>	2002 (Unaudited) <i>HK\$</i>	2003 (Unaudited) <i>HK\$</i>	2002 (Unaudited) <i>HK\$</i>
Talent fees paid to a company in which a shareholder has beneficial interest	—	90,000	20,000	215,000
Talent fees paid to the Directors	<u>2,000</u>	<u>—</u>	<u>10,400</u>	<u>—</u>

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

12. SHARE CAPITAL

	30th September, 2003 (Unaudited)		31st March, 2003 (Audited)	
	Number of shares	Nominal value <i>HK\$</i>	Number of shares	Nominal value <i>HK\$</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>400,000,000</u>	<u>4,000,000</u>	<u>400,000,000</u>	<u>4,000,000</u>

OTHER INFORMATION

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

As at 30th September, 2003, the interests and 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 Rule 5.40 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held					Number of underlying shares		Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Pre-IPO Share Option Scheme	Aggregate interests	
	<i>(Note)</i>							
Chan Tan Lui, Danielle	240,000	107,079,195	-	-	107,319,195	2,500,000	109,819,195	27.45%
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 Rule 5.40 of the GEM Listing Rules as at 30th September, 2003.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 30th September, 2003, the interests and short positions of shareholders (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of shares held		Pre-IPO Share Option Scheme	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)	Beneficial owner & interest of a controlled corporation	107,319,195		2,500,000	109,819,195	27.45%
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) Superhero Limited is a company wholly-owned by Ms. Chan Tan Lui, Danielle. By virtue of the SFO, Ms. Chan Tan Lui, Danielle, is deemed to have interest of 107,079,195 shares in the Company held by Superhero Limited in addition to 240,000 shares of the Company held by herself.
- (2) U six Group Limited is a company wholly-owned by Mr. Chan Wing Luk. By virtue of the SFO, Mr. Chan Wing Luk is deemed to have interest of 97,001,144 shares in the Company held by U six Group Limited.

Save as disclosed above, as at 30th September, 2003, the Company had not been notified of any shareholders' interests or short position, being 5% or more of the issued share capital of the Company, other than those of the Directors and chief executives of the Company.

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 September, 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.

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

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options				At 30th September, 2003	
				At 1st April, 2003	Options granted during the period	Options exercised during the period	Options lapsed during the period ⁽²⁾		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	-	-	(800,000)	7,200,000	
				20,000,000	-	-	(800,000)	-	19,200,000

- (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) During the period, 800,000 share options were lapsed upon the resignation of several employees.

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 September, 2003, no options were granted or agreed to be granted by the Company under the Share Option Scheme.

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 September, 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 interim report for the six months ended 30th September, 2003.

Board Practice and Procedures

During the six months ended 30th September, 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 six months ended 30th September, 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, 7th November, 2003