



HK6 Holdings Limited
駿陸控股有限公司*
(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report

2003/04

* 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 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 nine months ended 31st December, 2003 was approximately HK\$2,006,000.
- Net loss attributable to shareholders was approximately HK\$2,407,000 for the nine months ended 31st December, 2003.
- Loss per share for the nine months ended 31st December, 2003 was approximately HK0.60 cent.
- The board of the Directors (the "Board") does not recommend the payment of a dividend for the nine months ended 31st December, 2003.

The Directors are pleased to present the unaudited third quarterly results of the Company together with its subsidiary companies (collectively the "Group") for the nine months ended 31st December, 2003.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$2,006,000 for the nine months ended 31st December, 2003, representing a decrease of approximately 49.1%, compared with approximately HK\$3,938,000 for the nine months ended 31st December, 2002. Approximately 9.4%, 53.2% and 37.4% of the turnover for the nine months ended 31st December, 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\$2,407,000 for the nine months ended 31st December, 2003 as compared with approximately HK\$524,000 for the corresponding period in 2002. The increase of net loss was mainly attributable to the decrease in turnover and the increase in 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 nine months ended 31st December, 2003, the revenue derived from the provision of real-time financial information services was approximately HK\$1,067,000, compared with approximately HK\$1,101,000 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 nine months ended 31st December, 2003, revenue derived from the provision of financial programme and video production services decreased to approximately HK\$188,000, compared with approximately HK\$2,225,000 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 nine months ended 31st December, 2003, revenue derived from investor education within the financial market increased to approximately HK\$751,000, compared with approximately HK\$612,000 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.

On 24th November, 2003, Sino Key International Ltd., a wholly-owned subsidiary company of the Company, entered into the co-operation agreement with China Navigation Communication Co., Ltd., a company established in the PRC, pursuant to which a sino-foreign equity joint venture, will be established in the PRC to be engaged in the business of provision of information services. The Directors consider that the establishment of this joint venture in the PRC is a major strategic move to expand its business and enhance its market foothold in the PRC. The Group 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.

QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31ST DECEMBER, 2003

The unaudited consolidated results of the Group for the three months and nine months ended 31st December, 2003, together with the comparative unaudited figures for the corresponding period in 2002 are as follows:

	Notes	Three months ended 31st December,		Nine months ended 31st December,	
		2003 (Unaudited) HK\$	2002 (Unaudited) HK\$	2003 (Unaudited) HK\$	2002 (Unaudited) HK\$
Turnover	2	723,578	1,665,563	2,006,115	3,937,767
Cost of sales		(106,971)	(589,329)	(436,716)	(1,661,019)
Gross profit		616,607	1,076,234	1,569,399	2,276,748
Other revenue		9,895	7,848	62,571	14,217
Selling expenses		(61,990)	(41,098)	(174,766)	(50,978)
Administrative expenses		(845,147)	(629,699)	(2,495,991)	(1,741,403)
Other operating expenses		(458,290)	(341,694)	(1,368,041)	(1,010,716)
Operating (loss)/profit		(738,925)	71,591	(2,406,828)	(512,132)
Finance costs		–	–	–	(11,671)
(Loss)/profit before taxation		(738,925)	71,591	(2,406,828)	(523,803)
Taxation	3	–	–	–	–
(Loss)/profit attributable to shareholders		(738,925)	71,591	(2,406,828)	(523,803)
(Loss)/earnings per share					
– basic	5	HK(0.18) cent	HK0.02 cent	HK(0.60) cent	HK(0.15) cent
– diluted	5	N/A	N/A	N/A	N/A

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 consolidated results have been prepared under historical cost convention in accordance with accounting principles generally accepted in Hong Kong, Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants, 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 consolidated results 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 or after 1st January, 2003.

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 between group companies have been eliminated on consolidation.

2. TURNOVER

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.

Turnover represents the aggregate of revenue derived from the provision of financial information, production of financial programmes and videos, and organisation of seminars and courses.

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% (for the nine months ended 31st December, 2002: 16%). No provision for Hong Kong profits tax has been made, as the Group has no estimated assessable profits for the nine months ended 31st December, 2003 (for the nine months ended 31st December, 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 utilised in the foreseeable future.

4. DIVIDENDS

The Board does not recommend the payment of any dividends for the nine months ended 31st December, 2003 (for the nine months ended 31st December, 2002: Nil).

5. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for the three months and for the nine months ended 31st December, 2003 are based on the unaudited consolidated net loss attributable to shareholders of HK\$738,925 and HK\$2,406,828 respectively (for the three months and the nine months ended 31st December, 2002: net profit of HK\$71,591 and net loss of HK\$523,803 respectively) and the weighted average number of 400,000,000 issued ordinary shares for the three months and nine months ended 31st December, 2003 (for the three months and nine months ended 31st December, 2002: the weighted average number of 365,000,000 issued ordinary shares and 341,666,667 issued ordinary shares respectively).

No diluted loss per share for the three months and nine months ended 31st December, 2003 (for the three months and nine months ended 31st December, 2002: Nil) have been presented as the Company has no dilutive potential shares.

6. MOVEMENT OF RESERVES

	Share premium (Unaudited) <i>HK\$</i>	Merger reserve (Unaudited) <i>HK\$</i>	Accumulated losses (Unaudited) <i>HK\$</i>	Total (Unaudited) <i>HK\$</i>
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
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
Issue of shares by HK6 Holdings Limited to acquire HK6 Investment Limited	–	(3,293,000)	–	(3,293,000)
Transfer share capital of HK6 Investment Limited to merger reserve	–	20,389	–	20,389
Issue of shares at premium by HK6 Holdings Limited	20,300,000	–	–	20,300,000
Share issue expenses	(5,104,513)	–	–	(5,104,513)
Loss for the period	–	–	(523,803)	(523,803)
	<u>15,195,487</u>	<u>8,320,333</u>	<u>(9,636,904)</u>	<u>13,878,916</u>
Balance as at 31st December, 2002				
Balance as at 1st April, 2003	15,195,487	8,320,333	(10,316,147)	13,199,673
Loss for the period	–	–	(2,406,828)	(2,406,828)
	<u>15,195,487</u>	<u>8,320,333</u>	<u>(12,722,975)</u>	<u>10,792,845</u>
Balance as at 31st December, 2003				

OTHER INFORMATION

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

As at 31st December, 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, Chapter 571 of the Laws of Hong Kong (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 31st December, 2003.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31st December, 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%
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 31st December, 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 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 31st December, 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 31st December, 2003 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					At 31st December, 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	
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	-	-	(1,800,000)	-	6,200,000
				20,000,000	-	-	(1,800,000)	-	18,200,000

- (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	50%
the date falling 18 months after 15th November, 2002	25%
the date falling 24 months after 15th November, 2002	25%

- (2) During the period, 1,800,000 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 31st December, 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 31st December, 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 15th November, 2002 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 Mr. Yip Tai Him and Ms. Guo Qi. 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 third quarterly report for the nine months ended 31st December, 2003.

Board Practice and Procedures

During the nine months ended 31st December, 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 nine months ended 31st December, 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, 10th February, 2004