



**HK6** Holdings Limited  
駿陸控股有限公司\*

(incorporated in the Cayman Islands with limited liability)

**ANNUAL REPORT**  
**2003-2004**



## **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.*



## CONTENTS

Corporate Information	2
Financial Highlights	3
Chairman's Statement	4
Management Discussion and Analysis	6
Comparison of Business Objectives with Actual Business Progress	8
Use of Proceeds	13
Directors' Report	14
Auditors' Report	30
Consolidated Income Statement	31
Consolidated Balance Sheet	32
Balance Sheet	33
Consolidated Statement of Changes in Equity	34
Statement of Changes in Equity of the Company	35
Consolidated Cash Flow Statement	36
Notes to the Financial Statements	37



## CORPORATE INFORMATION

**BOARD OF DIRECTORS***Executive Directors*

Ms. Chan Tan Lui, Danielle (*Chairman*)  
 Mr. Tang Sing Hing, Kenny  
 (resigned on 18th March, 2004)  
 Mr. Kwok Chi Kin  
 (resigned on 18th May, 2004)  
 Mr. Wu Wing Kin  
 (resigned on 8th June, 2004)  
 Mr. Choo Kwok How  
 (appointed on 8th June, 2004)

*Non-executive directors*

Mr. Kwong Man Bun  
 (resigned on 4th August, 2003)  
 Mr. Ho Yiu Kwong, Kenny  
 (resigned on 26th June, 2003)

*Independent Non-executive Directors*

Ms. Guo Qi  
 Mr. Yip Tai Him  
 Ms. Luk Wai Wun, Vivien  
 (resigned on 2nd January, 2004)

**COMPANY SECRETARY**

Mr. Tsing Kwong Tak, *AHKSA*

**QUALIFIED ACCOUNTANT**

Mr. Tsing Kwong Tak, *AHKSA*

**COMPLIANCE OFFICER**

Ms. Chan Tan Lui, Danielle

**AUDIT COMMITTEE**

Mr. Yip Tai Him  
 Ms. Guo Qi  
 Ms. Chan Tan Lui, Danielle

**AUTHORISED REPRESENTATIVES**

Ms. Chan Tan Lui, Danielle  
 Mr. Choo Kwok How

**REGISTERED OFFICE**

P.O. Box 309GT  
 Ugland House  
 South Church Street  
 Grand Cayman  
 Cayman Islands

**HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

5th Floor, CNAC Group Building  
 10 Queen's Road Central  
 Hong Kong

**AUDITORS**

Glass Radcliffe Chan  
 12th Floor  
 China Merchants Tower  
 Shun Tak Centre  
 168-200 Connaught Road  
 Central  
 Hong Kong

**SPONSOR**

Tai Fook Capital Limited  
 25th Floor, New World Tower  
 16-18 Queen's Road Central  
 Central Hong Kong

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Bank of Butterfield International (Cayman) Limited  
 Butterfield House  
 68 Fort Street  
 P.O. Box 705  
 George Town  
 Grand Cayman  
 Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
 Rooms 1901-5  
 19th Floor  
 Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

**PRINCIPAL BANKERS**


Hang Seng Bank Limited  
 The Hongkong and Shanghai Banking Corporation Limited

**WEBSITE ADDRESS**

[www.hk6.com](http://www.hk6.com)

**GEM STOCK CODE**

8206



## FINANCIAL HIGHLIGHTS

**RESULTS**

	<b>For the year ended 31st March, 2004 HK\$</b>	For the year ended 31st March, 2003 HK\$	For the year ended 31st March, 2002 HK\$	For the period from 4th October, 1999 to 31st March, 2001 HK\$
Turnover	<b>2,693,048</b>	5,383,247	3,247,026	231,954
Loss before taxation	<b>(3,338,619)</b>	(1,203,046)	(2,765,516)	(6,347,585)
Taxation	–	–	–	–
Loss attributable to shareholders	<b>(3,338,619)</b>	(1,203,046)	(2,765,516)	(6,347,585)
Basic loss per share (HK cent)	<b>0.83</b>	0.34	0.84	1.92

**ASSETS AND LIABILITIES**

	<b>2004 HK\$</b>	<b>As at 31st March,</b>		
		2003 HK\$	2002 HK\$	2001 HK\$
Total assets	<b>15,125,656</b>	17,641,983	3,759,178	5,544,975
Total liabilities	<b>(1,264,602)</b>	(442,310)	(4,258,946)	(4,229,227)
Net assets/(liabilities)	<b>13,861,054</b>	17,199,673	(499,768)	1,315,748
Net assets/(liabilities) per share (HK cent)	<b>3.47</b>	4.30	(0.15)	0.40



## CHAIRMAN'S STATEMENT

I am pleased to present the annual report of HK6 Holdings Limited (the "Company", together with its subsidiary companies, collectively the "Group") for the year ended 31st March, 2004.

### FINANCIAL PERFORMANCE

The Group reported the turnover of approximately HK\$2,693,000 in 2003/04, a decrease of 50.0% over the last year and the loss attributable to shareholders for the year ended 31st March, 2004 amounted to approximately HK\$3,339,000, representing an increase of approximately HK\$2,136,000 compared to the last year. Basic loss per share was HK0.83 cent, compared to HK0.34 cent in 2002/03.

The board of the Directors (the "Board") does not recommend the payment of a final dividend for the year ended 31st March, 2004.

### 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 financial market in Hong Kong.

#### Provision of real-time financial information services

For the year ended 31st March, 2004, the revenue derived from the provision of real-time financial information services was approximately HK\$1,427,000, compared to approximately HK\$1,423,000 in last year. 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 for broadcasting through different media as well as for corporate public relations purposes.

For the year ended 31st March, 2004, revenue derived from the provision of financial programme and video production services dropped to approximately HK\$188,000, compared to approximately HK\$3,347,000 in the last year. The decrease in revenue was mainly attributable to the decrease in number of projects obtained during the year.



## CHAIRMAN'S STATEMENT

### BUSINESS REVIEW (CONTINUED)

#### Investor education on financial market

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

For the year ended 31st March, 2004, revenue derived from investor education on financial market was approximately HK\$1,078,000, compared to approximately HK\$613,000 in last year. The increase in revenue was attributable to the continuous efforts in the investor education by the Group's management to provide seminars and courses during the year.

#### 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 12th March, 2004, Sino Key International Ltd., a wholly-owned subsidiary of the Company, has entered into a joint venture agreement with China Navigation Communication Co., Ltd., a company established in the PRC, to establish a joint venture in the PRC, which will 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.

**Chan Tan Lui, Danielle**

*Chairman*

Hong Kong, 21st June, 2004



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE AND PROFITABILITY

The Group recorded turnover of approximately HK\$2,693,000 (2003: approximately HK\$5,383,000) for the year ended 31st March, 2004, representing a decrease of approximately 50.0%, compared to last year. Approximately 7.0%, 53.0% and 40.0% (2003: approximately 62.2%, 26.4% and 11.4%) of turnover for the year ended 31st March, 2004 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 year ended 31st March, 2004 amounted to approximately HK\$2,206,000 (2003: approximately HK\$2,982,000), representing a decrease of 26.0% compared to last year whilst the Group's gross profit margin rose to 81.9% (2003: 55.4%), representing an increase of 26.5% compared to that in last year. The higher gross profit margin of the Group for the year ended 31st March, 2004 was mainly attributable to the increase in the proportion for the revenue derived from the provision of real-time financial information services, the gross profit margin was approximately 95.3% for the year ended 31st March, 2004.

Selling, administrative and other operating expenses for the year ended 31st March, 2004 increased by approximately 33.1% to approximately HK\$5,607,000 (2003: approximately HK\$4,212,000) from the last year. The increase was mainly attributable to increase in staff costs for the year.

### NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group's net loss for the year ended 31st March, 2004 increased to approximately HK\$3,339,000 (2003: approximately HK\$1,203,000) compared to last year. The increase in net loss was attributable to the decrease in turnover and the increase in administrative expenses and other operating expenses.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March, 2004, the Group did not have any borrowings outstanding (as at 31st March, 2003: nil) and did not have any committed borrowing facilities and any significant capital commitments (as at 31st March, 2003: nil).

As at 31st March, 2004, the Group has net current assets approximately HK\$8,987,000 (as at 31st March, 2003: approximately HK\$17,056,000). The Group's current assets consisted of cash and cash equivalents of approximately HK\$9,487,000 (as at 31st March, 2003: approximately HK\$16,713,000), accounts receivable of approximately HK\$18,000 (as at 31st March, 2003: approximately HK\$228,000) and deposits and prepayment of approximately HK\$747,000 (as at 31st March, 2003: approximately HK\$557,000). The Group's current liabilities consisted of accounts payable of approximately HK\$7,000 (as at 31st March, 2003: approximately HK\$31,000), accrued expenses of approximately HK\$144,000 (as at 31st March, 2003: approximately HK\$174,000), receipts in advance and other payables of approximately HK\$1,114,000 (as at 31st March, 2003: approximately HK\$237,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 8.4% as at 31st March, 2004, compared to 2.5% as at 31st March, 2003.





## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE *(CONTINUED)*

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 licensed banks in Hong Kong.

The shares of the Company was 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 charge on its assets during the years ended 31st March, 2004 and 2003.

### MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the year ended 31st March, 2004.

### EMPLOYEES

As at 31st March, 2004, the Group had 17 employees (as at 31st March, 2003: 20). The staff costs for the year ended 31st March, 2004 was approximately HK\$2,900,000 (for the year ended 31st March, 2003: approximately HK\$2,159,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance and experience of individual employees.

### MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the section "Statement of Business Objectives" of the Prospectus, the Group has no plans for material investments or capital assets.

### FOREIGN CURRENCY RISK

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

### CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31st March, 2003 and 2004.



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS****ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM  
1ST APRIL, 2003 TO 30TH SEPTEMBER, 2003***Development of strategic alliances and business partnerships  
in the PRC*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>– Finalise terms of co-operations with television channels in the PRC</li> </ul>  | <ul style="list-style-type: none"> <li>– The Group has entered an agreement to co-operate with a financial information provider in the PRC.</li> </ul>   |
| <ul style="list-style-type: none"> <li>– Form strategic alliances with video production companies in the PRC</li> </ul>  | <ul style="list-style-type: none"> <li>– 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.</li> </ul> |
| <ul style="list-style-type: none"> <li>– Form strategic alliances with financial information providers in the PRC</li> </ul>   | <ul style="list-style-type: none"> <li>– The Group is looking for PRC companies with similar nature of business for strategic investment.</li> </ul>   |
| <ul style="list-style-type: none"> <li>– 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</li> </ul> |  |

*Media channels development and enhancement in Hong Kong*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>– Form strategic alliances with video production companies in Hong Kong</li> </ul> | <ul style="list-style-type: none"> <li>– The Group has liaised with potential partners and further co-operative discussion is in progress.</li> </ul> |
| <ul style="list-style-type: none"> <li>– Form strategic alliances with other media channels in Hong Kong</li> </ul>       |   |

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

## BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS

ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM  
1ST APRIL, 2003 TO 30TH SEPTEMBER, 2003*Service development and enhancement*

- |   |   |
|---|---|
| – Continue to recruit reporters to enhance the content of the Group's website                                   | – Recruitments have been made for replacements.   |
| – Launch simplified Chinese version of www.hk6.com  | – 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. |
| – Commence feasibility study on setting up an English version of www.hk6.com                                    | – Undergoing  |
| – Enhance computer equipments and software to improve the technological standard of the Group                   | – Undergoing  |
| – Explore alternative distribution networks for higher speed data transmission and capacity                     | – Undergoing  |
| – Produce financial programmes and broadcast on channels of the Group's strategic alliances                     | – A financial programme broadcast on a channel in Hong Kong during the period   |
| – Commence feasibility study on setting up a video production team  | – Undergoing  |
| – Develop other value-added services to corporate clients to enhance their public exposure and market awareness | – Undergoing  |



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS****ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM  
1ST APRIL, 2003 TO 30TH SEPTEMBER, 2003***Sales and marketing*

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>– Participate in exhibitions to increase public awareness</li> </ul>  | <ul style="list-style-type: none"> <li>– Due to the outbreak of Severe Acute Respiratory Syndrome (“SARS”), the Group postponed the promotion through participation in exhibitions.</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Continue to recruit marketing executives to develop the Marketing and Communications Department of the Group</li> </ul>                                     | <ul style="list-style-type: none"> <li>– Recruitment has been made for replacement.</li> </ul>  |
| <ul style="list-style-type: none"> <li>– 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</li> </ul> | <ul style="list-style-type: none"> <li>– 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.</li> </ul>   |
| <ul style="list-style-type: none"> <li>– Attract new www.hk6.com members through media channels such as television, newspaper, seminars and courses</li> </ul>                                       | <ul style="list-style-type: none"> <li>– 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.</li> </ul> |
| <ul style="list-style-type: none"> <li>– Explore potential customers in the PRC through strategic alliances</li> </ul>   | <ul style="list-style-type: none"> <li>– Undergoing</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Explore potential clients such as listed companies and other entities seeking for listing status for value-added services</li> </ul>                        | <ul style="list-style-type: none"> <li>– Undergoing</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Co-operate with the Group’s media channels partners to organise joint marketing programs</li> </ul>   | <ul style="list-style-type: none"> <li>– Undergoing</li> </ul>  |



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS****ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM 1ST OCTOBER, 2003 TO 31ST MARCH, 2004***Development of strategic alliances and business partnerships in the PRC*

- Form strategic alliances with newspapers and other media channels in major cities in the PRC

- On 12th March, 2004, Sino Key International Ltd., a wholly-owned subsidiary of the Company, has entered into a joint venture agreement with China Navigation Communication Co., Ltd., a company established in the PRC, to establish a joint venture in the PRC, which will be engaged in the business of provision of information services.

- The Group has also liaised with other potential partners in the PRC to form strategic alliances and business partnerships and further cooperative discussion is in progress.

- Continue producing television programmes and broadcasting on channels in the PRC

- The Group has liaised with potential media channels in the PRC and further cooperative discussion is in progress.

*Media channels development and enhancement in Hong Kong*

- Continue to seek strategic alliances with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services

- The Group has entered into agreements with several media channels in Hong Kong to broaden the networks of distributing the financial information.

- The Group has also liaised with other potential partners and further cooperative discussion is in progress.



## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

**BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS****ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM 1ST OCTOBER, 2003 TO 31ST MARCH, 2004***Service development and enhancement*

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>– Continue to recruit reporters to enhance the content of the Group's website</li> </ul>                                       | <ul style="list-style-type: none"> <li>– Recruitments have been made for replacements.</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Provide the China B Shares information on the Group's website</li> </ul>   | <ul style="list-style-type: none"> <li>– The Group started to provide the financial news in the PRC on the Group website.</li> </ul>   |
| <ul style="list-style-type: none"> <li>– Launch English version of www.hk6.com</li> </ul>   | <ul style="list-style-type: none"> <li>– After performing the feasibility study during the period ended 30th September, 2003, the Group considered to postpone the launch of English version of www.hk6.com and continue to perform studies and researches for launching the service.</li> </ul> |
| <ul style="list-style-type: none"> <li>– Develop new web technologies for content management and distribution in order to support new features and content</li> </ul> | <ul style="list-style-type: none"> <li>– The Group has commenced the studies on the development of new web technologies for content management and distribution to cope with the change in the market.</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Recruit a professional video production team to expand the video production business of the Group</li> </ul>                 | <ul style="list-style-type: none"> <li>– After performing the feasibility study during the period ended 30th September, 2003, the Group considered to postpone the setting up of a video production team.</li> </ul>   |

*Sales and marketing*

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>– Continue to organise seminars and courses to build up public awareness</li> </ul>  | <ul style="list-style-type: none"> <li>– The Group has organised several courses in relation to the financial market in Hong Kong with a university in Hong Kong and will continue to organise courses with the university. The organisation of courses to public can strengthen the public awareness of its brand name "HK6".</li> </ul> |
| <ul style="list-style-type: none"> <li>– Explore potential customers in the PRC through strategic alliances</li> </ul>  | <ul style="list-style-type: none"> <li>– Undergoing</li> </ul>  |
| <ul style="list-style-type: none"> <li>– Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services</li> </ul> | <ul style="list-style-type: none"> <li>– Undergoing</li> </ul>  |



## USE OF PROCEEDS

As at 31st March, 2004, the Group has incurred the following amounts to achieve the business objectives as set out in the Prospectus:

	<b>As stated in the Prospectus</b> HK\$'000	<b>Actual (from 15th November, 2002 to 31st March, 2004)</b> HK\$'000
Development of strategic alliances and business partnerships in the PRC	4,600	4,623
Media channels development and enhancement in Hong Kong	2,600	0
Service development and enhancement	6,100	777
Sales and marketing	1,600	653
General working capital	2,000	1,587
Net fund raised/used	16,900	7,640

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



## DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of HK6 Holdings Limited (the "Company") and of the Group for the year ended 31st March, 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

Details of the principal activities of the subsidiary companies are set out in note 13 to the financial statements.

An analysis of the Group's turnover and loss before taxation for the year by principal activity is set out in the note 4 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2004 are set out in the consolidated income statement on page 31.

The directors do not recommend the payment of any dividends during the year.

### RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the statements of the changes in equity on pages 34 and 35 respectively.

### DISTRIBUTABLE RESERVES

At 31st March, 2004, the Company's reserves available for distribution amounted to HK\$13,052,174.

### FIXED ASSETS

Details of the movements in fixed assets of the Group during the year are set out in note 11 to the financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 17 to the financial statements.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights either under the Company's articles of association, or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.





## DIRECTORS' REPORT

### FINANCIAL INFORMATION SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial periods is set out below:–

### RESULTS

	<b>For the year ended 31st March, 2004 HK\$</b>	For the year ended 31st March, 2003 HK\$	For the year ended 31st March, 2002 HK\$	For the period from 4th October, 1999 to 31st March, 2001 HK\$
Turnover	<b>2,693,048</b>	5,383,247	3,247,026	231,954
Loss before taxation	<b>(3,338,619)</b>	(1,203,046)	(2,765,516)	(6,347,585)
Taxation	–	–	–	–
Loss attributable to shareholders	<b>(3,338,619)</b>	(1,203,046)	(2,765,516)	(6,347,585)
Basic loss per share (HK cent)	<b>0.83</b>	0.34	0.84	1.92

### ASSETS AND LIABILITIES

	<b>2004 HK\$</b>	<b>As at 31st March,</b>		
		2003 HK\$	2002 HK\$	2001 HK\$
Total assets	<b>15,125,656</b>	17,641,983	3,759,178	5,544,975
Total liabilities	<b>(1,264,602)</b>	(442,310)	(4,258,946)	(4,229,227)
Net assets/(liabilities)	<b>13,861,054</b>	17,199,673	(499,768)	1,315,748
Net assets/(liabilities) per share (HK cent)	<b>3.47</b>	4.30	(0.15)	0.40



## DIRECTORS' REPORT

**DIRECTORS**

The directors who held office during the period from 1st April, 2003 to the date of this report were:–

**Executive directors**

Chan Tan Lui, Danielle	
Tang Sing Hing, Kenny	(resigned on 18th March, 2004)
Wu Wing Kin	(resigned on 8th June, 2004)
Kwok Chi Kin	(resigned on 18th May, 2004)
Choo Kwok How	(appointed on 8th June, 2004)

**Non-executive directors**

Kwong Man Bun	(resigned on 4th August, 2003)
Ho Yui Kwong, Kenny	(resigned on 26th June, 2003)

**Independent non-executive directors**

Luk Wai Wun, Vivien	(resigned on 2nd January, 2004)
Yip Tai Him	
Guo Qi	

In accordance with articles 95 and 112 of the Company's articles of association, Ms. Chan Tan Lui, Danielle and Mr. Choo Kwok How shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The terms of office of non-executive directors (including the independent non-executive directors) should be subject to retirement by rotation in accordance with the Company's articles of association.



## DIRECTORS' REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

#### Executive Directors

**Ms. Chan Tan Lui, Danielle**, aged 35, joined the Group in January 2000. She is one of the founders of the Group and the Chairman of the Company responsible for the general management of the Group. She is also the director of Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited"), hk6.com Limited and HK6 Media Limited. Ms. Danielle Chan was born and raised in Beijing and is well known of her sporting achievements. She was awarded her Degree of Bachelor of Arts in Sports Studies by University of Canberra, Australia. She has been heavily involved in the strategic planning and management of the Group's business especially in exploring new business opportunities in China.

**Mr. Choo Kwok How**, aged 35, joined the group in May 2000. He is responsible for the management of the IT Department and Content Department's daily operations and implementation of strategies for the operations. Mr. Choo holds a Degree of Bachelor of Arts in Economics and Social Studies from The University of Manchester and a Degree of Master of Science in Finance from The University of Leicester. Prior to joining the Group in May 2000, he worked for Winning Investment Management Limited as a research analyst between 1998 to 2000 and the HongKong Chinese Bank Ltd. as a manager in Securities Investment Section between 1994 to 1998.

Three executive directors, Mr. Tang Sing Hing, Kenny, Mr. Kwok Chi Kin and Mr. Wu Wing Kin resigned on 18th March, 18th May, and 8th June 2004 respectively.

#### Non-executive Directors

Both non-executive directors, Mr. Kwong Man Bun and Mr. Ho Yiu Kwong, Kenny, resigned on 4th August, and 26th June, 2003 respectively.

#### Independent Non-executive Directors

**Mr. Yip Tai Him**, aged 33, was appointed as an independent non-executive director on 15th October, 2002. Mr. Yip is a member of the Hong Kong Society of Accountants. He is currently an independent non-executive director of Wing Lee Holdings Limited in Hong Kong which is listed on the Stock Exchange.

**Ms. Guo Qi**, aged 30, was appointed as an independent non-executive director on 15th October, 2002. Ms. Guo graduated from Hu Nan Education Institute in China and obtained her Master of Science in the Social Science Degree in International Banking and Financial Studies from the University of Southampton in 2000. Ms. Guo is a registered investment advisor with the China Securities Regulatory Commission.

Independent non-executive director, Ms. Luk Wai Wun, Vivien, resigned on 2nd January 2004.



## DIRECTORS' REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

#### Consultant

**Mr. Chan Wing Luk**, 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 30 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, Lagarleon 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 consultant, corporate and financial communications.

Mr. Chan is keenly involved in public services and serves various committees. He is a member of Securities and Futures Commission Shareholders Group, a fellow member of the Hong Kong Institute of Directors, Member of the Corruption Prevention Advisory Committee of ICAC, Committee Member of the Licensing Appeals Board and Member of the Advisory Committee on Human Resources Department in the Financial Services Sector. He is a former Committee Member of the Investor Education Advisory Committee of the Securities and Futures Commission.

The primary responsibility of Mr. Chan as the Group's consultant is to provide financial contents consisting of commentaries, analysis and advices on financial markets or other financial products and to act as host or speaker in the financial programmes produced and at the seminars organised by the Group as and when requested by the Group from time to time during the terms of the agreement entered into between the Group and Mr. Chan.

#### Senior Management

**Mr. Tsing Kwong Tak**, aged 27, joined the Group in May 2004, is the financial controller, qualified accountant and company secretary of the Group. He is responsible for financial planning and reporting and general administration of the Group. Mr. Tsing holds a Degree of Bachelor of Business Administration in Accounting from the Hong Kong University of Science and Technology. He has over three years experiences in accounting and auditing and he is a member of the Hong Kong Society of Accountants.

Two senior management, Dr. Cheng Kin Sang and Ms. Kwong Tse San, Toby resigned on 11th May, and 2nd March, 2004 respectively.



## DIRECTORS' REPORT

### DIRECTORS' EMOLUMENTS

Emoluments paid to the Company's Directors for the year ended 31st March, 2004 were as follows:

<b>Name of Director</b>	<b>Fees HK\$</b>	<b>Basic salaries and allowances HK\$</b>	<b>Retirement benefit scheme contributions HK\$</b>	<b>Total emoluments HK\$</b>
Chan Tan Lui, Danielle	–	300,900	3,045	303,945
Tang Sing Hing, Kenny (Resigned)	–	1,200	60	1,260
Wu Wing Kin (Resigned)	–	360,000	12,000	372,000
Kwok Chi Kin (Resigned)	–	346,500	12,000	358,500
Kwong Man Bun (Resigned)	–	–	–	–
Ho Yui Kwong, Kenny (Resigned)	–	–	–	–
Luk Wai Wun, Vivien (Resigned)	90,322	–	–	90,322
Yip Tai Him	–	–	–	–
Guo Qi	–	–	–	–
	90,322	1,008,600	27,105	1,126,027

Details of the Directors' emoluments are set out in note 10 to the financial statements.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company. The employment of each executive director under his or her service contract shall be continuous subject to termination by either party to the contract serving written notice to the other to terminate such employment to take effect three months from the date of service of such notice.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN CONTRACTS

Apart from the directors' service contracts disclosed above, no directors had a significant beneficial interest, whether directly or indirectly, in any contracts of significance to the business of the Group to which the Company or any of its subsidiary companies were a party at the end of the year or any time during the year.

### OTHER INFORMATION

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

As at 31st March, 2004, 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 5.46 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 (Note)	Family interests	Other interests		Pre-IPO Share Option Scheme	Share Option Scheme	Aggregate interests	
Chan Tan Lui, Danielle	240,000	107,079,195	-	-	107,319,195	2,500,000	4,000,000	113,819,195	28.45%
Wu Wing Kin (resigned on 8th June, 2004)	-	-	-	-	-	3,500,000	400,000	3,900,000	0.98%
Kwok Chi Kin (resigned on 18th May, 2004)	-	-	-	-	-	1,500,000	3,000,000	4,500,000	1.13%
Yip Tai Him	-	-	-	-	-	-	400,000	400,000	0.10%
Guo Qi	-	-	-	-	-	-	400,000	400,000	0.10%

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 5.46 of the GEM Listing Rules as at 31st March, 2004.



## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31st March, 2004, 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		Number of underlying shares		Approximate percentage of the issued share capital of the Company
		Interests in shares	Pre-IPO Share Option Scheme	Share Option Scheme	Aggregate interests	
Superhero Limited (Note)	Beneficial owner	107,079,195	–	–	107,079,195	26.77%
Chan Tan Lui, Danielle (Note)	Beneficial owner & interest of a controlled corporation	107,319,195	2,500,000	4,000,000	113,819,195	28.45%
Fu Shing Ki	Beneficial owner	97,001,144	–	–	97,001,144	24.25%
Chan Wong Kam Fung, Cecilia	Beneficial owner	71,265,798	–	–	71,265,798	17.82%

Note: 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.

Save as disclosed above, as at 31st March, 2004, 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 March, 2004, 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.

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain directors, consultant, management shareholder and certain employees of the Group to the business and growth of the Group.



## DIRECTORS' REPORT

**OTHER INFORMATION (CONTINUED)****Share Option Schemes (Continued)**

Save for the options which have been granted under the Pre-IPO Share Option Scheme (see below) on or before 28th October, 2002, no further options may be offered, accepted or granted thereunder after 28th October, 2002.

The options granted under the Pre-IPO Share Option Scheme were granted to the relevant grantees subject to the receipt by the Company of the sum of HK\$1.00 by way of consideration for grant thereof to such grantee.

Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at 31st March, 2004 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	At 1st April, 2003	Number of share options				At 31st March, 2004
					Options granted during the year	Options exercised during the year	Options lapsed during the year <sup>(2)</sup>	Options cancelled during the year	
<b>Directors</b>									
Chan Tan Lui, Danielle	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	2,500,000	-	-	-	-	2,500,000
Wu Wing Kin (resigned on 8th June, 2004)	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	3,500,000	-	-	-	-	3,500,000
Kwok Chi Kin (resigned on 18th May, 2004)	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	1,500,000	-	-	-	-	1,500,000
Tang Sing Hing, Kenny (resigned on 18th March, 2004)	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	1,500,000	-	-	-	-	1,500,000
<b>Consultant</b>									
Chan Wing Luk	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	2,500,000	-	-	-	-	2,500,000
<b>Management Shareholder</b>									
Cheng Kin Sang <sup>(3)</sup>	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	500,000	-	-	-	-	500,000
<b>Other employees</b>									
In aggregate	28th October, 2002	15th November, 2003 to 14th November, 2005 <sup>(1)</sup>	0.21	8,000,000	-	-	(2,100,000)	-	5,900,000
				20,000,000	-	-	(2,100,000)	-	17,900,000





## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Share Option Schemes (Continued)

- (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 year, 2,100,000 share options were lapsed upon the resignation of several employees.
- (3) Mr. Cheng Kin Sang sold his interest in the shares of the Company during the year and resigned as the director of hk6.com Limited on 11th May, 2004.

On 28th October, 2002, the Company conditionally adopted a further share option scheme (the "Share Option Scheme"). The Share Option Scheme became unconditional upon the listing of the Company's shares on GEM on 15th November, 2002. Summary of the Share Option Scheme is as follows:

#### (a) Purpose and Participants of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to 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 (the "Eligible Participant").

#### (b) Maximum number of shares

The maximum number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 10% of the the shares of the Company in issue immediately prior to the commencement of trading of the shares of the Company on GEM, which is equivalent to 40,000,000 shares. Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10% limit.



## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Share Option Schemes (Continued)

##### (b) Maximum number of shares (Continued)

Subject to the issue of a circular by the Company and the approval of the shareholders of the Company (the "Shareholders") in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) refresh this limit at any time to 10% of the shares of the Company in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed).
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.
- (iii) notwithstanding the foregoing, the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiary companies if this will result in the 30% limit being exceeded.

##### (c) Maximum number of options to any one individual

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting and/or other requirements prescribed under the GEM Listing Rules from time to time.



## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Share Option Schemes (Continued)

##### (d) Price of shares

The subscription price for a share of the Company in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

##### (e) Granting options to connected persons

Any grant of options to a director, chief executive or management shareholder or substantial shareholder of the Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of shares of the Company issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the shares of the Company at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the GEM Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the GEM Listing Rules from time to time. A connected person (as defined in the GEM Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.



## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Share Option Schemes (Continued)

##### (f) Time of exercise of option

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the Share Option Scheme by Shareholders by resolution at a general meeting.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 31st March, 2004 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	At 1st April, 2003	Number of share options				At 31st March, 2004
					Options granted during the year	Options exercised during the year	Options lapsed during the year	Options cancelled during the year	
<b>Directors</b>									
Chan Tan Lui, Danielle	17th March, 2004 <sup>(1)</sup>	17th September, 2004 to 16th March, 2014	0.047	-	4,000,000	-	-	-	4,000,000
Wu Wing Kin (resigned on 8th June, 2004)	17th March, 2004 <sup>(1)</sup>	17th September, 2004 to 16th March, 2014	0.047	-	400,000	-	-	-	400,000
Kwok Chi Kin (resigned on 18th May, 2004)	17th March, 2004 <sup>(1)</sup>	17th September, 2004 to 16th March, 2014	0.047	-	3,000,000	-	-	-	3,000,000
Guo Qi	17th March, 2004 <sup>(1)</sup>	17th September, 2004 to 16th March, 2014	0.047	-	400,000	-	-	-	400,000
Yip Tai Him	17th March, 2004 <sup>(1)</sup>	17th September, 2004 to 16th March, 2014	0.047	-	400,000	-	-	-	400,000
<b>Other employees</b>									
In aggregate	17th March, 2004 <sup>(1)</sup>	17th March, 2005 to 16th March, 2014	0.047	-	13,300,000	-	-	-	13,300,000
<b>Other Eligible Participants</b>									
In aggregate	17th March, 2004 <sup>(1)</sup>	17th March, 2005 to 16th March, 2014	0.047	-	600,000	-	-	-	600,000
					- 22,100,000	-	-	-	22,100,000

(1) The closing price immediately before the date on which the option was granted was HK\$0.042.



## DIRECTORS' REPORT

### OTHER INFORMATION (CONTINUED)

#### Share Option Schemes (Continued)

##### Value of Share Options

The options granted are not recognised in the financial statements until they are exercised. The directors consider that it is not appropriate to state the value of the share options granted during the year on the ground that a number of variables which are crucial for the valuation of the option value cannot be reasonably determined. Accordingly, the directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

##### SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, Tai Fook Capital Limited (the "Sponsor"), as at 31st March, 2004, 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.

##### COMPETING INTERESTS

Mr. Tang Sing Hing, Kenny, who resigned as the executive director of the Company on 18th March, 2004 and sold his entire interest in shares of the Company during the year, 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.

##### CONNECTED TRANSACTIONS

Related party transactions entered by the Group during the year ended 31st March, 2004, which constitute exempt continuing connected transactions under the GEM Listing Rules, are disclosed in note 20 to the financial statements.



## DIRECTORS' REPORT

**MANAGEMENT CONTRACTS**

No substantial contracts concerning the management and administration of the Company were entered into or existed during the year.

**SUBSEQUENT EVENTS**

No material subsequent events took place after 31st March, 2004.

**PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31st March, 2004, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

**MAJOR CUSTOMERS AND SUPPLIERS**

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

**Purchases**

– the largest supplier	35%
– five largest suppliers	67%

**Sales**

– the largest customer	45%
– five largest customers	91%

Except for the talent fees paid to a company in which a shareholder has beneficial interest at the time entering into the transaction, which are disclosed in note 20 to the financial statements, none of the directors, their associates or any shareholders (which, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interests in these major customers and suppliers during the year.

**AUDITORS**

The financial statements have been audited by Glass Radcliffe Chan who were appointed during the year. Glass Radcliffe Chan now practice under the name of Baker Tilly Hong Kong Limited who, being eligible, offer themselves for re-appointment.



## DIRECTORS' REPORT

### AUDIT COMMITTEE

The Company has established an audit committee on 28th October, 2002 with written terms of reference based on the guidelines set out in "A Guide for the Formation of an Audit Committee" 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 met four times during the year, reviewing the accounting principles and practices adopted by the Company and discussing internal controls and financial reporting matters including a review of the annual report for the year ended 31st March, 2004.

### BOARD PRACTICES AND PROCEDURES

During the year ended 31st March, 2004, the Company has complied with the Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules (if applicable).

On behalf of the Board

**Chan Tan Lui, Danielle**

*Chairman*

Hong Kong, 21st June, 2004



## AUDITORS' REPORT



- 12th Floor, China Merchants Tower, Shun Tak Centre,  
168-200 Connaught Road Central, Hong Kong
- Telephone: (852) 2525 0171 Facsimile: (852) 2810 1417
- Email: [services@grchk.com](mailto:services@grchk.com) Website: <http://www.grchk.com>

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
HK6 HOLDINGS LIMITED**  
*(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)*

We have audited the financial statements on pages 31 to 54 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2004 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**GLASS RADCLIFFE CHAN**  
*Certified Public Accountants*

Hong Kong, 21st June, 2004



# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2004

	NOTE	2004 HK\$	2003 HK\$
<b>Turnover</b>	4	<b>2,693,048</b>	5,383,247
Cost of sales		<b>(487,022)</b>	(2,401,503)
Gross profit		<b>2,206,026</b>	2,981,744
Other revenue		<b>62,594</b>	38,610
Selling expenses		<b>(245,119)</b>	(112,097)
Administrative expenses		<b>(3,575,242)</b>	(2,470,130)
Other operating expenses		<b>(1,786,878)</b>	(1,629,502)
<b>Operating loss</b>	5	<b>(3,338,619)</b>	(1,191,375)
Finance costs		–	(11,671)
<b>Loss before taxation</b>		<b>(3,338,619)</b>	(1,203,046)
Taxation	6	–	–
<b>Loss attributable to shareholders</b>		<b>(3,338,619)</b>	(1,203,046)
<b>Loss per share – basic</b>	8	<b>HK0.83 cent</b>	HK0.34 cent
<b>Loss per share – diluted</b>	8	<b>N/A</b>	N/A

# CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2004

	NOTE	2004 HK\$	2003 HK\$
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11	<b>250,989</b>	143,262
Investment in an associated company	12	<b>4,622,641</b>	–
		<b>4,873,630</b>	143,262
<b>CURRENT ASSETS</b>			
Accounts receivable	14	<b>18,440</b>	228,262
Deposits and prepayments		<b>746,594</b>	557,235
Cash and bank balances		<b>9,486,992</b>	16,713,224
		<b>10,252,026</b>	17,498,721
<b>CURRENT LIABILITIES</b>			
Accounts payable	15	<b>6,866</b>	31,000
Accrued expenses		<b>144,187</b>	174,170
Receipts in advance and other payables	16	<b>1,113,549</b>	237,140
		<b>1,264,602</b>	442,310
<b>NET CURRENT ASSETS</b>		<b>8,987,424</b>	17,056,411
<b>TOTAL NET ASSETS</b>		<b>13,861,054</b>	17,199,673
<b>CAPITAL AND RESERVES</b>			
Share capital	17	<b>4,000,000</b>	4,000,000
Reserves		<b>9,861,054</b>	13,199,673
		<b>13,861,054</b>	17,199,673

**Chan Tan Lui, Danielle**  
Director

**Choo Kwok How**  
Director

**BALANCE SHEET**

AS AT 31ST MARCH, 2004

	NOTE	2004 HK\$	2003 HK\$
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiary companies	13	<b>10,213,910</b>	4,725,795
<b>CURRENT ASSETS</b>			
Cash and bank balances		<b>6,854,764</b>	13,976,213
<b>CURRENT LIABILITIES</b>			
Accrued expenses		<b>16,500</b>	9,000
<b>NET CURRENT ASSETS</b>			
		<b>6,838,264</b>	13,967,213
<b>TOTAL NET ASSETS</b>			
		<b>17,052,174</b>	18,693,008
<b>CAPITAL AND RESERVES</b>			
Share capital	17	<b>4,000,000</b>	4,000,000
Reserves		<b>13,052,174</b>	14,693,008
		<b>17,052,174</b>	18,693,008

**Chan Tan Lui, Danielle**  
Director

**Choo Kwok How**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2004

	NOTE	Share capital HK\$	Share premium HK\$	Merger Reserve HK\$	Accumulated losses HK\$	Total HK\$
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	18(a)	207	–	2,999,793	–	3,000,000
Issue of shares by HK6 Investment Limited to acquire Hong Kong Financial Institute Limited (formerly known as “Smart Talent Holdings Limited”) and hk6.com Limited	18(b)	20,389	–	(20,389)	–	–
Transfer share capital of Hong Kong Financial Institute Limited (formerly known as “Smart Talent Holdings Limited”) to merger reserve	18(b)	(1,307)	–	1,307	–	–
Issue of shares by HK6 Holdings Limited to acquire HK6 Investment Limited	18(c)	3,293,000	–	(3,293,000)	–	–
Transfer share capital of HK6 Investment Limited to merger reserve	18(c)	(20,389)	–	20,389	–	–
Issue of shares to a company for the advisory and consultancy services rendered	18(d)	7,000	–	–	–	7,000
Issue of shares and its premium by HK6 Holdings Limited at premium	18(e)	700,000	20,300,000	–	–	21,000,000
Share issue expenses	18(f)	–	(5,104,513)	–	–	(5,104,513)
Loss for the year		–	–	–	(1,203,046)	(1,203,046)
Balance as at 31st March, 2003		4,000,000	15,195,487	8,320,333	(10,316,147)	17,199,673
Loss for the year		–	–	–	(3,338,619)	(3,338,619)
<b>Balance as at 31st March, 2004</b>		<b>4,000,000</b>	<b>15,195,487</b>	<b>8,320,333</b>	<b>(13,654,766)</b>	<b>13,861,054</b>

## STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

FOR THE YEAR ENDED 31ST MARCH, 2004

	<i>NOTE</i>	<b>Share capital</b> HK\$	<b>Share premium</b> HK\$	<b>Accumulated losses</b> HK\$	<b>Total</b> HK\$
Issue of shares by HK6 Holdings Limited to acquire HK6 Investment Limited	<i>18(c)</i>	3,293,000	–	–	3,293,000
Issue of shares to a company for the advisory and consultancy services rendered	<i>18(d)</i>	7,000	–	–	7,000
Issue of shares and its premium by HK6 Holdings Limited at premium	<i>18(e)</i>	700,000	20,300,000	–	21,000,000
Share issue expenses	<i>18(f)</i>	–	(5,104,513)	–	(5,104,513)
Loss for the year		–	–	(502,479)	(502,479)
Balance as at 31st March, 2003		4,000,000	15,195,487	(502,479)	18,693,008
Loss for the year		–	–	(1,640,834)	(1,640,834)
<b>Balance as at 31st March, 2004</b>		<b>4,000,000</b>	<b>15,195,487</b>	<b>(2,143,313)</b>	<b>17,052,174</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2004

	2004 HK\$	2003 HK\$
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(3,338,619)</b>	(1,203,046)
Adjustments for:		
Interest income	<b>(62,594)</b>	(38,610)
Interest expense	–	11,671
Provision for doubtful debts	–	35,794
Bad debts recovered	<b>(3,720)</b>	–
Depreciation	<b>275,258</b>	403,040
Operating loss before working capital changes	<b>(3,129,675)</b>	(791,151)
Decrease in accounts receivable	<b>213,542</b>	108,054
(Increase)/decrease in deposits and prepayments	<b>(189,359)</b>	398,043
(Decrease)/increase in accounts payable	<b>(24,134)</b>	13,107
Decrease in accrued expenses	<b>(29,983)</b>	(238,339)
Increase/(decrease) in receipts in advance and other payables	<b>876,409</b>	(479,623)
Net cash flow used in operations	<b>(2,283,200)</b>	(989,909)
Interest paid	–	(123,452)
<b>Net cash used in operating activities</b>	<b>(2,283,200)</b>	(1,113,361)
<b>INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<b>(382,985)</b>	(34,230)
Investment in an associated company	<b>(4,622,641)</b>	–
Interest received	<b>62,594</b>	39,906
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,943,032)</b>	5,676
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	–	15,902,487
<b>Net cash generated from financing activities</b>	–	15,902,487
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,226,232)</b>	14,794,802
<b>CASH AND CASH EQUIVALENTS AT 1ST APRIL</b>	<b>16,713,224</b>	1,918,422
<b>CASH AND CASH EQUIVALENTS AT 31ST MARCH</b>	<b>9,486,992</b>	16,713,224
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>9,486,992</b>	16,713,224



## NOTES TO THE FINANCIAL STATEMENTS

### 1. GROUP REORGANISATION

HK6 Holdings Limited (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. Pursuant to the Group reorganisation (the "Reorganisation") implemented on 28th October, 2002, to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited, 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. This was accomplished by the Company acquiring the entire issued share capital of HK6 Investment Limited, in consideration for the allotment and issue of 329,299,990 shares of HK\$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of HK6 Investment Limited. Further details of the Reorganisation are set out in note 18 to the financial statements and in the Company's prospectus dated 31st October, 2002.

The shares of the Company were listed on GEM on 15th November, 2002.

The principal activities of the Company is investment holding. During the year, the Group was principally engaged in the operation of financial website, production of financial programmes and videos and the provision of financial information and investor education.

### 2. ADOPTION OF NEW STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted the revised Statement of Standard Accounting Practice ("SSAP") 12 issued by the Hong Kong Society of Accountants.

The revision to SSAP 12 (Revised) "Income taxes" has introduced a new basis of accounting for income taxes (including both current taxation and deferred taxation). The principal effect of the implementation of SSAP 12 (Revised) relates to deferred taxation. 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. As the adoption of SSAP 12 (Revised) has no material effect on the results for the current or prior accounting periods, no prior period adjustment is required.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These have been prepared under the historical cost convention.

#### (b) Basis of presentation and consolidation

The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Reorganisation. Under this basis, the Company has been treated as the holding company of its subsidiary companies for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31st March, 2003 and 2004 include the results of the Company and its subsidiary companies with effect from 1st April 2002 or since their respective dates of incorporation, where this is a shorter period.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

All significant intercompany transactions and balances within the Group are eliminated in the preparation of the consolidated financial statements.

#### (c) Subsidiary companies

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

#### (d) Associated companies

An associated company is a company, not being a subsidiary and a jointly controlled entity, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidation income statement includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.





## NOTES TO THE FINANCIAL STATEMENTS

### 3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (e) Revenue recognition

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

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

Interest income is recognised on a time apportionment basis.

Dividend income is recognised when the right to receive payment is established.

#### (f) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

#### (g) Operating leases

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

#### (h) Employee benefits

##### (i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

##### (ii) *Pension scheme*

The Group contributes to defined contribution retirement schemes. The assets are held separately from those of the Group in an independently administered fund. Contributions to these retirement schemes are charged to the income statement as they become payable in accordance with the rules of these schemes.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (h) Employee benefits (continued)

##### (iii) Equity compensation benefits

Share options are granted to the directors, a consultant, a management shareholder and employees. No compensation cost is recognised in the income statement in connection with share options granted. When the share options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

#### (i) Taxation

The charge for taxation is based on the results for the year as adjusted for items, which are non-assessable or disallowable. 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 is used to determine deferred taxation.

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

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.

#### (j) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any provisions for impairment losses required to reflect recoverable amounts. Cost represents purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalised when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognised as expenses in the period in which it is incurred.

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

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

The gain or loss arising from the retirement or disposal of fixed assets, representing the difference between the estimated net disposal proceeds and the carrying amount of the asset, is recognised in the income statement.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES *(CONTINUED)*

#### **(k) Borrowing costs**

Borrowing costs are loan interest and other costs charged to the income statement as they are incurred by the Group in connection with the borrowing of funds.

#### **(l) Related parties**

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

#### **(m) Accounts receivable**

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

#### **(n) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made.

#### **(o) Cash and cash equivalents**

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



## NOTES TO THE FINANCIAL STATEMENTS

### 4. 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 tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

Segment revenue and results for the years ended 31st March, 2004 and 31st March, 2003:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Turnover	<b>1,426,972</b>	1,423,404	<b>188,000</b>	3,347,000	<b>1,078,076</b>	612,843	<b>2,693,048</b>	5,383,247
Segment results	<b>1,359,597</b>	1,373,688	<b>14,300</b>	1,373,110	<b>832,129</b>	234,946	<b>2,206,026</b>	2,981,744
Other revenue							<b>62,594</b>	38,610
Unallocated costs							<b>(5,607,239)</b>	(4,211,729)
Operating loss							<b>(3,338,619)</b>	(1,191,375)
Finance costs							-	(11,671)
Loss before taxation							<b>(3,338,619)</b>	(1,203,046)
Taxation							-	-
Loss attributable to shareholders							<b>(3,338,619)</b>	(1,203,046)

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

## NOTES TO THE FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities as at 31st March, 2004 and 31st March, 2003:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Segment assets	<b>18,440</b>	114,852	<b>534,369</b>	224,500	–	26,010	<b>552,809</b>	365,362
Unallocated assets							<b>14,572,847</b>	17,276,621
Total assets							<b>15,125,656</b>	17,641,983
Segment liabilities	<b>88,295</b>	26,930	<b>653,400</b>	219,000	<b>375,920</b>	26,910	<b>1,117,615</b>	272,840
Unallocated liabilities							<b>146,987</b>	169,470
Total liabilities							<b>1,264,602</b>	442,310
Other information:								
Unallocated capital expenditure							<b>382,985</b>	34,230
Depreciation							<b>275,258</b>	403,040



## NOTES TO THE FINANCIAL STATEMENTS

### 5. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
<b>Crediting:</b>		
Interest income	<b>62,594</b>	38,610
Bad debts recovered	<b>3,720</b>	–
<b>Charging:</b>		
Auditors' remuneration	<b>90,000</b>	90,000
Provision for doubtful debts	–	35,794
Depreciation	<b>275,258</b>	403,040
Operating leases in land and buildings	<b>446,664</b>	175,968
Retirement benefit costs	<b>101,223</b>	90,465
Staff costs (including directors' remuneration but excluding retirement benefit costs)	<b>2,798,446</b>	2,069,003

### 6. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5% (2003: 16%). No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year.

Details of deferred taxation of the Group are set out in note 19.

The nil provision for the year can be reconciled from taxation based on the loss per income statement as follows:–

	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Loss before taxation	<b>(3,338,619)</b>	(1,203,046)
Tax at the domestic tax rate of 17.5% (2003: 16%)	<b>(584,258)</b>	(192,487)
Tax effect of non-deductible expenses	<b>52,449</b>	78,307
Tax effect of non-taxable revenue	<b>(860)</b>	(1,130)
Tax effect of prior year's tax losses utilized this year	<b>(37,147)</b>	(29,618)
Tax effect of unused tax losses not recognised	<b>591,882</b>	151,408
Others	<b>(22,066)</b>	(6,480)
Tax charge for the year	–	–



## NOTES TO THE FINANCIAL STATEMENTS

**7. LOSS ATTRIBUTABLE TO SHAREHOLDERS**

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,640,834 (2003: HK\$502,479).

**8. LOSS PER SHARE**

The calculation of the basic loss per share for the year ended 31st March, 2004 is based on the consolidated net loss attributable to shareholders of HK\$3,338,619 (2003: HK\$1,203,046) and the weighted average number of 400,000,000 (2003: 356,250,000) ordinary shares in issue during the year.

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

**9. DIVIDENDS**

No dividends have been paid or declared by the Company during the year (2003: Nil).

**10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

(i) Details of the emoluments paid and payable to the directors of the Company during the year are as follows:

	<b>2004</b> <b>HK\$</b>	2003 HK\$
Fees	<b>90,322</b>	45,000
Other emoluments	–	–
Basic salaries, allowances and benefit in kinds	<b>1,008,600</b>	259,750
Bonuses	–	–
Retirement benefit costs	<b>27,105</b>	9,300
	<b>1,126,027</b>	314,050

The emoluments of the directors fell within the following bands:

<b>Emolument bands</b>	<b>Number of Directors</b>	
	<b>2004</b>	2003
HK\$ Nil to HK\$1,000,000	<b>9</b>	9

Four executive directors received emoluments for the year ended 31st March, 2004 of HK\$303,945, HK\$1,260, HK\$372,000 and HK\$358,500 (2003: HK\$525, HK\$525, HK\$128,250 and HK\$139,750) respectively.

During the year, an independent non-executive director received a fee of HK\$90,322 (2003: HK\$45,000). All other non-executive directors, including independent non-executive directors, did not receive any emoluments.



## NOTES TO THE FINANCIAL STATEMENTS

**10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)**

(ii) The five individuals whose emoluments were the highest within the Group are as follows:

	<b>2004</b>	2003
Directors	<b>3</b>	1
Employees	<b>2</b>	4
	<b>5</b>	5

(iii) Details of the directors' emoluments are set out in (i) above. The details of the emoluments of employees as mentioned above are as follows:

	<b>2004 HK\$</b>	2003 HK\$
Basic salaries, allowances and benefit in kinds	<b>476,610</b>	757,200
Bonuses	<b>3,700</b>	250,000
Retirement benefit costs	<b>23,065</b>	36,205
	<b>503,375</b>	1,043,405

(iv) The emoluments of employees fell within the following bands:

	<b>2004</b>	2003
<b>Emolument bands</b> HK\$ Nil to HK\$1,000,000	<b>2</b>	4

(v) During the year, no directors waived any emoluments and no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or joining the Group as compensation for loss of office.



## NOTES TO THE FINANCIAL STATEMENTS

## 11. FIXED ASSETS

	<b>Group</b>			
	<b>Computer equipment</b>	<b>Leasehold improvements</b>	<b>Equipment, furniture and fixtures</b>	<b>Total</b>
	HK\$	HK\$	HK\$	HK\$
Cost				
At 1st April, 2003	1,818,652	76,485	112,475	2,007,612
Additions	85,576	250,058	47,351	382,985
Disposal	–	(76,485)	–	(76,485)
<b>At 31st March, 2004</b>	<b>1,904,228</b>	<b>250,058</b>	<b>159,826</b>	<b>2,314,112</b>
Accumulated depreciation				
At 1st April, 2003	1,712,558	76,485	75,307	1,864,350
Charge for the year	109,053	125,029	41,176	275,258
Disposal	–	(76,485)	–	(76,485)
<b>At 31st March, 2004</b>	<b>1,821,611</b>	<b>125,029</b>	<b>116,483</b>	<b>2,063,123</b>
Net book value				
<b>At 31st March, 2004</b>	<b>82,617</b>	<b>125,029</b>	<b>43,343</b>	<b>250,989</b>
At 31st March, 2003	106,094	–	37,168	143,262

## 12. INVESTMENT IN AN ASSOCIATED COMPANY

This represents the share of net assets of the unlisted associated company. Details of the Group's associated company are as follows:–

Name	Percentage held	Principal activities	Place of operation
神州速達導航通信資訊（北京）有限公司	49%	Business not yet commenced	People's Republic of China



## NOTES TO THE FINANCIAL STATEMENTS

**13. INVESTMENTS IN SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2004 HK\$</b>	2003 HK\$
Unlisted shares, at cost	<b>3,293,008</b>	3,293,008
Amounts due from subsidiary companies	<b>6,920,910</b>	1,432,795
Amount due to a subsidiary company	<b>(8)</b>	(8)
	<b>10,213,910</b>	4,725,795

Amounts due from/(to) subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

Details of the Company's subsidiary companies at 31st March, 2004 are as follows:

<b>Name</b>	<b>Place of incorporation and type of legal entity</b>	<b>Issued and fully paid up share capital</b>	<b>Percentage of equity interest</b>	<b>Principal activities and place of operation</b>
* HK6 Investment Limited	British Virgin Islands, limited liability company	US\$2,614.00	100%	Investment holding in British Virgin Islands
Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited")	Hong Kong, limited liability company	HK\$1,307.00	100%	Production of financial programmes and videos and provision of investor education in Hong Kong
hk6.com Limited	Hong Kong, limited liability company	HK\$2.00	100%	Operation of financial websites and provision of financial information in Hong Kong
HK6 Media Limited	Hong Kong, limited liability company	HK\$2.00	100%	Development of business alliances with media channels in Hong Kong
* HK6 Investment China (BVI) Limited	British Virgin Islands, limited liability company	US\$1.00	100%	Investment holding in British Virgin Islands



## NOTES TO THE FINANCIAL STATEMENTS

**13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)**

Name	Place of incorporation and type of legal entity	Issued and fully paid up share capital	Percentage of equity interest	Principal activities and place of operation
Sino Key International Ltd.	British Virgin Islands, limited liability company	US\$1.00	100%	Investment holding in British Virgin Islands
Pro-Concept Development Ltd.	British Virgin Islands, limited liability company	US\$1.00	100%	Dormant

\* shares held directly by the Company

**14. ACCOUNTS RECEIVABLE**

Details of the ageing analysis are as follows:

	Group	
	2004 HK\$	2003 HK\$
0 to 30 days	<b>18,440</b>	228,262

The Group generally granted credit period to its customers from 7 days to 30 days.

**15. ACCOUNTS PAYABLE**

The balances at year ends are all aged less than 30 days.

**16. RECEIPTS IN ADVANCE AND OTHER PAYABLES**

Included in the balance is an amount of HK\$653,400 (2003: HK\$188,000) received in advance for financial programme and video production and an amount of HK\$375,920 (2003: HK\$Nil) received in advance for financial seminars and courses.



## NOTES TO THE FINANCIAL STATEMENTS

### 17. SHARE CAPITAL

#### (a) Share capital

*Authorised:*

1,000,000,000 ordinary shares of HK\$0.01 each

*Issued and fully paid:*

400,000,000 ordinary shares of HK\$0.01 each

*Notes:*

- (i) On 23rd May, 2002, the Company was incorporated in the Cayman Islands with an initial authorised share capital HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. One subscriber share at HK\$0.10 was allotted and issued full paid on incorporation.
- (ii) On 28th October, 2002, each of the 999,999 shares of HK\$0.10 each in the authorised but unissued capital of the Company and the issued one share of HK\$0.10 each was sub-divided into ten shares of HK\$0.01 each. Accordingly, the Company's unissued and issued share capital were respectively changed from 999,999 shares and 1 share of HK\$0.10 each to 9,999,990 shares and 10 shares of HK\$0.01 each.
- (iii) On 28th October, 2002, the authorised share capital of the Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of an additional 990,000,000 shares of HK\$0.01 each.
- (iv) On 28th October, 2002, as part of the Reorganisation set out in note 1 to the financial statements, the Company issued an aggregate of 329,299,990 shares of HK\$0.01 each in the capital of the Company, credited as fully paid to HK6 Holdings Limited, in consideration for the acquisition of the entire issued share capital of the immediate holding company, HK6 Investment Limited.
- (v) On 28th October, 2002, the Company issued 700,000 new shares to a company in satisfaction of HK\$210,000 being the service fee for the public relations advisory and consultancy services rendered in connection to the preparation of listing of the shares in the capital of the Company on GEM of The Stock Exchange of Hong Kong Limited.
- (vi) On 15th November, 2002, 70,000,000 shares of HK\$0.01 each were issued to the public at HK\$0.30 each for cash consideration, before deducting the share issuing expenses, of HK\$21,000,000.

<b>Company</b>	
<b>2004</b>	2003
<b>HK\$</b>	HK\$
<b>10,000,000</b>	10,000,000
<b>4,000,000</b>	4,000,000



## NOTES TO THE FINANCIAL STATEMENTS

**17. SHARE CAPITAL (CONTINUED)****(a) Share capital (continued)**

The following is a summary of the above movements in the authorised, issued and fully paid share capital of the Company:

	<i>Note</i>	<b>Number of ordinary shares</b>	<b>Nominal value HK\$</b>
<i>Authorised:</i>			
Ordinary share of HK\$0.10 each		1,000,000	100,000
Subdivision of one ordinary share of HK\$0.10 each into 10 ordinary shares of HK\$0.01 each	<i>(ii)</i>	9,000,000	–
Increase in authorised share capital	<i>(iii)</i>	990,000,000	9,900,000
		1,000,000,000	10,000,000
<i>Issued and fully paid:</i>			
Ordinary share of HK\$0.10 each		1	–
Subdivision of one ordinary share of HK\$0.10 each into 10 ordinary shares of HK\$0.01 each	<i>(ii)</i>	9	–
Ordinary shares of HK\$0.01 each issued as consideration for acquisition of the entire issued share capital of HK6 Investment Limited	<i>(iv)</i>	329,299,990	3,293,000
Ordinary shares of HK\$0.01 each issued to a company in satisfaction of service fee for the public relations advisory and consultancy services rendered	<i>(v)</i>	700,000	7,000
Issue of ordinary shares of HK\$0.01 each upon listing	<i>(vi)</i>	70,000,000	700,000
		400,000,000	4,000,000

**(b) Share option scheme**

Details of the share option information are set out in the directors' report.



## NOTES TO THE FINANCIAL STATEMENTS

### 18. NOTES TO THE STATEMENT OF CHANGES IN EQUITY

The Reorganisation, which altered the compositions of the equity, was executed and was detailed as follows:

- (a) On 10th June, 2002, a total of 207 shares of HK\$1.00 each in the share capital of Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited") were allotted and issued to the bondholders credited as fully paid at an aggregate consideration of HK\$3,000,000 upon these bondholders' exercise of the conversion rights under the bonds issued by Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited") in 2000.
- (b) On 27th August, 2002, HK6 Investment Limited acquired the entire issued share capital of hk6.com Limited from Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited") by allotting and issuing 1,305 shares of US\$1.00 each to the shareholders of Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited"). On 29th August, 2002, HK6 Investment Limited acquired the entire issued share capital of Hong Kong Financial Institute Limited (formerly known as "Smart Talent Holdings Limited") from its shareholders through the issuance of 1,307 shares of US\$1.00 each in HK6 Investment Limited. As such, HK6 Investment Limited became the holding company of the Group.
- (c) On 28th October, 2002, HK6 Holdings Limited acquired the entire issued share capital of HK6 Investment Limited from its shareholders and 329,299,990 shares were allotted and issued as consideration for the acquisition, all credited as fully paid at par. HK6 Holdings Limited 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 since 28th October, 2002.
- (d) On 28th October, 2002, the Company issued 700,000 new shares to a company in satisfaction of HK\$210,000 being the service fee for the public relations advisory and consultancy services rendered in connection to the preparation of listing of the shares in the capital of the Company on GEM of The Stock Exchange of Hong Kong Limited.
- (e) On 15th November, 2002, 70,000,000 shares of HK\$0.01 each were issued to the public at HK\$0.30 each for cash consideration of HK\$21,000,000.
- (f) The amount of share issuance expenses of HK\$5,104,513 were offset against the share premium from the public offer of the Company's share capital.



## NOTES TO THE FINANCIAL STATEMENTS

### 19. UNRECOGNISED DEFERRED TAXATION

At the balance sheet date, the Group had unrecognised deferred taxation assets as follows:

	<b>Group</b>	
	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Taxation effect of temporary differences arising as a result of:		
Tax losses available to set off against future assessable profits	<b>1,900,000</b>	1,698,000
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	<b>17,000</b>	(8,000)
	<b>1,917,000</b>	1,690,000

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

The amount of unrecognised deferred taxation credit for the year is as follows:

	<b>Group</b>	
	<b>2004</b>	2003
	<b>HK\$</b>	HK\$
Taxation effect of timing differences arising as a result of:		
Tax losses arising	<b>202,000</b>	187,000
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	<b>25,000</b>	58,000
	<b>227,000</b>	245,000

The Company had no significant unrecognised deferred taxation at the balance sheet date.



## NOTES TO THE FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS

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

	<b>2004 HK\$</b>	2003 HK\$
Talent fees paid to a company in which a shareholder has beneficial interest at the time entering into the transactions	<b>35,000</b>	335,000
Talent fees paid to directors of the Company, both resigned during the year	<b>18,200</b>	5,000

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

### 21. RETIREMENT BENEFIT COSTS

The Group has participated in the mandatory provident fund (the "Fund") for its employees in Hong Kong. Contributions to the scheme by the Group are calculated at 5% of employees' basic salaries. The retirement benefit costs charged to the income statement for the year ended 31st March, 2004 amounted to HK\$101,223 (2003: HK\$90,465), representing contributions paid and payable by the Group to the Fund. The assets of the Fund are held separately from those of the Group in an independently administered fund.

### 22. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group was committed to make rental payments in respect of land and buildings after the balance sheet date under operating leases falling due as follows:

	<b>Group</b>	
	<b>2004 HK\$</b>	2003 HK\$
Within one year	<b>259,200</b>	432,000
In the second to fifth year inclusive	-	259,200
	<b>259,200</b>	691,200

### 23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 21st June, 2004.