

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

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

HIGHLIGHTS

- Turnover of the Group for the six months ended 30th September, 2004 was approximately HK\$2,469,000.
- Net loss attributable to shareholders was approximately HK\$1,274,000 for the six months ended 30th September, 2004.
- Loss per share for the six months ended 30th September, 2004 was approximately HK0.32 cent.
- The board of the Directors (the "Board") does not recommend the payment of any interim dividend for the six months ended 30th September, 2004.

The Directors are pleased to present the unaudited interim results of the Company together with its subsidiaries (collectively the "Group") for the six months ended 30th September, 2004.

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK\$2,469,000 for the six months ended 30th September, 2004, representing an increase of approximately 92%, compared to approximately HK\$1,283,000 for the six months ended 30th September, 2003. Approximately 26.5%, 27.7% and 45.8% of the turnover for the six months ended 30th September, 2004 were attributable to the income derived from the production of financial programmes and videos, provision of real-time financial information services and investor education within the financial market respectively.

The Group incurred a net loss attributable to shareholders of approximately HK\$1,274,000 for the six months ended 30th September, 2004 as compared to approximately HK\$1,668,000 for the corresponding period in 2003. The decrease of net loss was mainly attributable to the increase in the gross profit.

BUSINESS REVIEW

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

Provision of real-time financial information services

For the six months ended 30th September, 2004, the revenue derived from the provision of real-time financial information services was approximately HK\$684,000, compared to approximately HK\$702,000 in the corresponding period. The revenue derived from this source is relatively stable.

Financial programme and video production services

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

For the six months ended 30th September, 2004, revenue derived from the provision of financial programme and video production services increased to approximately HK\$654,000, compared to approximately HK\$188,000 in the corresponding period. The increase in revenue was mainly attributable to higher value project obtained during the period.

Investor education on financial market

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

For the six months ended 30th September, 2004, revenue derived from investor education within the financial markets was increased to approximately HK\$1,131,000, compared to approximately HK\$392,000 in the corresponding period. 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 period.

BUSINESS OUTLOOK

The Group aims to become one of the leading and 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 Communication Co. Ltd. ("China Communication"), a nationwide telecommunications network operator approved by the respective authority under the State Council of China. China Communication holds a license (B2-20040020) awarded by the Ministry of Information Industry for the provision of value-added telecommunication services. It is commissioned by the State Council to plan, invest and build the nation's public communication special network. It also runs the demonstration project for the "Special Implementation Scheme for the Industrialization of the GPS Application" in accordance to the network construction plan approved by the respective authority of the State Council. On 23rd September, 2004 Shenzhou Suda, the Joint Venture in which the Group has 49% interest, has entered into an Agreement with China Communication to establish an information platform, which will provide financial information and general information services to telephone users, mobile phone users and cable television users through the network operated by China Communication. Any service fee from the platform, after deduction of any third parties cost, will be shared by China Communication and Shenzhou Suda on the basis of 70%: 30%. On 26th October, 2004 the joint platform has extended its service to Beijing Public Payment Platform Services ("BPPPS") by providing financial content and payment alerts to a wide population of subscribers in Beijing. The BPPPS extensively covers the receipt of payment businesses in various aspects of governmental and utility services such as water, electricity, town gas, cable television, tax, telephone and a broad range of tariff services. The platform's potential subscriber population includes 4.5 million households in Beijing, 10 million mobile phone services subscribers, 3.5 million fixed-line telecommunication services users and 2.6 million car owners. BPPPS is also able to tap into the existing cardholder base of 40 million of China UnionPay, a credit card issuer.

On 20th August, 2004, Pro-Concept Development Limited, a wholly-owned subsidiary of the Company, has set up a wholly-foreign owned enterprise in Shenzhen, to expand its business of information services to SZTV, a cable TV operation with a nationwide network of audience.

The Directors consider that the establishment of both the Joint Venture and wholly-foreign owned enterprise in the PRC, are strategic move to expand its business and enhance its market foothold in the PRC. The Directors will continue to seek opportunities to form alliances with companies with strong audience or viewership base in Hong Kong and the PRC to strengthen the Group's distribution networks. The Directors are optimistic

that the subscribers base of BPPPS will grow significantly in the next few years and Shenzhou Suda can leverage on the nationwide network of China Communication to roll out BPPPS business model to other provinces and cities. The Directors will continue to do their best to deploy their strengths and capabilities to expand the revenue base of the Group and capture the new opportunities offered by prosperity of PRC market.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and profitability

The Group recorded turnover of approximately HK\$2,469,000 (for the six months ended 30th September, 2003: approximately HK\$1,283,000) for the six months ended 30th September, 2004, representing an increase of approximately 92%, compared to corresponding period in previous year. Approximately 26.5%, 27.7% and 45.8% (for the six months ended 30th September, 2003: approximately 14.7%, 54.7% and 30.6%) of turnover for the six months ended 30th September, 2004 were attributable to the income derived from the production of financial programmes and videos, provision of real-time financial information services and investor education on financial market respectively.

The Group's gross profit for the six months ended 30th September, 2004 amounted to approximately HK\$1,492,000 (for the six months ended 30th September, 2003: approximately HK\$953,000), representing an increase of 56.6% compared to previous corresponding period whilst the Group's gross profit margin dropped to approximately 60.4% (for the six months ended 30th September, 2003: 74.3%), representing a decrease of approximately 13.9% compared to the previous corresponding period. The lower gross profit margin of the Group for the six months ended 30th September, 2004 was mainly attributable to the decrease in gross profit margin from the production of financial programme and videos.

Selling, administrative and other operating expenses for the six month ended 30th September, 2004 was approximately HK\$2,766,000, compared to approximately HK\$2,673,000 in the previous corresponding period, which is relatively stable.

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group's net loss for the six months ended 30th September, 2004 decreased to approximately HK\$1,274,000 (for the six months ended 30th September, 2003: approximately HK\$1,668,000). The decrease of net loss was mainly attributable to the increase in the gross profit.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th September, 2004, the Group did not have any borrowings outstanding (as at 31st March, 2004: nil) and did not have any committed borrowing facilities (as at 31st March, 2004: nil). However, the Group has a capital commitment of approximately HK\$1,000,000 which relates to the capital contribution to the new wholly-foreign owned enterprise in the PRC in the coming year (as at 31st March, 2004: nil).

As at 30th September, 2004, the Group's net current assets amounted to approximately HK\$7,797,000 (as at 31st March, 2004: approximately HK\$8,987,000). The Group's current assets consisted of cash and cash equivalents of approximately HK\$7,805,000 (as at 31st March, 2004: approximately HK\$9,487,000), accounts receivable of approximately HK\$24,000 (as at 31st March, 2004: approximately HK\$18,000) and deposits and prepayments of approximately HK\$225,000 (as at 31st March, 2004: approximately HK\$747,000). The Group's current liabilities consisted of accounts payable of approximately HK\$31,000 (as at 31st March, 2004: approximately HK\$7,000), accrued expenses of approximately HK\$190,000 (as at 31st March, 2004: approximately HK\$144,000), receipts in advance and other payables of approximately HK\$36,000 (as at 31st March, 2004: approximately HK\$1,114,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 2.0% as at 30th September, 2004, compared to 8.4% as at 31st March, 2004.

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 as at 30th September, 2004 and 31st March, 2004.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiary companies and affiliated companies during the six months ended 30th September, 2004.

EMPLOYEES

As at 30th September, 2004, the Group had 16 employees (as at 30th September, 2003: 20). The staff costs for the six months ended 30th September, 2004 was approximately HK\$1,579,000 (for the six months ended 30th September, 2003: approximately HK\$1,324,000). The Group's remuneration, bonus and share option scheme policies are granted based on the performance of individual employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

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

FOREIGN CURRENCY RISK

The income and expenditure of the Group were mainly conducted 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 30th September, 2004 and 31st March, 2004.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as stated in the prospectus

Development of strategic alliances and business partnerships in the PRC

- Seek to form strategic alliances with other financial information providers and media channels in the PRC to broaden the range of services available to the customers
- Seek potential investment in the PRC with similar business nature as the Group in order to expand the coverage of the Group's financial information in the PRC

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

Actual business progress for the six months ended 30th September, 2004

- The Group has entered an agreement with a financial information provider in the PRC in June 2004 to co-operate for the production of financial news and programmes which will be broadcasting in the PRC.
- The Group has liaised with other potential partners in the PRC to form strategic alliances and business partnerships. Further co-operative discussion is in progress.
- The Group has set up a wholly-foreign owned enterprise in the PRC in August 2004 in order to expand its business in the PRC.
- The Group has entered an agreement with a Hong Kong mass media service provider in August 2004 to broaden the networks of distributing multimedia financial information services in Hong Kong.

Business objectives as stated in the prospectus

Actual business progress for the six months ended 30th September, 2004

Service development and enhancement

- Continue to enrich the content with new features such as live-broadcasting
 - Continue to acquire equipments and develop new web technologies for content management and distribution in order to support new features and content
 - Continue to recruit a professional video production team to expand the video production business of the Group
 - Develop new digital video technologies for improving the quality of multimedia content
 - Continue to produce television programmes and broadcast on channels of strategic alliances
- After performing the feasibility study during the period ended 30th September, 2004, the Group considered to postpone adding live-broadcasting feature within the Group’s website.
 - The Group has continued to carry out a study on the development of new web technologies for content management and distribution to cope with the changes in the market.
 - As stated in the annual report dated on 21st June, 2004, the Directors considered to postpone the set up of a video production team.
 - Undergoing
 - Undergoing

Sales and marketing

- Continue to organize seminars and courses to build up public awareness
- The Group has organized and will continue to organize courses in relation to the financial markets in Hong Kong with the university. The organization of these courses can strengthen the public awareness of its brand name “HK6”.

**Business objectives as stated
in the prospectus**

- Organise joint marketing programs with the Group's media channel partners

- Advertise through multimedia channels such as television, newspapers and exhibitions

- Explore potential customers in the PRC through strategic alliances

- Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services

**Actual business progress
for the six months ended
30th September, 2004**

- The Group has entered an agreement with media channel partner in August 2004 in Hong Kong.

- The Group has entered an advertising agent agreement with the financial information provider in the PRC in August 2004 to act as its advertising agent in Hong Kong.

- Electronic newsletters were published and distributed to the members of the Group's website regularly during the period. At the same time, the Group has advertised through newspapers and the Group's website and organised courses and seminars to public to strengthen the public awareness of its brand name "HK6" and its services.

- Undergoing

- Undergoing

USE OF PROCEEDS

As at 30th September, 2004, the Group has incurred the following amounts to achieve the business objectives as set out in the Prospectus:

	Planned usage as stated in the Prospectus (from 15th November, 2002 to 30th September, 2004) <i>HK\$'000</i>	Actual (from 15th November, 2002 to 30th September, 2004) <i>HK\$'000</i>	Variance <i>HK\$'000</i>	Remarks
Development of strategic alliances and business partnerships in the PRC	3,600	4,623	1,023	The Group has established a Joint Venture in Beijing in January 2004. The investment of the Group in the Joint Venture was RMB4,900,000 and the Group holds 49% interests in the Joint Venture. The establishment of the Joint Venture was in line with the statement of business objectives of the Company as disclosed in the prospectus. By setting up the Joint Venture, the Group can expand its scale of business and enhance its distribution network in the PRC.
Media channels development and enhancement in Hong Kong	2,600	-	(2,600)	After performing a feasibility study during the period ended 30th September, 2004, the Group considered to postpone the investment in this area but will continue to seek strategic alliance with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services in Hong Kong.

	Planned usage as stated in the Prospectus (from 15th November, 2002 to 30th September, 2004) <i>HK\$'000</i>	Actual (from 15th November, 2002 to 30th September, 2004) <i>HK\$'000</i>	Variance <i>HK\$'000</i>	Remarks
Service development and enhancement	4,700	1,094	(3,606)	Due to the market situation and the slow growth of the business of the financial content sales, the investment in this area has been slowed down. However, the Group will continue reviewing the market environment and performing the feasibility study in this area if necessary.
Sales and marketing	1,300	891	(409)	No material variance noted.
General working capital	1,500	2,714	1,214	The Group recorded net loss for these two years accordingly, additional funds were utilized to finance its working capital as a temporary measure.
Net fund raised/used	<u>13,700</u>	<u>9,322</u>	<u>(4,378)</u>	

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

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS AND FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

		Three months ended 30th September,		Six months ended 30th September,	
		2004	2003	2004	2003
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	2	791,529	494,717	2,468,688	1,282,537
Cost of sales		<u>(143,427)</u>	<u>(91,693)</u>	<u>(976,525)</u>	<u>(329,745)</u>
Gross profit		648,102	403,024	1,492,163	952,792
Other revenue	2	68	21,059	147	52,676
Selling expenses		(100,314)	(112,776)	(187,546)	(112,776)
Administrative expenses		(934,043)	(867,389)	(1,823,327)	(1,650,844)
Other operating expenses		<u>(349,141)</u>	<u>(483,278)</u>	<u>(755,351)</u>	<u>(909,751)</u>
Operating loss	3	(735,328)	(1,039,360)	(1,273,914)	(1,667,903)
Finance costs		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss before taxation		(735,328)	(1,039,360)	(1,273,914)	(1,667,903)
Taxation	4	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss attributable to shareholders		<u>(735,328)</u>	<u>(1,039,360)</u>	<u>(1,273,914)</u>	<u>(1,667,903)</u>
Loss per share – basic	6	<u>HK0.18 cent</u>	<u>HK0.26 cent</u>	<u>HK0.32 cent</u>	<u>HK0.42 cent</u>
Loss per share – diluted	6	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER, 2004**

		30th September, 2004 (Unaudited)	31st March, 2004 (Audited)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current assets			
Fixed assets	7	167,314	250,989
Investment in an associated company	8	4,622,641	4,622,641
		<u>4,789,955</u>	<u>4,873,630</u>
Current assets			
Accounts receivable	9	23,870	18,440
Deposits and prepayments		224,786	746,594
Cash and bank balances		7,805,090	9,486,992
		<u>8,053,746</u>	<u>10,252,026</u>
Current liabilities			
Accounts payable	10	30,400	6,866
Accrued expenses		189,925	144,187
Receipts in advance		36,236	1,113,549
		<u>256,561</u>	<u>1,264,602</u>
Net current assets		<u>7,797,185</u>	<u>8,987,424</u>
Total assets less current liabilities		<u>12,587,140</u>	<u>13,861,054</u>
Capital and reserves			
Share capital	12	4,000,000	4,000,000
Reserves		8,587,140	9,861,054
		<u>12,587,140</u>	<u>13,861,054</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

	Six months ended 30th September,	
	2004 (Unaudited) <i>HK\$</i>	2003 (Unaudited) <i>HK\$</i>
Net cash outflow used in operating activities	(1,668,039)	(1,418,694)
Net cash outflow used in investing activities	(13,863)	(316,109)
Net cash outflow used in financing activities	—	—
Decrease in cash and cash equivalents	(1,681,902)	(1,734,803)
Cash and cash equivalents at 1st April	<u>9,486,992</u>	<u>16,713,224</u>
Cash and cash equivalents at 30th September	<u>7,805,090</u>	<u>14,978,421</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>7,805,090</u>	<u>14,978,421</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004**

	Share capital (Unaudited) <i>HK\$</i>	Share premium (Unaudited) <i>HK\$</i>	Merger reserve (Unaudited) <i>HK\$</i>	Accumulated losses (Unaudited) <i>HK\$</i>	Total (Unaudited) <i>HK\$</i>
Balance as at 1st April, 2003	4,000,000	15,195,487	8,320,333	(10,316,147)	17,199,673
Loss for the period	—	—	—	(1,667,903)	(1,667,903)
Balance as at 30th September, 2003	<u>4,000,000</u>	<u>15,195,487</u>	<u>8,320,333</u>	<u>(11,984,050)</u>	<u>15,531,770</u>
Balance as at 1st April, 2004	4,000,000	15,195,487	8,320,333	(13,654,766)	13,861,054
Loss for the period	—	—	—	(1,273,914)	(1,273,914)
Balance as at 30th September, 2004	<u>4,000,000</u>	<u>15,195,487</u>	<u>8,320,333</u>	<u>(14,928,680)</u>	<u>12,587,140</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GROUP REORGANISATION AND BASIS OF PREPARATION

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

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

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

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2004.

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

2. SEGMENT INFORMATION

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

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

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

	Financial information		Financial programme and video production		Financial seminars and courses		Group	
	2004	2003	2004	2003	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	684,088	702,419	653,400	188,000	1,131,200	392,118	2,468,688	1,282,537
Segment results	632,862	678,220	85,000	14,300	774,301	260,272	1,492,163	952,792
Other revenue							147	52,676
Unallocated costs							(2,766,224)	(2,673,371)
Operating loss							(1,273,914)	(1,667,903)
Finance costs							-	-
Loss before taxation							(1,273,914)	(1,667,903)
Taxation							-	-
Loss attributable to shareholders							(1,273,914)	(1,667,903)

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

3. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	Three months ended 30th September,		Six months ended 30th September,	
	2004 (Unaudited)	2003 (Unaudited)	2004 (Unaudited)	2003 (Unaudited)
	HK\$	HK\$	HK\$	HK\$
Crediting:				
Interest income	68	21,059	147	52,676
Charging:				
Auditors' remuneration	22,500	22,500	45,000	45,000
Depreciation of fixed assets	47,600	67,038	97,685	146,908
Directors' remuneration	378,000	209,130	838,720	418,260
Operating leases in land and buildings	129,600	129,600	157,440	204,187
Retirement benefit costs	18,472	17,584	34,537	35,581
Staff costs	367,281	456,423	705,870	870,234

4. TAXATION

The Group's business is operated in Hong Kong and is subject to Hong Kong profits tax at the rate of 17.5% (six months ended 30th September, 2003: 17.5%). No provision for Hong Kong profits tax has been made, as the Group has no estimated assessable profits for the three months and for the six months ended 30th September, 2004 (for the three months and six months ended 30th September, 2003: Nil).

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

5. DIVIDENDS

No dividends have been paid or declared during the three months and six months ended 30th September, 2004 (for the three months and six months ended 30th September, 2003: Nil).

6. LOSS PER SHARE

The calculation of the basic loss per share for the three months and six months ended 30th September, 2004 is based on the unaudited consolidated net loss attributable to shareholders of HK\$735,328 and HK\$1,273,914 respectively (for the three months and six months ended 30th September, 2003: HK\$1,039,360 and HK\$1,667,903 respectively) and on the 400,000,000 shares in issue for the three months and six months ended 30th September, 2004 (for the three months and six months ended 30th September, 2003: 400,000,000 shares).

No diluted loss per share for the three months and six months ended 30th September, 2004 (for the three months and six months ended 30th September, 2003: Nil) has been presented as the Company has no dilutive potential shares.

7. FIXED ASSETS

	(Unaudited) <i>HK\$</i>
Cost	
At 1st April, 2004	2,314,112
Additions	14,010
At 30th September, 2004	2,328,122
Accumulated depreciation	
At 1st April, 2004	2,063,123
Charge for the period	97,685
At 30th September, 2004	2,160,808
Net book value	
At 30th September, 2004	167,314
At 31st March, 2004	250,989

8. 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%	Provision of various value-added services, including financial information relating to Hong Kong, to telecommunication users through the media channels in the PRC	People's Republic of China

9. ACCOUNTS RECEIVABLE

The balances at the period end are all aged less than 30 days (31st March, 2004: less than 30 days).

The Group generally granted credit period to its customers from 7 days to 30 days (31st March, 2004: 7 days to 30 days).

10. ACCOUNTS PAYABLE

Details of the ageing analysis are as follows:

	30th September, 2004 (Unaudited) <i>HK\$</i>	31st March, 2004 (Audited) <i>HK\$</i>
0 to 30 days	10,822	6,866
31 days to 60 days	6,106	—
61 days to 90 days	6,666	—
91 days to 180 days	6,806	—
	<u>30,400</u>	<u>6,866</u>

11. RELATED PARTY TRANSACTIONS

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

	Three months ended 30th September, 2004 (Unaudited) <i>HK\$</i>		Six months ended 30th September, 2004 (Unaudited) <i>HK\$</i>	
	2004 (Unaudited) <i>HK\$</i>	2003 (Unaudited) <i>HK\$</i>	2004 (Unaudited) <i>HK\$</i>	2003 (Unaudited) <i>HK\$</i>
Talent fees paid to a company in which a shareholder has beneficial interest	—	—	—	20,000
Talent fees paid to directors of the Company	—	2,000	—	10,400
		<u>2,000</u>		<u>10,400</u>

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.

12. SHARE CAPITAL

	30th September, 2004 (Unaudited)		31st March, 2004 (Audited)	
	Number of Shares	Nominal value <i>HK\$</i>	Number of Shares	Nominal value <i>HK\$</i>
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each	<u>400,000,000</u>	<u>4,000,000</u>	<u>400,000,000</u>	<u>4,000,000</u>

OTHER INFORMATION

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

As at 30th September, 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 Rules 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	Family interests	Other interests		Pre-IPO Share Option Scheme	Share Option Scheme	Aggregate interests	
	<i>(Note)</i>								
Chan Tan Lui, Danielle	240,000	107,079,195	-	-	107,319,195	2,500,000	4,000,000	113,819,195	28.45%
Choo Kwok How	-	-	100,000	-	100,000	1,500,000	2,000,000	3,600,000	0.90%
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 30th September, 2004.

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 30th September, 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		
Superhero Limited (<i>Note</i>)	Beneficial owner	107,079,195		–	–	107,079,195	26.77%
Chan Tan Lui, Danielle (<i>Note</i>)	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 30th September, 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 30th September, 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.

Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at 30th September, 2004 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 30th September, 2004
				At 1st April, 2004	Options granted during the period	Options exercised during the period	Options lapsed during the period ⁽²⁾	Options cancelled during the period	
<i>Directors</i>									
Chan Tan Lui, Danielle	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	-	-	-	-	2,500,000
Choo Kwok How	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	1,500,000	-	-	-	-	1,500,000
<i>Consultant</i>									
Chan Wing Luk	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	2,500,000	-	-	-	-	2,500,000
<i>Other employees</i>									
In aggregate	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	4,400,000	-	-	(2,500,000)	-	1,900,000
<i>Other Eligible Participants</i>									
In aggregate ⁽³⁾	28th October, 2002	15th November, 2003 to 14th November, 2005 ⁽¹⁾	0.21	7,000,000	-	-	(7,000,000)	-	-
				17,900,000	-	-	(9,500,000)	-	8,400,000

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

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

- (2) In accordance with the Pre-IPO Share Option Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its Subsidiaries. The grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.

During the period, 9,500,000 share options were lapsed upon the resignation of employee and eligible participants.

- (3) The balance includes options granted to the following persons:
- Mr. Wu Wing Kin, Mr. Kwok Chi Kin, and Mr. Tang Sing Hing, Kenny, who were executive directors of the Company and resigned on 8th June, 2004, 18th May, 2004 and 18th March, 2004 respectively.
 - Mr. Cheng Kin Sang, who was the management shareholder of the Company, sold his interest in the shares of the Company 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") whereby full-time employees, executive or officers, directors of the Group and any suppliers, contractors, consultants, agents and/or advisers who, in the absolute determination of the Directors, will contribute or have contributed to the Group may be granted options to subscribe for shares of the Company. The Share Option Scheme became unconditional upon the listing of the Company's shares on GEM on 15th November, 2002. Details of the Share Option Scheme have been set out in the annual report of the Company dated 21st June, 2004.

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 30th September, 2004 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	Number of share options					At 30th September, 2004	
				At 1st April, 2004	Options granted during the period	Options exercised during the period	Options lapsed during the period ⁽¹⁾	Options cancelled during the period		
<i>HK\$</i>										
<i>Directors</i>										
Chan Tan Lui, Danielle	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	4,000,000	-	-	-	-	4,000,000	
Choo Kwok How	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	2,000,000	-	-	-	-	2,000,000	
Guo Qi	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	400,000	-	-	-	-	400,000	
Yip Tai Him	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	400,000	-	-	-	-	400,000	
<i>Other employees</i>										
In aggregate	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	11,300,000	-	-	(900,000)	-	10,400,000	
<i>Other Eligible Participants</i>										
In aggregate	17th March, 2004	17th March, 2005 to 16th March, 2014	0.047	600,000	-	-	-	-	600,000	
In aggregate ⁽²⁾	17th March, 2004	17th September, 2004 to 16th March, 2014	0.047	3,400,000	-	-	(3,400,000)	-	-	
				22,100,000	-	-	(4,300,000)	-	-	17,800,000

- (1) In accordance with the Share Option Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its Subsidiaries. The grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.

During the period, 4,300,000 share options were lapsed upon the resignation of employees and eligible participants.

- (2) The balance includes options granted to Mr. Wu Wing Kin and Mr. Kwok Chi Kin, who were executive directors of the Company and resigned on 8th June, 2004 and 18th May, 2004 respectively.

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 period 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 of the Company.

Competing Interests

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

Sponsor's Interests

Pursuant to the agreement dated 30th October, 2002 entered into between the Company and Tai Fook Capital Limited ("the previous sponsor"), the previous sponsor tendered its resignation as the continuing sponsor to the Company with effect from 31st August, 2004 (the "Termination"). The previous sponsor is not aware of any matters in relation to the Termination that need to be brought to the attention of the shareholders of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In relation to the resignation by the previous sponsor, Hantec Capital Limited (the "Sponsor") has been appointed as the continuing sponsor to the Company pursuant to Chapter 6 of the GEM Listing Rules with effect from 31st August, 2004.

As updated and notified by the Company's Sponsor, as at 30th September, 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 27th August, 2004 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 31st August, 2004 to 31st March, 2005 or the date on which the agreement is terminated upon the terms and conditions as set out therein the agreement.

Audit Committee

The Company 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 three independent non-executive directors, namely Mr. Yip Tai Him, Mr. Chiu Kwok Ching and Ms. Guo Qi. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advices and

comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review of the unaudited interim report for the six months ended 30th September, 2004.

Board Practice and Procedures

During the six months ended 30th September, 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).

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exact than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30th September, 2004. The Company also had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

Purchase, Sale or Redemption of Shares

During the six months ended 30th September, 2004, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

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

As at the date of this report, the Board comprises of:

Ms. Chan Tan Lui, Danielle (*Executive Director and Chairman*)
Mr. Choo Kwok How (*Executive Director*)
Ms. Guo Qi (*Independent Non-executive Director*)
Mr. Yip Tai Him (*Independent Non-executive Director*)
Mr. Chiu Kwok Ching (*Independent Non-executive Director*)

Hong Kong, 10th November, 2004