



05

Annual Report



Chinainfo Holdings Limited
神州資訊控股有限公司*
(Incorporated in the Cayman Islands with limited liability)

* For identification purpose only

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

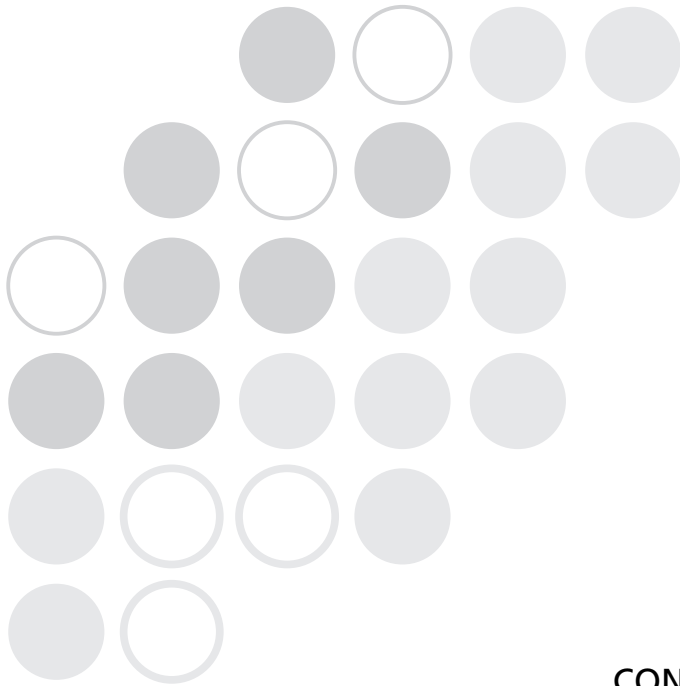
GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out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

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

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

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

This report, for which the directors (the “Directors”) of Chinainfo 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

2	Corporate Information
3	Financial Highlights
4	Chairman's Statement
6	Management Discussion and Analysis
8	Comparison of Business Objectives with Actual Business Progress
12	Use of Proceeds
13	Biographical details of directors and senior management
15	Directors' Report
28	Auditors' Report
29	Consolidated Income Statement
30	Consolidated Balance Sheet
31	Balance Sheet
32	Statements of Changes in Equity of the Group and the Company
33	Consolidated Cash Flow Statement
34	Notes to the Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chan Tan Lui, Danielle (*Chairman*)
Mr. Choo Kwok How
Ms. Zhang Jialin

Independent Non-executive Directors

Ms. Guo Qi
Mr. Yip Tai Him
Mr. Chiu Kwok Ching

COMPANY SECRETARY

Mr. Poon Man Wai, *HKICPA*

QUALIFIED ACCOUNTANT

Mr. Poon Man Wai, *HKICPA*

COMPLIANCE OFFICER

Ms. Chan Tan Lui, Danielle

AUDIT COMMITTEE

Mr. Yip Tai Him
Ms. Guo Qi
Mr. Chiu Kwok Ching

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

Baker Tilly Hong Kong Limited
12th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

SPONSOR

Hantec Capital Limited
45th Floor, COSCO Tower
183 Queen's Road 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

GEM STOCK CODE

8206

FINANCIAL HIGHLIGHTS

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years/period prepared on the basis as set out in notes 1 and 2 below.

CONSOLIDATED RESULTS

	2005 HK\$	Year ended 31st March,			Period from
		2004 HK\$	2003 HK\$	2002 HK\$	4th October, 1999 to 31st March, 2001 HK\$
Turnover	4,569,961	2,693,048	5,383,247	3,247,026	231,954
Loss before taxation	(3,270,173)	(3,338,619)	(1,203,046)	(2,765,516)	(6,347,585)
Taxation	–	–	–	–	–
Loss attributable to shareholders	(3,270,173)	(3,338,619)	(1,203,046)	(2,765,516)	(6,347,585)
Basic loss per share (HK cent)	0.82	0.83	0.34	0.84	1.92

CONSOLIDATED ASSETS AND LIABILITIES

	2005 HK\$	As at 31st March,			
		2004 HK\$	2003 HK\$	2002 HK\$	2001 HK\$
Total assets	12,459,102	15,125,656	17,641,983	3,759,178	5,544,975
Total liabilities	(369,562)	(1,264,602)	(442,310)	(4,258,946)	(4,229,227)
Net assets/(liabilities)	12,089,540	13,861,054	17,199,673	(499,768)	1,315,748
Net assets/(liabilities) per share (HK cent)	3.02	3.47	4.30	(0.15)	0.40

Notes:

1. The consolidated results of the Group for the five years/period ended 31st March, 2005 were prepared as if the current group structure had been in existence since 4th October, 1999.
2. The summaries of the consolidated assets and liabilities at the respective balance sheet dates were prepared on the same basis as detailed in note 1 above.

CHAIRMAN'S STATEMENT

On behalf of the board of the Directors (the "Board"), I am pleased to present the annual report of Chinainfo Holdings Limited (formerly known as HK6 Holdings Limited) (the "Company", together with its subsidiary companies, collectively the "Group") for the year ended 31st March, 2005.

FINANCIAL PERFORMANCE

The Group reported the turnover of approximately HK\$4,570,000 in 2004/05, an increase of 69.7% over the last year and the loss attributable to shareholders for the year ended 31st March, 2005 amounted to approximately HK\$3,270,000, representing a slight decrease of approximately HK\$69,000 compared to last year. Basic loss per share was HK0.82 cent, compared to HK0.83 cent in 2003/04.

The Board does not recommend any payment of a final dividend for the year ended 31st March, 2005.

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, 2005, the revenue derived from the provision of real-time financial information services was approximately HK\$1,344,000, compared to approximately HK\$1,427,000 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, 2005, 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 last year. The increase in revenue was mainly attributable to higher value project obtained during the year.

Investor education on financial market

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

For the year ended 31st March, 2005, revenue derived from investor education on financial market was approximately HK\$2,572,000, compared to approximately HK\$1,078,000 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.

As disclosed in the interim report dated 10th November, 2004 and the third quarterly report dated 3rd February, 2005, the establishment of both 神州速達導航通信資訊(北京)有限公司(China Star Navigation Communication Information (Beijing) Co., Ltd.) (the "Associated Company") and the wholly-foreign owned enterprise in the PRC are strategic moves to expand the Group's business and enhance its market foothold in the PRC. In view of the fact that the increasing prosperity of PRC economic environment and the coverage of the network operated by China Communication Co. Ltd. ("China Communication"), the Directors believe that the Associated Company can provide a positive profit contribution effect on the performance of the Group in the future and the number of subscribers will grow significantly in the next few years.

On 26th April, 2005, Pro-Concept Development Limited, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding with China Communication Investment Limited, in respect of proposed acquisition of 51% of the shareholding interest in Synergy Enterprise Inc., a PC games company ("Synergy Enterprise"). Synergy Enterprise, through its wholly-owned subsidiaries, is principally engaged in the design and distribution of PC games under its own brand and is the exclusive distributor of a number of world's best selling PC games in the PRC which include Half Life2, Warcraft, Counter Strike Condition Zero, Starcraft and Diablo. Synergy Enterprise is also one of the leading PC games designers and distributors in the PRC with over 10 years history. With its large customers and players base and the solid experience in the design and sales of PC games in the PRC, Synergy Enterprise has also actively explored its further development in the online game market. The Board considers that the proposed acquisition is a strategic move to expand its business and enhance its market foothold in the PRC market in particular the growing online game industry. Moreover, the Board believes that the online game industry in the PRC will develop rapidly in the years to come under the industrial policy supports from the PRC government and the proposed acquisition will enable the Group to capture such development opportunity.

In addition to the above, 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 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.

Chan Tan Lui, Danielle

Chairman

Hong Kong, 23rd June, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND PROFITABILITY

The Group recorded turnover of approximately HK\$4,570,000 (2004: approximately HK\$2,693,000) for the year ended 31st March, 2005, representing an increase of approximately 69.7%, compared to last year. Approximately 14.3%, 29.4% and 56.3% (2004: approximately 7.0%, 53.0% and 40.0%) of turnover for the year ended 31st March, 2005 were attributable to income 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 year ended 31st March, 2005 amounted to approximately HK\$3,118,000 (2004: approximately HK\$2,206,000), representing an increase of 41.3% compared to last year whilst the Group's gross profit margin dropped to 68.2% (2004: 81.9%), representing a decrease of 13.7% compared to that of last year. The lower gross profit margin of the Group for the year ended 31st March, 2005 was mainly attributable to the decrease in gross profit margin from the provision of real-time financial information services and the production of financial programmes and videos.

Sales, administrative and other operating expenses for the year ended 31st March, 2005 was approximately HK\$5,870,000 compared to approximately HK\$5,607,000 in the last year is relatively stable.

NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group incurred a net loss attributable to shareholders of approximately HK\$3,270,000 for the year ended 31st March, 2005 as compared to approximately HK\$3,339,000 for the year ended 31st March, 2004. No material change in net loss was noted when compared with last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2005, the Group did not have any borrowings outstanding (2004: Nil) and did not have any committed borrowing facilities (2004: Nil). However, the Group has a capital commitment of approximately HK\$800,000 (2004: Nil) which relates to the capital contribution to the wholly-foreign owned enterprise in the PRC in the coming year.

As at 31st March, 2005, the Group had net current assets of approximately HK\$6,417,000 (2004: approximately HK\$8,987,000). The Group's current assets consisted of cash and cash equivalents of approximately HK\$4,684,000 (2004: approximately HK\$9,487,000), loan receivable from an associated company of approximately HK\$1,850,000 (2004: Nil), accounts receivable of approximately HK\$30,000 (2004: approximately HK\$18,000) and deposits and prepayments of approximately HK\$222,000 (2004: approximately HK\$747,000). The Group's current liabilities consisted of accounts payable of approximately HK\$5,000 (2004: approximately HK\$7,000), accrued expenses of approximately HK\$239,000 (2004: approximately HK\$144,000), receipts in advance and other payables of approximately HK\$125,000 (2004: approximately HK\$1,114,000).

The gearing ratio, defined as the ratio of total liabilities to total assets, was 3.0% as at 31st March, 2005, 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.

CAPITAL STRUCTURE

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 during the year ended 31st March, 2005.

Subsequent to 31st March, 2005 up to the date of approval of the financial statements by the Board, the Company entered into convertible bonds placing agreement, placing of existing shares agreement and subscription for new shares agreement (the "Transactions") with a placing agent and the independent third parties. Details of the Transactions are set out in note 23 to the financial statements.

CHARGE ON GROUP ASSETS

The Group did not have any charge on its assets during the years ended 31st March, 2005 and 2004.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the establishment of a subsidiary company in the PRC, there were no material acquisitions or disposals of subsidiary companies and affiliated companies during the year ended 31st March, 2005.

EMPLOYEES

As at 31st March, 2005, the Group had 17 employees (2004: 17). The staff costs for the year ended 31st March, 2005 was approximately HK\$3,404,000 (2004: approximately HK\$2,900,000). 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, 2005 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, 2004 to 30th September, 2004
<i>Development of strategic alliances and business partnerships in the PRC</i>	
<ul style="list-style-type: none">– 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	<ul style="list-style-type: none">– The Group entered into 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 broadcast in the PRC.
<ul style="list-style-type: none">– 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	<ul style="list-style-type: none">– The Group liaised with other potential partners in the PRC to form strategic alliances and business partnerships. Further co-operative discussion is in progress.– The Group set up a wholly-foreign owned enterprise in the PRC in August 2004 in order to expand its business in the PRC.
<i>Media channels development and enhancement in Hong Kong</i>	
<ul style="list-style-type: none">– Continue to seek strategic alliances with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services	<ul style="list-style-type: none">– The Group entered into 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st April, 2004 to 30th September, 2004
<i>Service development and enhancement</i>	
– Continue to enrich the content with new features such as live-broadcasting	– 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.
– Continue to acquire equipments and develop new web technologies for content management and distribution in order to support new features and content	– The Group 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.
– Continue to recruit a professional video production team to expand the video production business of the Group	– As stated in the annual report dated on 21st June, 2004, the Directors considered to postpone the set up of a video production team.
– Develop new digital video technologies for improving the quality of multimedia content	– Undergoing
– Continue to produce television programmes and broadcast on channels of strategic alliances	– Undergoing

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st April, 2004 to 30th September, 2004
<i>Sales and marketing</i>	
<ul style="list-style-type: none">– Continue to organize seminars and courses to build up public awareness	<ul style="list-style-type: none">– The Group 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”.
<ul style="list-style-type: none">– Organise joint marketing programs with the Group’s media channel partners	<ul style="list-style-type: none">– The Group entered into an agreement with media channel partner in August 2004 in Hong Kong.– The Group entered into an advertising agent agreement with the financial information provider in the PRC in August 2004 to act as its advertising agent in Hong Kong.
<ul style="list-style-type: none">– Advertise through multimedia channels such as television, newspapers and exhibitions	<ul style="list-style-type: none">– Electronic newsletters were published and distributed to the members of the Group’s website regularly during the period. At the same time, the Group 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.
<ul style="list-style-type: none">– Explore potential customers in the PRC through strategic alliances	<ul style="list-style-type: none">– Undergoing
<ul style="list-style-type: none">– Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services	<ul style="list-style-type: none">– Undergoing

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONTINUED)

Business objectives as stated in the Prospectus	Actual business progress for the period from 1st October, 2004 to 31st March, 2005
<i>Development of strategic alliances and business partnerships in the PRC</i>	
– Continue to seek strategic alliances with other financial information providers and media channels in the PRC to broaden the range of services available to the customers	– The Group liaised with other potential partners in the PRC to form strategic alliances and business partnerships and further cooperative discussion is in progress.
– Continue to produce television programmes and broadcast on channels in the PRC	– The Group expanded its business of information services to SZTV, a cable TV operation with a nationwide network of audience.
<i>Media channels development and enhancement in Hong Kong</i>	
– Continue to seek strategic alliances with other media channels in Hong Kong to broaden the networks of distributing multimedia financial information services	– The Group liaised with other potential partners and further cooperative discussion is in progress.
<i>Service development and enhancement</i>	
– Continue to enrich the content with new features that enable users to interact with the Group's celebrities	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the new content feature of enabling users to interact with the Group's celebrities.
– Further explore alternative distribution networks for higher speed data transmission and capacity	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the exploration of alternative distribution networks.
<i>Sales and marketing</i>	
– Explore potential customers in the PRC through strategic alliances	– Undergoing
– Set up a representative office in a major city in the PRC such as Shenzhen, Shanghai or Beijing	– After performing the feasibility study during the period ended 31st March, 2005, the Group considered to postpone the set-up of a representative office in a major city in the PRC.
– Continue to explore potential clients such as listed companies and other entities seeking for listing status for value-added services	– Undergoing

USE OF PROCEEDS

As at 31st March, 2005, 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 31st March, 2005) HK\$'000	Actual (from 15th November, 2002 to 31st March, 2005) HK\$'000	Variance HK\$'000	Remarks
Development of strategic alliances and business partnerships in the PRC	4,600	6,473	1,873	The Group actively involved in forming strategic alliances and business partnerships in the PRC, which caused an increase in the funds used as stipulated in the Prospectus.
Media channels development and enhancement in Hong Kong	2,600	–	(2,600)	The Group entered into an agreement with a Hong Kong mass media service provider. Detailed co-operation is still in progress.
Service development and enhancement	6,100	1,502	(4,598)	Due to the outbreak of SARS in 2003 and the slowdown of the economy, the Group postponed all related activities.
Sales and marketing	1,600	1,113	(487)	No material variance noted.
General working capital	2,000	3,355	1,355	The Group recorded net loss for several years and accordingly, additional funds were utilized to finance its working capital as a temporary measure.
Net fund raised/used	16,900	12,443	(4,457)	

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Chan Tan Lui, Danielle, aged 36, 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. Ms. Danielle Chan was graduated from the University of Canberra, Australia in 1997 and she is well known of her sporting achievements. She was selected as one of the Ten Outstanding Young Persons in Hong Kong in 2004. Currently, she is the director of Hong Kong Financial Institute Limited, hk6.com Limited and HK6 Media Limited, and she is 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 36, 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.

Ms. Zhang Jialin, aged 30, joined the Group in January 2005. She is responsible for overall business development in China. Ms. Zhang holds a Master of Business Administration from University of Liverpool, England and a Master of Arts in International Business from University of Central Lancashire, England. Prior to joining the Group in January 2005, she worked for two Hong Kong listed companies and has various experience in corporate finance area and business development in China.

Two executive directors, Mr. Wu Wing Kin and Mr. Kwok Chi Kin resigned on 8th June 2004 and 18th May 2004 respectively.

Independent Non-executive Directors

Mr. Yip Tai Him, aged 34, was appointed as an independent non-executive director on 15th October, 2002. Mr. Yip is a member of the Hong Kong Institute of Certified Public 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 31, 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.

Mr. Chiu Kwok Ching, aged 57, was appointed as an independent non-executive director on 22nd September, 2004. He is currently a director of Sunny Limited, which is an investment holding company in Hong Kong.

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 31 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 the Investor Education Advisory Committee of the Securities and Futures Commission and a former member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption. He is also a former director of the Hong Kong Securities Institute. Currently, he is a Committee Member of the Shareholders Group of the Securities and Futures Commission, a Member of the Advisory Committee on Human Resources Development in the Financial Services Sector. He is also a Committee member of the Licensing Appeals Board and a fellow or member of different professional institutes and boards.

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. Poon Man Wai, aged 28, joined the Group in July 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. Poon holds a Degree of Bachelor of Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group in July 2004, he worked in an international accounting firm for more than three years.

Senior management, Mr. Tsing Kwong Tak resigned on 4th August, 2004.

The directors present their annual report together with the audited financial statements of Chinainfo Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31st March, 2005.

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 contributions to results by principal activity for the year 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, 2005 are set out in the consolidated income statement on page 29.

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 page 32 and note 17 to the financial statements.

DISTRIBUTABLE RESERVES

At 31st March, 2005, the Company's reserves available for distribution amounted to HK\$10,484,441 (2004: 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.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 31st January, 2005, the name of the Company was changed from "HK6 Holdings Limited" to "Chinainfo Holdings Limited" with effect from 31st January, 2005.

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 the existing shareholders.

FINANCIAL INFORMATION SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period is set out on page 3.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors who held office during the period from 1st April, 2004 to the date of this report were: –

Executive directors

Chan Tan Lui, Danielle

Wu Wing Kin (resigned on 8th June, 2004)

Kwok Chi Kin (resigned on 18th May, 2004)

Choo Kwok How (appointed on 8th June, 2004)

Zhang Jialin (appointed on 1st June, 2005)

Independent non-executive directors

Yip Tai Him

Guo Qi

Chiu Kwok Ching (appointed on 22nd September, 2004)

In accordance with articles 95 and 112 of the Company's articles of association, Mr. Yip Tai Him, Mr. Chiu Kwok Ching and Ms. Zhang Jialin shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

The Company has received written confirmations from each of the independent non-executive directors concerning their independence and considered that the independent non-executive directors to be independent.

DIRECTORS' EMOLUMENTS

Emoluments paid to the Company's Directors for the year ended 31st March, 2005 were as follows:

Name of Director	Fees HK\$	Basic salaries and allowances HK\$	Retirement benefit scheme contributions HK\$	Total emoluments HK\$
Chan Tan Lui, Danielle	–	1,300,000	12,000	1,312,000
Choo Kwok How	–	264,400	9,920	274,320
Wu Wing Kin (Resigned)	–	68,000	2,400	70,400
Kwok Chi Kin (Resigned)	–	66,000	2,000	68,000
Yip Tai Him	–	–	–	–
Guo Qi	–	–	–	–
Chiu Kwok Ching	–	–	–	–
	–	1,698,400	26,320	1,724,720

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

DIRECTORS' SERVICE CONTRACTS

Ms. Chan Tan Lui, Danielle, has entered into a service contract with the Company. Her employment under the service contract shall be continuous subject to termination by either party to the contract serving a written notice to the other party to terminate such employment three months from the date of service of such notice. As at 31st March, 2005, the service contract of Ms. Chan Tan Lui, Danielle has not been terminated by either party.

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' 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.

DIRECTORS' REPORT (CONTINUED)

OTHER INFORMATION

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

As at 31st March, 2005, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 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	–	–	–	–	–	1,500,000	2,000,000	3,500,000	0.88%
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 and beneficially 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) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules as at 31st March, 2005.

OTHER INFORMATION (CONTINUED)

Interests and Short Positions of Shareholders in Shares and Underlying Shares

As at 31st March, 2005, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	Capacity	Number of shares held		Number of underlying shares		Aggregate interests	Approximate percentage of the issued share capital of the Company
		Interests in shares	Share Option Scheme	Pre-IPO Share Option Scheme	Share Option Scheme		
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 and beneficially 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 held by Superhero Limited in addition to 240,000 shares held by herself.

Save as disclosed above, as at 31st March, 2005, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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, 2005, under the terms of the pre-IPO share option scheme on 28th October, 2002 (the "Pre-IPO Share Option 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 (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 the 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, 2005 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	At 1st April, 2004	Number of share options				At 31st March, 2005
					Options granted during the year	Options exercised during the year	Options lapsed during the year ⁽²⁾	Options cancelled during the year	
<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	-	-	(2,800,000)	-	1,600,000
<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	-	-	(9,800,000)	-	8,100,000

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
<i>the date falling 12 months after 15th November, 2002</i>	50%
<i>the date falling 18 months after 15th November, 2002</i>	25%
<i>the date falling 24 months after 15th November, 2002</i>	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 year, 9,800,000 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"). 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").

DIRECTORS' REPORT (CONTINUED)

SHARE OPTION SCHEMES (CONTINUED)

(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 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.

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.

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.

(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.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTION SCHEMES (CONTINUED)

(f) Time of exercise of option (Continued)

Particulars of the outstanding options which have been granted under the Share Option Scheme as at 31st March, 2005 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share	At 1st April, 2004	Number of share options				At 31st March, 2005
					Options granted during the year	Options exercised during the year	Options lapsed during the year ⁽¹⁾	Options cancelled during the year	
<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	-	-	(1,400,000)	-	9,900,000
<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	-	-	(4,800,000)	-	17,300,000

(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 year, 4,800,000 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.

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 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.

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.

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 31st March, 2005, 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.

ADVANCES AND FINANCIAL ASSISTANCE TO THE ASSOCIATED COMPANY

As at 31st March, 2005, the aggregate advances and financial assistance provided by the Group to the associated company amounted to RMB1,960,000 (equivalent to approximately HK\$1,850,436), representing approximately 12.2% of the total assets of the Group as at 31st March, 2004.

The advance to the associated company was made on 5th November, 2004 and is unsecured, bearing interest at the rate of 5% per annum and repayable on 4th November, 2005.

The above advance was funded by internal resources of the Group and was made for the purpose of providing general working capital to the associated company.

DIRECTORS' REPORT (CONTINUED)

ADVANCES AND FINANCIAL ASSISTANCE TO THE ASSOCIATED COMPANY (CONTINUED)

The condensed unaudited balance sheet of the associated company as at 31st March, 2005 is set out as follows:

	HK\$'000
Non-current assets	7,455
Current assets	5,798
Current liabilities	(1,887)
Net assets	11,366
The Group's share of net assets	5,569

MANAGEMENT CONTRACTS

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

SUBSEQUENT EVENTS

Details of significant events which have been taken place subsequent to the balance sheet date are set out in note 23 to the financial statements.

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	34%
– five largest suppliers	71%

Sales

– the largest customer	55%
– five largest customers	95%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

AUDITORS

The financial statements have been audited by Baker Tilly Hong Kong Limited who retire and, being eligible, offer themselves for re-appointment.

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 Institute of Certified Public 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 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, 2005.

BOARD PRACTICE AND PROCEDURES

During the year ended 31st March, 2005, 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, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report on 1st January, 2005. The Company will prepare a Corporate Governance Report in accordance with Rule 18.44 of the GEM Listing Rules for financial year ending 31st March, 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exactly than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31st March, 2005. 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 year ended 31st March, 2005, the Company or any of its subsidiary companies did not purchase, sell or redeem any of the shares of the Company.

By order of the Board

Chan Tan Lui, Danielle
Chairman

Hong Kong, 23rd June, 2005

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF CHINAINFO HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

We have audited the financial statements on pages 29 to 48 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 Institute of Certified Public 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, 2005 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.

BAKER TILLY HONG KONG LIMITED

Certified Public Accountants

Chan Cheuk Chi

Practising Certificate Number PO1137

Hong Kong, 23rd June, 2005

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2005

	<i>Notes</i>	2005 HK\$	2004 HK\$
Turnover	4	4,569,961	2,693,048
Cost of sales		(1,451,860)	(487,022)
Gross profit		3,118,101	2,206,026
Other revenue		33,481	62,594
Selling expenses		(331,496)	(245,119)
Administrative expenses		(3,889,804)	(3,575,242)
Other operating expenses		(1,648,508)	(1,786,878)
Operating loss	5	(2,718,226)	(3,338,619)
Finance costs		–	–
Share of loss of associated company		(551,947)	–
Loss before taxation		(3,270,173)	(3,338,619)
Taxation	6	–	–
Loss attributable to shareholders		(3,270,173)	(3,338,619)
Loss per share – basic	8	HK0.82 cent	HK0.83 cent
Loss per share – diluted	8	N/A	N/A

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2005

	<i>Notes</i>	2005 HK\$	2004 HK\$
NON-CURRENT ASSETS			
Fixed assets	11	103,621	250,989
Investment in an associated company	12(a)	5,569,353	4,622,641
		5,672,974	4,873,630
CURRENT ASSETS			
Loan receivable from an associated company	12(b)	1,850,436	–
Accounts receivable	14	30,080	18,440
Deposits and prepayments		221,945	746,594
Cash and bank balances		4,683,667	9,486,992
		6,786,128	10,252,026
CURRENT LIABILITIES			
Accounts payable	15	5,370	6,866
Accrued expenses		239,287	144,187
Receipts in advance and other payables		124,905	1,113,549
		369,562	1,264,602
NET CURRENT ASSETS		6,416,566	8,987,424
TOTAL NET ASSETS		12,089,540	13,861,054
CAPITAL AND RESERVES			
Share capital	16	4,000,000	4,000,000
Reserves	17	8,089,540	9,861,054
		12,089,540	13,861,054

Chan Tan Lui, Danielle
Director

Choo Kwok How
Director

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

AS AT 31ST MARCH, 2005

	<i>Notes</i>	2005 HK\$	2004 HK\$
NON-CURRENT ASSETS			
Investments in subsidiary companies	<i>13</i>	10,585,794	10,213,910
CURRENT ASSETS			
Cash and bank balances		3,922,647	6,854,764
CURRENT LIABILITIES			
Accrued expenses		24,000	16,500
NET CURRENT ASSETS		3,898,647	6,838,264
TOTAL NET ASSETS		14,484,441	17,052,174
CAPITAL AND RESERVES			
Share capital	<i>16</i>	4,000,000	4,000,000
Reserves	<i>17</i>	10,484,441	13,052,174
		14,484,441	17,052,174

Chan Tan Lui, Danielle
Director

Choo Kwok How
Director

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY OF THE GROUP AND THE COMPANY

FOR THE YEAR ENDED 31ST MARCH, 2005

Group

	Note	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Capital surplus HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1st April, 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)
Balance as at 31st March, 2004		4,000,000	15,195,487	8,320,333	–	(13,654,766)	13,861,054
Loss for the year		–	–	–	–	(3,270,173)	(3,270,173)
Excess amount contributed by the major investor of the Associated Company	17	–	–	–	1,498,659	–	1,498,659
Balance as at 31st March, 2005		4,000,000	15,195,487	8,320,333	1,498,659	(16,924,939)	12,089,540

Company

	Share capital HK\$	Share premium HK\$	Accumulated losses HK\$	Total HK\$
Balance as at 1st April, 2003	4,000,000	15,195,487	(502,479)	18,693,008
Loss for the year	–	–	(1,640,834)	(1,640,834)
Balance as at 31st March, 2004	4,000,000	15,195,487	(2,143,313)	17,052,174
Loss for the year	–	–	(2,567,733)	(2,567,733)
Balance as at 31st March, 2005	4,000,000	15,195,487	(4,711,046)	14,484,441

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2005

	2005 HK\$	2004 HK\$
OPERATING ACTIVITIES		
Operating loss	(2,718,226)	(3,338,619)
Adjustments for:		
Interest income	(1,630)	(62,594)
Provision for doubtful debts	–	(3,720)
Depreciation	191,729	275,258
Operating loss before working capital changes	(2,528,127)	(3,129,675)
(Increase)/decrease in accounts receivable	(11,640)	213,542
Decrease/(increase) in deposits and prepayments	524,649	(189,359)
Decrease in accounts payable	(1,496)	(24,134)
Increase/(decrease) in accrued expenses	95,100	(29,983)
(Decrease)/increase in receipts in advance and other payables	(988,644)	876,409
Net cash used in operating activities	(2,910,158)	(2,283,200)
INVESTING ACTIVITIES		
Purchases of fixed assets	(44,361)	(382,985)
Loan advance to an associated company	(1,850,436)	–
Investment in an associated company	–	(4,622,641)
Interest received	1,630	62,594
Net cash used in investing activities	(1,893,167)	(4,943,032)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,803,325)	(7,226,232)
CASH AND CASH EQUIVALENTS AT 1ST APRIL	9,486,992	16,713,224
CASH AND CASH EQUIVALENTS AT 31ST MARCH	4,683,667	9,486,992
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,683,667	9,486,992

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 23rd May, 2002 with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. 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. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs"), which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005. The Group has already commenced an assessment of the potential impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement.

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) 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 consolidated 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) **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.

(n) **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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results for the years ended 31st March, 2005 and 31st March, 2004:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	1,344,068	1,426,972	653,400	188,000	2,572,493	1,078,076	4,569,961	2,693,048
Segment results	1,153,408	1,359,597	36,000	14,300	1,928,693	832,129	3,118,101	2,206,026
Other revenue							33,481	62,594
Unallocated costs							(5,869,808)	(5,607,239)
Operating loss							(2,718,226)	(3,338,619)
Finance costs							-	-
Share of loss of associated company							(551,947)	-
Loss before taxation							(3,270,173)	(3,338,619)
Taxation							-	-
Loss attributable to shareholders							(3,270,173)	(3,338,619)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. **SEGMENT INFORMATION** (CONTINUED)

Segment assets and liabilities as at 31st March, 2005 and 31st March, 2004:

	Financial information		Financial programme and video production		Financial seminars and courses		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	30,080	18,440	-	534,369	-	-	30,080	552,809
Unallocated assets							12,429,022	14,572,847
Total assets							12,459,102	15,125,656
Segment liabilities	69,276	88,295	-	653,400	-	375,920	69,276	1,117,615
Unallocated liabilities							300,286	146,987
Total liabilities							369,562	1,264,602
Other information:								
Unallocated capital expenditure							44,361	382,985
Depreciation							191,729	275,258

5. **OPERATING LOSS**

Operating loss is stated after crediting and charging the following:

	2005 HK\$	2004 HK\$
Crediting:		
Interest income	1,630	62,594
Bad debts recovered	-	3,720
Charging:		
Auditors' remuneration	100,000	90,000
Depreciation	191,729	275,258
Operating leases in land and buildings	300,362	446,664
Retirement benefit costs	104,804	101,223
Staff costs (including directors' remuneration but excluding retirement benefit costs)	3,299,139	2,798,446

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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% (2004: 17.5%). 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 18 to the financial statements.

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

	2005 HK\$	2004 HK\$
Loss before taxation	(3,270,173)	(3,338,619)
Tax at the domestic tax rate of 17.5%	(572,280)	(584,258)
Tax effect of non-deductible expenses	34,423	52,449
Tax effect of non-taxable revenue	(42)	(860)
Tax effect of prior year's tax losses utilized this year	(289,520)	(37,147)
Tax effect of unused tax losses not recognised	837,888	591,882
Others	(10,469)	(22,066)
Tax charge for the year	–	–

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$2,567,733 (2004: HK\$1,640,834)

8. LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31st March, 2005 is based on the consolidated net loss attributable to shareholders of HK\$3,270,173 (2004: HK\$3,338,619) and the weighted average number of 400,000,000 (2004: 400,000,000) 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 (2004: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

	2005	2004
	HK\$	HK\$
Fees	–	90,322
Other emoluments	–	–
Basic salaries, allowances and benefit in kinds	1,698,400	1,008,600
Bonuses	–	–
Retirement benefit costs	26,320	27,105
	1,724,720	1,126,027

The emoluments of the directors fell within the following bands:

	Number of Directors	
	2005	2004
Emolument bands		
HK\$ Nil to HK\$1,000,000	6	9
HK\$1,000,001 to HK\$2,000,000	1	–

Four executive directors received emoluments for the year ended 31st March, 2005 of HK\$1,312,000, HK\$274,320, HK\$70,400 and HK\$68,000 (2004: HK\$303,945, HK\$ Nil, HK\$372,000 and HK\$358,500) respectively.

During the year, all independent non-executive directors did not receive any fees and emoluments. (2004: The fee of an independent non-executive director was HK\$90,322).

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

	2005	2004
Director	2	3
Employees	3	2
	5	5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	2005	2004
	HK\$	HK\$
Basic salaries, allowances and benefit in kinds	472,233	476,610
Bonuses	–	3,700
Retirement benefit costs	21,160	23,065
	493,393	503,375

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

	2005	2004
Emolument bands		
HK\$ Nil to HK\$1,000,000	3	2

- (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 (CONTINUED)

11. FIXED ASSETS

	Group			Total HK\$
	Computer equipment HK\$	Leasehold improvements HK\$	Equipment, furniture and fixtures HK\$	
Cost				
At 1st April, 2004	1,904,228	250,058	159,826	2,314,112
Additions	37,687	–	6,674	44,361
At 31st March, 2005	1,941,915	250,058	166,500	2,358,473
Accumulated depreciation				
At 1st April, 2004	1,821,611	125,029	116,483	2,063,123
Charge for the year	46,770	125,029	19,930	191,729
At 31st March, 2005	1,868,381	250,058	136,413	2,254,852
Net book value				
At 31st March, 2005	73,534	–	30,087	103,621
At 31st March, 2004	82,617	125,029	43,343	250,989

12. INVESTMENT IN AN ASSOCIATED COMPANY

(a) Interests in an associated company

	Group	
	2005 HK\$	2004 HK\$
Unlisted shares, at cost	4,622,641	4,622,641
Share of loss	(551,947)	–
Share of capital surplus (Note 17)	1,498,659	–
Share of net assets	5,569,353	4,622,641

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

(a) Interests in an associated company (continued)

Details of the Group's associated company are as follows:-

Name	Percentage of equity interest	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

(b) Loan receivable from an associated company

The loan receivable is unsecured, bearing interest at the rate of 5% per annum and repayable on 4th November, 2005.

13. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2005 HK\$	2004 HK\$
Unlisted shares, at cost	3,293,008	3,293,008
Amounts due from subsidiary companies	8,157,816	6,920,910
Amounts due to subsidiary companies	(865,030)	(8)
	10,585,794	10,213,910

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the Company's subsidiary companies at 31st March, 2005 are as follows:

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
* 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	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
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%	Investment holding in British Virgin Islands
** 神州資訊(深圳)有限公司	People's Republic of China, limited liability company	HK\$1,000,000.00	100%	Business has not yet been commenced

* *shares held directly by the Company*

** *newly established during the year*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ACCOUNTS RECEIVABLE

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

The Group generally granted its customers credit period ranging between 7 days and 30 days.

15. ACCOUNTS PAYABLE

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

16. SHARE CAPITAL

(a) Share capital

	Company	
	2005 HK\$	2004 HK\$
<i>Authorised:</i>		
1,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	10,000,000
<i>Issued and fully paid:</i>		
400,000,000 ordinary shares of HK\$0.01 each	4,000,000	4,000,000

(b) Share option scheme

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

17. RESERVES

During the year, the major investor of the associated company, China Communication Co. Ltd ("China Communication"), made capital contribution with assets totaling HK\$7,869,809 (RMB8,341,998 equivalent), for the 51% equity interests, amounting to HK\$4,811,321 (RMB5,100,000 equivalent), in the associated company. The excess amount of HK\$3,058,488 (RMB3,241,998 equivalent) over the nominal paid in capital is recorded in the capital surplus account of the associated company. The balance in the capital surplus of the Group represents the 49% share of the excess amount contributed by China Communication.

18. UNRECOGNISED DEFERRED TAXATION

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

	Group	
	2005 HK\$	2004 HK\$
Taxation effect of temporary differences arising as a result of:		
Tax losses available to set off against future assessable profits	2,550,000	1,900,000
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	28,000	17,000
	2,578,000	1,917,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. UNRECOGNISED DEFERRED TAXATION (CONTINUED)

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:

	Group	
	2005 HK\$	2004 HK\$
Taxation effect of timing differences arising as a result of:		
Tax losses arising	650,000	202,000
Excess of depreciation allowance claimed for tax purposes over depreciation charged in the financial statements	11,000	25,000
	661,000	227,000

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

19. RELATED PARTY TRANSACTIONS

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

	2005 HK\$	2004 HK\$
Loan receivable from an associated company (Note 12 (b))	1,850,436	–
Talent fees paid to a company in which a shareholder has beneficial interest at the time entering into the transactions	–	35,000
Talent fees paid to directors of the Company	–	18,200

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.

20. 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, 2005 amounted to HK\$104,804 (2004: HK\$101,223), 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. 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:

	2005 HK\$	Group 2004 HK\$
Within one year	551,845	259,200
In the second to fifth year inclusive	–	–
	551,845	259,200

22. CAPITAL COMMITMENTS

As at 31st March, 2005, the Group has a capital commitment to contribute the remaining amount of HK\$800,000 for the capital of its wholly owned subsidiary, 神州資訊（深圳）有限公司.

23. POST BALANCE SHEET EVENTS

On 10th May, 2005, the Company entered into convertible bonds placing agreement with the placing agent for the placing of the convertible bonds of HK\$5,000,000. In addition, Superhero Limited, one of the substantial shareholders of the Company, entered into the placing agreement with the placing agent for the placing of 26,300,000 shares owned by Superhero Limited to the independent third parties at HK\$0.40 per share. At the same time, Superhero Limited also entered into the subscription agreement with the Company to subscribe for the subscription shares, which is equal to the number of the placing shares successfully placed under the placing, at the subscription price of HK\$0.40 per share. The placing of the existing shares has been completed on 17th May, 2005 while the placing of convertible bonds and subscription for new shares have been completed on 23 May, 2005. Announcements in relation to the above transactions were issued by the board of directors (the "Board") on 11th May, 2005 and 23rd May, 2005 respectively.

On 26th April, 2005, a wholly-owned subsidiary of the Company, Pro-Concept Development Limited, entered into a memorandum of understanding with a third party to acquire certain equity interest of a PC game company in the PRC and a refundable deposit of HK\$10,000,000 has been placed into an escrow account as stipulated in the memorandum of understanding. Announcements in relation to the memorandum of understanding were issued by the Board on 26th April, 2005 and 24th May, 2005 respectively.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 23rd June, 2005.