Interim Report 2003

Golding Soft Limited

(incorporated in the Cayman Islands with limited liability)

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 sector 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.

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

HIGHLIGHTS

The turnover of the Group for the six months ended 31 December 2003 was approximately RMB11.5 million, representing a decrease of approximately 61% as compared with the corresponding period in 2002.

The unaudited loss from operations of the Group for the six months ended 31 December 2003 was approximately RMB9.3 million as compared with the unaudited profit from operations of the Group of approximately RMB11.5 million for the corresponding period in 2002.

The loss per share was RMB0.92 cents for the six months ended 31 December 2003.

RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2003, together with the unaudited comparative figures for the corresponding periods in 2002 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 December		Six months ended 31 December	
		2003	2002	2003	2002
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	1	5,615	16,599	11,516	29,803
Cost of sales		(5,489)	(5,391)	(9,494)	(9,018)
Gross profit	2	126	11,208	2,022	20,785
Other revenue		60	267	223	499
Distribution costs		(1,445)	(2,200)	(2,488)	(4,308)
Administrative expenses		(1,867)	(2,556)	(4,272)	(4,466)
Other operating expenses	3	(4,469)	(670)	(4,742)	(989)
Profit/(loss) from operating activities and before tax		(7,595)	6,049	(9,257)	11,521
Tax		(1)	(1,181)	(1)	(2,147)
Profit/(loss) after tax		(7,596)	4,868	(9,258)	9,374
Minority interests		3	–	31	–
Net profit/(loss) from ordinary activities attributable to shareholders		(7,593)	4,868	(9,227)	9,374
Earnings/(loss) per share – Basic (RMB)		(0.76) cents	0.49 cents	(0.92) cents	0.94 cents

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 December 2003 (Unaudited) RMB'000	As at 30 June 2003 (Audited) RMB'000
NON-CURRENT ASSETS		
Fixed assets	12,163	13,428
Goodwill	545	–
	12,708	13,428
CURRENT ASSETS		
Trade receivables	636	2,733
Prepayments, deposits and other receivables	2,595	2,366
Inventories	1,325	–
Cash and cash equivalents	77,116	84,271
	81,672	89,370
CURRENT LIABILITIES		
Trade payables	39	–
Tax payable	–	113
Other payables and accruals	3,511	4,762
Trade deposits received	2,082	702
Due to a related company	333	112
	5,965	5,689
NET CURRENT ASSETS	75,707	83,681
TOTAL ASSETS LESS CURRENT LIABILITIES	88,415	97,109
FINANCED BY		
Share capital	10,500	10,500
Reserves	77,382	86,609
Shareholders' fund	87,882	97,109
Minority interests	533	–
	88,415	97,109

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31 December	
	2003	2002
	RMB'000	RMB'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(6,215)	7,700
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	210	499
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,150)	(1,652)
NET CASH INFLOW FROM FINANCING ACTIVITIES	–	–
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,155)	6,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	84,271	79,981
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	77,116	86,528
ANALYSIS OF CASH AND CASH EQUIVALENTS CASH AND BANK BALANCES	77,116	86,528

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2003

	Share capital RMB'000	Share premium account RMB'000	Statutory reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 July 2002	10,500	40,026	414	41,679	92,619
Profit for the period	–	–	–	9,374	9,374
At 31 December 2002	10,500	40,026	414	51,053	101,993
At 1 July 2003	10,500	40,026	414	46,169	97,109
Net loss for the period	–	–	–	(9,227)	(9,227)
At 31 December 2003	10,500	40,026	414	36,942	87,882

Notes:

1. **Group reorganisation and basis of presentation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 August 2001 under the Companies Law of the Cayman Islands. On 8 February 2002, the shares of the Company were successfully listed on the GEM.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention and in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with the Statements of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The accounting polices and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended 30 June 2003.

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

2. **Turnover**

Turnover represents the invoice value of the ODM software, system solutions, proprietary packaged software and services net of discounts and value-added tax. An analysis of the Group's turnover is as follows:

	Six months ended 31 December	
	2003	2002
	RMB'000	RMB'000
ODM software	**1,900**	13,546
System solutions	**9,366**	14,126
Proprietary packaged software	**250**	2,131
Total	**11,516**	29,803

All the Group's turnover for the six months ended 31 December 2003 are derived from the PRC (2002: 62% from North America, the remaining from the PRC).

3. **Profit from operating activities and before tax**

The Group's profit from operating activities and before tax is arrived at after charging/(crediting):

	Three months ended 31 December		Six months ended 31 December	
	2003	2002	**2003**	2002
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cost of inventories sold/services provided	**5,489**	5,391	**9,494**	9,018
Depreciation	**636**	553	**1,271**	1,164
And after crediting:				
Interest income	**60**	267	**210**	499

4. **Taxation**

No income tax has been provided in Hong Kong during the period under review as the Group did not generate any assessable profits arising from its operation in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Three months ended 31 December		Six months ended 31 December	
	2003	2002	**2003**	2002
	RMB'000	RMB'000	**RMB'000**	RMB'000
Provision for the period				
Hong Kong	**–**	–	**–**	–
Taxation outside Hong Kong	**1**	1,181	**1**	2,147
Tax charge for the period	**1**	1,181	**1**	2,147

No deferred tax has been provided as the Group did not have any significant timing differences at the balance sheet date.

5. **Loss/earnings per share**

The calculation of basic loss/earning per share is based on the loss for the three months and six months ended 31 December 2003 of approximately RMB7.6 million and RMB9.2 million respectively (profit for the three months and six months ended 31 December 2002: RMB4.9 million and RMB9.4 million respectively) and the 1,000,000,000 ordinary shares in issue during the three months and six months ended 31 December 2003 (three months and six months ended 31 December 2002: 1,000,000,000).

Diluted earnings per share amounts for the three and six months ended 31 December 2003 and 2002 have not been disclosed as no potential ordinary shares or diluting events existed during these periods.

6. **Reserves**

	Share premium account RMB'000	Statutory reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 July 2002	40,026	414	41,679	82,119
Net profit for the period	–	–	9,374	9,374
At 31 December 2002	40,026	414	51,053	91,493
At 1 July 2003	40,026	414	46,169	86,609
Net loss for the period	–	–	(9,227)	(9,227)
At 31 December 2003	40,026	414	36,942	77,382

In accordance with the Law of the PRC on Wholly-Owned Foreign Investment Enterprises, the Company's subsidiaries established in the PRC are required to appropriate an amount of not less than 10% of the profit after tax to the statutory reserve, until the accumulated total has reached 50% of the respective subsidiaries' registered capital and thereafter any further appropriation is optional. As at 31 December 2003, the accumulated total of Jiangxi Jinding had reached 50% of its registered capital and no appropriation was made for the period under review.

7. **Trade receivables**

The Group's trading terms with its customers are mainly on credit. The credit terms given to customers vary and are generally based on the financial strength of individual customers (15 days to 45 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

An aging analysis of the trade receivables as at the balance sheet date, based on invoice date is as follows:

	At 31 December 2003 RMB'000	At 30 June 2003 RMB'000
Within 1 month	584	148
1 to 2 months	52	145
2 to 3 months	–	367
Over 3 months	–	2,073
	636	2,733

8. **Trade payables**

An aging analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	At 31 December 2003 RMB'000	At 30 June 2003 RMB'000
Within 1 month	39	Nil

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 31 December 2003 (the six months ended 31 December 2002: Nil).

FINANCIAL REVIEW

The Group recorded a turnover of approximately RMB11.5 million for the six months ended 31 December 2003, representing a decrease of 61.4% as compared to the corresponding period in 2002. The decline in turnover was directly attributable to the continued intense competition among the software solution providers in the PRC. The gross profit margin decreased to approximately 17.6% from 69.7% as compared to the corresponding period in last year. The decrease in gross profit margin was mainly due to the significant decrease in turnover of high profit margin segment, ODM software, and the decrease in average gross profit margin recorded from system solution segment. The increase in other operating expenses is mainly due to increase in research and development cost to approximately RMB 4.5 million (2002: RMB 0.9 million) during the period under review.

Liquidity and financial resources

The Group generally finances its operation with internally generated cash flow. As at 31 December 2003, the Group had cash and bank balances amounting to a total of approximately RMB77.1 million (30 June 2003: RMB84.2 million) and the Group had a net current assets of approximately RMB75.7 million (30 June 2003: RMB83.7 million).

With these resources, the Group is confident that it has adequate capital resources to finance its business objectives as stated in the prospectus dated 31 January 2002 (the "Prospectus").

Charges on the Group's asset

The Group did not have any charges on its assets during the six months ended 31 December 2003 and 2002.

Gearing ratio

The Group expresses its gearing ratio (if any) as a percentage of bank borrowing and long term debts over total assets. As at 31 December 2003 and 2002, the Group did not have any bank borrowing or long term debts.

Material acquisitions/disposals and significant investment

The Group had no material acquisitions, disposals of subsidiaries and affiliated companies and significant investment during the six months ended 31 December 2003 and 2002.

Treasury policies and capital structure

Any surplus fund derived from operating activities will be strategically placed in savings account which secures the Group's liquidity position in meeting its daily operating needs.

Exposure to exchange rate risks

During the six months ended 31 December 2003 and 2002, the Group conducted its business transactions principally in US Dollars or Renminbi, all of which were relatively stable during the year under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Contingent liabilities

As at 31 December 2003, the Group did not have any significant contingent liabilities.

Details of future plans for material investment or capital assets

At present, the Group has no future plan for material investment or capital assets other than those mentioned in the Group's Prospectus.

Employee information

For the six months ended 31 December 2003, the staff cost, excluding directors' remuneration, amounted to approximately RMB5.0 million (2002: RMB8.9 million) while the directors' remuneration amounted to approximately RMB1.1 million (2002: RMB1.1 million). The employee remuneration is commensurate with individual performance and experience. The decrease in staff cost (excluding directors' remuneration) was resulted from the fact that the number of employees has decreased from 182 to 133.

To maintain the standard of Group's services and for staff development, the Group provided comprehensive training programs for its staff.

The Group had adopted a share option scheme whereby certain employees may be granted options to acquire shares.

BUSINESS REVIEW

During the period under review, the Group continued its business model comprising three inter-related and synergistic business, namely provision of ODM software, proprietary packaged software and system solutions, backed by an extensive library of software modules which can be customized to suit specific industries.

During the period under review, the Group has been actively involved in bidding a number of IT projects from municipal agencies in Jiangxi province, the PRC. Acquisition of new clients in government sector include Nanchang Planned Reproduction Committee (南昌市計劃生育委員會), Nanchang Land Authority (南昌市國土資源局) whereas private sector Jianglin Motor Ltd. (江鈴拖拉機公司) and Jiangxi Chonglan Logistic Ltd. (中聯物流公司) etc. The Group also advertised in major IT magazines, issued press releases, and conducted seminars jointly with leading universities in the PRC and product training for authorized agents and alliance partners to increase publicity.

On the other hand, though the global economic recovery accelerated in recent months, the corporations in North America are still very cautious in controlling their IT expenditure. As a result, the Group continued to experience pressure to secure new software development projects in North America market.

RESEARCH AND DEVELOPMENT

During the period under review, the Group has completed the development of specific logistical system software for large enterprises especially in the logistic industry.

In addition, the Group has commenced development of Zee Web 5.0 Platform, and Interoffice 5.0 platform so as to upgrade its packaged software.

As at 31 December 2003, the Group has a pool of about 95 IT professionals serving both the North America and the PRC customers. (31 December 2002: 139)

OUTLOOK

Looking ahead, the Group expects the global economics environment will continue to improve and recover. However, the outbreak of bird flu in various countries in Asia including the PRC and recently United States may hinder the recovery progress if it cannot be controlled in short term. The Group has been reviewing the overall financial implications resulting from the above factor towards the Group and will continue to monitor the situation and respond accordingly.

Finally, the Group will continue to invest in research and development so as to adapt the fast changing IT environment and to meet the customers' requirement.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

		Business objective up to 31 December 2003 as stated in Prospectus	Actual business progress
Sales and marketing	1.	to set up a subsidiary/branch office in each of Xi'an City, Dalian City and Qingdao City, the PRC.	The plans to set up a subsidiary in these cities have been under review and intend to set up subsidiaries in other PRC's Cities near to Jiangxi Province.
	2.	to advertise and promote the Group's packaged software, in particular, Zee Web 4.0 and interoffice 4.0 through (i) the Group's authorized agents and alliance partners; (ii) direct marketing by the Group's sales and marketing team; and (iii) attending or organizing conferences and seminars.	The advertisement and promotion activities have been carried out as planned.
	3.	to appoint more authorized agents and alliance partners to enhance the distribution network of the Group.	Additional authorized agents and alliance partners have been appointed in the PRC to enhance the distribution network of the Group.

	Business objective up to 31 December 2003 as stated in Prospectus	Actual business progress
Research and development	1. to evaluate opportunities to establish co-operation arrangements with other educational institutions/ business partners in East Asia and North America.	Discussion with a potential US technology vendor to become a strategic partner of the Company is in progress.
	2. to commence and complete development of Zee Web 5.0 platform and Interoffice 5.0 platform.	The Group has commenced the development of Zee Web 5.0 Platform and Interoffice 5.0 platform and expects to complete within the next quarter.
	3. to commence development of certain industrial specific applications software.	Specific software for logistic industry has been developed.
	4. to complete construction of the second building (with a gross floor area of approximately 5,000 sq.m. in Nanchang City, the PRC under the Group's enhancement of research and development plan) for use as its research and development centre.	The construction plan to build second building has not yet commenced since the existing research and development centre is still not operating at full capacity.

	Business objective up to 31 December 2003 as stated in Prospectus	Actual business progress
Quality assurance and award	1. to formalize the Group's software development process in compliance with CMM level 5 standards.	The Group has not yet to be certified as CMM level 3 so that formalization of the Group's software development process in compliance with CMM level 5 has not started. But the Group is now trying to formalize its software development process so as to attain CMM level 3 standards first.
Acquisitions	1. to evaluate opportunities for possible mergers and acquisitions in North America and/or East Asia which will complement the Group's businesses.	The Group has acquired an IT company, Jiangxi Jinlixin Technology Ltd., distributing computer and related products. The Group will continue to seck target companies for possible mergers and acquisitions.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES

The net proceeds from the public listing had been applied in the following areas:

For the six months ended 31 December 2003

	Proposed	**Actual**
	HK$ million	*HK$ million*
Research and development	4.4	3.3
Establishment of branch offices	2.0	Nil
Improvement of the Group's quality assurance system	2.0	0.5
Acquisition of the IT companies	–	1.1
	8.4	4.9

The remaining net proceeds of HK$28.3 million have been placed with licensed banks in Hong Kong for future use as identified by the Group's business plans as stated in the Prospectus ("business plan"). The Group does not envisage any circumstances that may lead to any material alteration to the proposed use of the net proceeds.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2003, the interests of the Directors and chief executives in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register to be kept by the Company pursuant to Section 352 of the SFO), or as otherwise notified to the Stock Exchange and the Company as required by Rule 5.40 of the GEM Listing Rules were as follows:

Long position in Shares of the Company

Director	Total number of shares held	Capacity	Approximate percentage shareholding
Mr. Wen Ruifeng ("Mr. Wen") *(Note 1)*	249,000,000	Interest in a controlled corporation	24.90%
Mr. Xin Qian ("Mr. Xin") *(Note 1)*	249,000,000	Interest in a controlled corporation	24.90%
Mr. Li Jiahui ("Mr. Li")	189,000,000	Beneficial owner	18.90%
Mr. Gao Junhua ("Mr. Gao") *(Note 2)*	312,000,000	Interest in a controlled corporation	31.20%

Notes:

1. These shares are registered in the name of Unrivaled Beauty Profits Limited ("Unrivaled Beauty"). Mr. Wen and Mr. Xin are the respective owners of 47% and 38% of the issued share capital of Unrivaled Beauty. Under the SFO, both Mr. Wen and Mr. Xin are individually deemed to be interested in all the shares registered in the name of Unrivaled Beauty.

2. These shares are registered in the name of ESP Associates Limited as disclosed in the section of substantial shareholders' interests in the share capital of the Company.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Substantial shareholders

At 31 December 2003, so far as was known to any Directors or chief executives, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 10% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in Shares of the Company

Name	Number of shares held	Capacity	Approximate percentage shareholding
Cytech Investment Limited ("Cytech Investment") *(Note 1)*	312,000,000	Beneficial owner	31.20%
Benep Management Limited ("Benep") *(Note 1)*	312,000,000	Interest in a controlled corporation	31.20%
Cytech Software Limited ("Cytech") *(Note 1)*	312,000,000	Interest in a controlled corporation	31.20%
ESP Associates Limited *(Note 2)*	312,000,000	Interest in a controlled corporation	31.20%
Wang Xiaochuan *(Note 2)*	312,000,000	Interest in a controlled corporation	31.20%
Mr. Gao *(Note 2)*	312,000,000	Interest in a controlled corporation	31.20%
Unrivaled Beauty *(Note 3)*	249,000,000	Interest in a controlled corporation	24.90%
Mr. Li	189,000,000	Beneficial owner	18.90%
Mr. Wen *(Note 3)*	249,000,000	Interest in a controlled corporation	24.90%
Mr. Xin *(Note 3)*	249,000,000	Interest in a controlled corporation	24.90%

Notes:

1. The 312,000,000 shares are registered in the name of Cytech Investment. Cytech Investment is a wholly owned subsidiary of Benep, which is in turn a wholly owned subsidiary of Cytech, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Cytech and Benep is interested in all the Shares in which Cytech Investment is interested pursuant to the SFO.

2. The issued share capital of Cytech is owned as to approximately 38.81%, 7.67% and 2.74% by ESP Associates Limited, Wang Xiaochuan and Mr. Gao respectively. The issued share capital of ESP Associates Limited is in turn owned as to 50.67% by Wang Xiaochuan and 41.2% by Mr. Gao. Accordingly, each of ESP Associates Limited, Wang Xiaochuan and Mr. Gao is deemed to be interested in all the shares in which Cytech is interested pursuant to the SFO.

3. The 249,000,000 shares are registered in the name of Unrivaled Beauty. The issued share capital of Unrivaled Beauty is owned as to 47%, 15% and 38% by Mr. Wen, Mr. Wen Weifeng and Mr. Xin respectively. Accordingly, each of Mr. Wen and Mr. Xin is deemed to be interested in all the shares in which Unrivaled Beauty is interested pursuant to the SFO.

COMPETING INTEREST

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

PURCHASE, SALES AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's share on the GEM on 8 February 2002.

SHARE OPTION SCHEME

The share option scheme of the Company ("Post-IPO Scheme") was approved and adopted on 24 January 2002. The principal purpose of the Post-IPO Scheme is to enable the Company to grant options to selected persons as incentives and rewards for their contribution to the Group.

As at 31 December 2003, no option has been granted or agreed to be granted under the Post-IPO Scheme.

SPONSOR'S INTERESTS

As updated and notified by the Company's sponsor, as at 31 December 2003, Core Pacific - Yamaichi Capital Limited ("CPYC"), none of CPYC itself, its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company.

Pursuant to the agreement dated 31 January 2002 entered into between the Company and CPYC, CPYC is entitled to receive an advisory fee for acting as the Company's retained sponsor for the period from 8 February 2002 to 30 June 2004.

AUDIT COMMITTEE

The audit committee was established in accordance with the requirements of the GEM Listing Rules on 24 January 2002 and comprise Mr. Xin and the two independent non-executive Directors, Mr. Chan Ngai Sang, Kenny and Mr. Xing Fengbing. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group and to provide advice and comments to the Board. The audit committee has reviewed and approved this interim results announcement.

By Order of the Board
Golding Soft Limited
Li Jiahui
Chairman

Hong Kong, 13 February 2004