

2004



A & K Educational Software Holdings Limited
A & K 教育軟件控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)



* For identification purposes only
僅供識別

Third Quarterly Report
第三季度業績報告

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 at www.hkgem.com 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 of A & K Educational Software Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Exchange for the purpose of giving information with regard to A & K Educational Software Holdings Limited. 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.

香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）之特色

創業板乃為帶有高投資風險之公司提供一個上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他富有經驗之投資者。

由於創業板上市公司新興之性質，在創業板買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

創業板發佈資料之主要方法為在聯交所為創業板而設之互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意彼等須閱覽創業板網頁www.hkgem.com，以便取得創業板上市發行人之最新資料。

聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表聲明，且明確表示概不會就因本報告全部或任何部分內容而產生或倚賴該等內容而引致之任何損失承擔任何責任。

本報告(A & K教育軟件控股有限公司*各董事願共同及個別對此負全責)乃遵照聯交所創業板證券上市規則之規定而提供有關A & K教育軟件控股有限公司*之資料。本公司各董事經作出一切合理查詢後，確認就彼等所知及所信：— (1)本報告所載資料在各重大方面均屬準確及完整，且無誤導成份；(2)並無遺漏任何事實致使本報告所載任何內容產生誤導；及(3)本報告內表達之一切意見乃經審慎周詳考慮後方作出，並以公平合理之基準和假設為依據。

HIGHLIGHTS

- Turnover of the Group for the nine months ended 31 December 2004 were approximately RMB10.6 million, representing a decrease of approximately 10.9% as compared to corresponding periods in the previous fiscal year.
- The Group realised a profit attributable to shareholders of approximately RMB8.2 million for the nine months ended 31 December 2004.
- Profit per share of the Group was approximately RMB0.046 for the nine months ended 31 December 2004.
- The Board does not recommend the payment of any dividend.

摘要

- 本集團截至二零零四年十二月三十一日止九個月之營業額約為人民幣10.6百萬元，較上一個財政年度同期下降約10.9%。
- 於截至二零零四年十二月三十一日止九個月，本集團實現之股東應佔溢利約為人民幣8.2百萬元。
- 本集團於截至二零零四年十二月三十一日止九個月之每股盈利約為人民幣0.046元。
- 董事會並不建議派發任何股息。

**UNAUDITED RESULTS FOR THE THIRD QUARTER
ENDED 31 DECEMBER 2004**
**截至二零零四年十二月三十一日止第
三季度之未經審核業績**

The board of directors (the "Board") of A & K Educational Software Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the nine months and quarter ended 31 December 2004, together with the unaudited comparative figures for the corresponding period in 2003, as follows: –

A & K 教育軟件控股有限公司* (「本公司」) 董事會 (「董事會」) 謹公佈本公司及其附屬公司 (統稱「本集團」) 於截至二零零四年十二月三十一日止九個月及季度之未經審核綜合業績，連同二零零三年同期之未經審核比較數字如下：–

(Unless otherwise stated, all financial figures presented in this quarterly financial report are denominated in Renminbi ("RMB") thousand dollars)

(除明確註明外，本季度財務報告內之所有財務數字是以人民幣 (「人民幣」) 千元列值)

		(Unaudited) (未經審核)		(Unaudited) (未經審核)		
		Three Months Ended		Nine Months Ended		
		31 December		31 December		
		截至十二月三十一日		截至十二月三十一日		
		止三個月		止九個月		
Notes		2004	2003	2004	2003	
附註		二零零四年	二零零三年	二零零四年	二零零三年	
Turnover	營業額	3	2,277	6,060	10,592	11,884
Cost of sales	銷售成本		(434)	(334)	(1,219)	(982)
Gross profit	毛利		1,843	5,726	9,373	10,902
Other revenue	其他收益		928	4	1,049	158
Other net income	其他收入淨額		14	15	163	21
Distribution costs	分銷成本		(232)	(390)	(672)	(865)
Administration expenses	行政開支		(773)	(905)	(1,668)	(1,456)
Other operating expenses	業務外支出		-	(179)	(7)	(180)
Profit from ordinary activities before tax	除稅前日常業務溢利		1,780	4,271	8,238	8,580
Taxation	稅項	4	-	-	-	(1,706)
Profit attributable to shareholders	股東應佔溢利		1,780	4,271	8,238	6,874
Dividends attributable to the period	期內股息	5	-	-	-	-
			RMB (Yuen) 人民幣 (元)	RMB (Yuen) 人民幣 (元)	RMB (Yuen) 人民幣 (元)	RMB (Yuen) 人民幣 (元)
Earnings per share – basic	每股盈利 – 基本	6	0.010	0.024	0.046	0.038

Notes:

1. Group Reorganisation and Basis of Preparation

The Company was incorporated in the Cayman Islands on 29 October 2003 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization (the "Reorganization") which was completed on 13 May 2004, the Company became the holding company of its subsidiaries now comprising the Group, details of which are set out in the prospectus of the Company dated 30 July 2004. The shares have been listed on the GEM since 6 August 2004.

The unaudited quarterly results have been prepared on the basis of merger accounting as if the current group structure had been in existence throughout the periods under review or since their respective dates of incorporation, whichever is a shorter period.

All material intra-group transactions and balances have been eliminated on consolidation.

2. Principal Accounting Policies

The unaudited consolidated results of the Group have been prepared on historical cost convention and are, in all material aspects, in compliance with Statements of Standards Accounting Practice (the "SSAP") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

The principal accounting policies and methods of computation adopted for the preparation of the financial statements are consistent with those adopted by the Group as reflected in its prospectus.

The Group principally operates in the People's Republic of China (the "PRC") with its business activities principally transacted in RMB, the results of the Group are therefore prepared in RMB.

附註：

1. 本集團重組及編製基準

本公司於二零零三年十月二十九日根據開曼群島公司法第22章(一九六一年第3條條例，經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司。根據於二零零四年五月十三日完成之集團重組(「重組」)，本公司成為現時本集團內附屬公司之控股公司，詳情載於本公司日期為二零零四年七月三十日之售股章程。股份自二零零四年八月六日起在創業板上市。

未經審核季度業績乃按合併會計基準編製，假設現時之集團結構於回顧期間或自其各自之註冊成立日期起(以較短者為準)一直存在。

集團內部各公司之間所有重大交易及結餘已於綜合賬目時對銷。

2. 主要會計政策

本集團之未經審核綜合業績乃按歷史成本法編製，並已在各重大方面遵守香港會計師公會頒佈之會計實務準則(「會計實務準則」)、香港公認會計原則、香港公司條例之披露規定及創業板證券上市規則(「創業板上市規則」)。

於編製財務報表時所採用之主要會計政策及計算方法與本集團於其售股章程內的財務報表所採用者貫徹一致。

本集團主要在中華人民共和國(「中國」)經營業務，其業務活動主要以人民幣進行，因此本集團之業績乃以人民幣編製。

3. Turnover

The Company is an investment holding company and its subsidiaries established in the PRC are principally engaged in the development and distribution of education software and provision of related information technology services in the PRC.

An analysis of the Group's unaudited turnover is set out as follows:

3. 營業額

本公司為一家投資控股公司，而其於中國成立之附屬公司主要在中國從事教育軟件開發及分銷業務，以及提供相關資訊科技服務。

本集團未經審核之營業額分析如下：

		(Unaudited) (未經審核)		(Unaudited) (未經審核)	
		Three Months Ended 31 December		Nine Months Ended 31 December	
		截至十二月三十一日 止三個月		截至十二月三十一日 止九個月	
		2004	2003	2004	2003
		二零零四年	二零零三年	二零零四年	二零零三年
Turnover	營業額				
Sales of self-developed education software	銷售自行開發教育軟件以標準封包形式	2,217	5,983	10,532	8,715
Standard package basis	標準封包形式				
Project basis	以項目形式	60	-	60	3,092
		<u>2,277</u>	<u>5,983</u>	<u>10,592</u>	<u>11,807</u>
Network integration, IT services and others	網絡集成、資訊科技服務及其他	-	77	-	77
		<u>2,277</u>	<u>6,060</u>	<u>10,592</u>	<u>11,884</u>

4. Taxation

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not derived any income subject to Hong Kong profits tax for the nine months ended 31 December 2004 (2003: Nil).

(b) PRC enterprise income tax

Jiangxi A & K Educational Software Co. Ltd. ("A & K Educational Software"), the subsidiary where the majority of the Group's turnover is derived therefrom, was subject to PRC enterprise income tax.

In June 2003, due to the Group's reorganization, the status of A & K Educational Software, was changed from a domestic private enterprise to a wholly foreign-owned enterprise with the approval of the Department of Foreign Trade and Economic Cooperation of Jiangxi Province (江西省對外貿易經濟合作廳). Pursuant to the Income Tax Law of the PRC for Foreign Investment Enterprise (外商投資企業及外國企業所得稅法) and with the confirmation received from the Nanchang High-tech Area Tax Bureau (南昌市高新區國稅局) on 1 March 2004, A & K Educational Software will be exempted from PRC enterprise income tax for the two years starting from its first profit-making year and thereafter (after offsetting the accumulated losses), and is entitled to a 50% relief for the subsequent three years. A & K Educational Software was entitled to the first year of exemption from PRC enterprise income tax in the year ended 31 March 2004. Accordingly, no provision for PRC enterprise income tax has been made for the nine months ended 31 December 2004.

(c) The taxation for the period ended 31 December 2003 was approximately RMB1.1 million, being utilisation of deferred tax assets attributable to the unused tax losses brought forward from previous years.

(d) Deferred tax

There was no significant unprovided deferred taxation for the nine months ended 31 December 2004 (2003: nil).

4. 稅項

(a) 香港利得稅

由於本集團於截至二零零四年十二月三十一日止九個月內並無賺取任何須繳納香港利得稅之收入，故並無為香港利得稅作出任何撥備（二零零三年：無）。

(b) 中國企業所得稅

本集團附屬公司江西行知教育軟件有限公司（「行知教育軟件」）乃本集團大部分營業額來源，須繳納中國企業所得稅。

於二零零三年六月，基於進行集團重組，行知教育軟件獲江西省對外貿易經濟合作廳批准後由本地私人企業轉為全外資企業。根據外商投資企業及外國企業所得稅法以及南昌市高新區國稅局於二零零四年三月一日發出之確認書，行知教育軟件可自其抵銷累積虧損後首個獲利年度起計兩年獲豁免中國企業所得稅，並可於其後三年獲寬減50%。截至二零零四年三月三十一日止年度為行知教育軟件獲豁免中國企業所得稅之首個年度，因此未有於截至二零零四年十二月三十一日止九個月為中國企業所得稅作出任何撥備。

(c) 截至二零零三年十二月三十一日止期間稅項約人民幣1.1百萬元，已運用結轉過往年度未動用稅項虧損之應佔遞延稅項資產。

(d) 遞延稅項

本集團於截至二零零四年十二月三十一日止九個月內並無重大之未撥備遞延稅項（二零零三年：無）。

5. Dividends

The Board does not recommend payment of any interim dividend for the nine months ended 31 December 2004 (quarter ended 31 December 2003: nil).

6. Earnings Per Share

The calculation of basic earnings per share for the nine months and quarter ended 31 December 2004 was based on the respective unaudited data as follows:

5. 股息

董事會並不建議就截至二零零四年十二月三十一日止九個月派付任何中期股息(截至二零零三年十二月三十一日止季度: 無)。

6. 每股盈利

截至二零零四年十二月三十一日止九個月及季度之每股基本盈利乃按下述各自之未經審核數據計算:

		Three Months Ended 31 December 截至十二月三十一日 止三個月		Nine Months Ended 31 December 截至十二月三十一日 止九個月	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
Profits attributable to shareholders	股東應佔溢利	<u>1,780</u>	4,271	<u>8,238</u>	<u>6,874</u>
		Shares ('000) 股數(千股)	Shares ('000) 股數(千股)	Shares ('000) 股數(千股)	Shares ('000) 股數(千股)
Number of ordinary share for the purposes of calculating basic earnings per share (Remark)	用以計算每股基本 盈利的普通股 股數(註)	<u>180,000</u>	180,000	<u>180,000</u>	180,000

No dilutive earnings per share was presented because there were no dilutive potential ordinary shares in existence during the third quarter ended 31 December 2004 and 2003 respectively.

Remark

Being the number of ordinary shares assumed to be in issue during the third quarter ended 31 December 2003 and 31 December 2004 calculated on the basis that 180,000,000 shares had been in issue throughout the period, comprising 1,000 shares in issue as at the prospectus date on 30 July 2004 and 179,999,000 shares to be issued pursuant to the Capitalization issue described in the prospectus of the Company.

由於截至二零零四年及二零零三年十二月三十一日止第三季度間內並不存在任何具攤薄效益之潛在普通股，故此並無呈列每股攤薄盈利。

註

截至二零零三年十二月三十一日及二零零四年十二月三十一日止第三季度按假定期內已發行普通股數為180,000,000股基準計算，當中包括於售股章程日期二零零四年七月三十日已發行之1,000股及根據本公司售股章程所述資本化發行予以發行之179,999,000股。

7. Movement of reserves

7. 儲備變動

		Share capital	Contributed surplus	Capital reserve	Statutory common reserve	Statutory welfare reserve	Foreign currency translation reserve	(Accumulated losses)/ profits retained	Total
	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	附註	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
Balance as of 1 April 2003	於二零零三年四月一日 之結餘	20,000	-	110	-	-	-	(2,184)	17,926
Effect on reorganization on 17 June 2003	於二零零三年六月十七日 之重組影響 (a)	(20,000)	-	5	-	-	-	-	(19,995)
Contributed surplus on Group reorganization	集團重組 之貢獻盈餘 (b)	-	20,013	-	-	-	-	-	20,013
Foreign currency translation adjustment	匯兌調整	-	-	-	-	-	(13)	-	(13)
Profit for the 9 months ended 31 December 2003	截至二零零三年十二月 三十一日止九個月之溢利	-	-	-	-	-	-	6,874	6,874
		<u>-</u>	<u>20,013</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>4,690</u>	<u>24,805</u>
Balance as of 1 April 2004	於二零零四年四月一日 之結餘	-	20,013	115	810	405	(13)	6,884	28,214
Issue of shares under the placing	根據配售事項 發行股份 (c)	7,350	23,850	-	-	-	-	-	31,800
Issue of shares by way of capitalization	以資本化方式 發行股份 (d)	19,080	(19,080)	-	-	-	-	-	-
Share issue expenses	股份發行開支	-	(9,250)	-	-	-	-	-	(9,250)
Profit for the 9 months ended 31 December 2004	截至二零零四年十二月 三十一日止九個月之溢利	-	-	-	-	-	-	8,238	8,238
Balance as of 31 December 2004	於二零零四年十二月 三十一日之結餘	<u>27,030</u>	<u>15,533</u>	<u>115</u>	<u>810</u>	<u>405</u>	<u>(13)</u>	<u>15,122</u>	<u>59,002</u>

Notes:

- (a) On 17 June 2003, Smart Elegant Investment Limited ("Smart Elegant") acquired the entire equity interest in Jiangxi A&K Educational Software Company Limited ("A&K Educational Software") for a consideration of HK\$18,867,925, equivalent to RMB20,000,000. An additional fund of RMB5,248 was received by A&K Educational Software and was credited to the capital reserve.
- (b) The consideration of the acquisition of A&K Educational Software was financed by the issue of a Convertible Note ("Note") issued to Mr. Ye in the sum of the HK\$18,800,000. Following the conversion of the Note on 15 September 2003. Mr. Ye become a shareholder of A&K Software BVI Limited ("A&K Software BVI") holding 250 shares of HK\$0.1 each. Accordingly, a contributed surplus of HK\$18,879,975 (RMB20,012,733) was arised.
- (c) On 6 August 2004, 75,000,000 shares of HK\$0.10 each were issued at HK\$0.40 each by way of placing generating net cash proceeds of approximately HK\$30,000,000 (RMB31,800,000). The premium over the par value of the shares was credited to the contributed surplus account.
- (d) Immediately after the placing mentioned in note (c) above, contributed surplus of HK\$18,000,000 (RMB19,080,000) was capitalized for the issuance of 180,000,000 shares of HK\$0.10 each on a pro-rata basis to shareholders of the Company at the close of business on 13 May 2004.

附註：

- (a) 於二零零三年六月十七日，Smart Elegant Investment Limited (「Smart Elegant」)收購江西行知教育軟件有限公司(「行知教育軟件」)全部股本權益，代價為18,867,925港元(相等於人民幣20,000,000元)。行知教育軟件所收取之新增款項人民幣5,248元已計入資本儲備。
- (b) 向葉先生發行總金額18,800,000港元之可換股票據(「票據」)作為收購行知教育軟件之代價融資。緊隨於二零零三年九月十五日兌換票據後，葉先生成為A & K Software BVI Limited(「A & K Software BVI」)之股東，持有250股每股面值0.1港元之股份。本集團由此產生之實繳盈餘為18,879,975港元(人民幣20,012,733元)。
- (c) 於二零零四年八月六日，本公司以配售方式按每股0.40港元之價格，發行75,000,000股每股面值0.10港元之股份，配售事項之所得現金淨額約為30,000,000港元(人民幣31,800,000元)。高出該等股份面值之溢價已計入實繳盈餘賬。
- (d) 緊隨上文附註(c)所述之配售事項後，實繳盈餘18,000,000港元(人民幣19,080,000元)已資本化，以就於二零零四年五月十三日營業時間結束時按比例基準向本公司股東發行總數180,000,000股每股面值0.10港元之股份。

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

Turnover

For the nine months ended 31 December 2004, the Group achieved a consolidated turnover of approximately RMB10.6 million, a decrease of approximately RMB1.3 million for the same period in 2003. A lower turnover for the nine months ended 31 December 2004 in compare with the corresponding period in 2003 mainly due to the recovery of orders from customers after the SAR outbreak in PRC 2003. The customers holdback their orders due to the SAR outbreak in the second quarter in 2003. Accordingly, the turnover in the third quarter in 2003 was higher than the quarter period in 2004.

Nonetheless, the Group had an increase of approximately RMB1.8 million, approximately 21%, in sales of self-developed educational software from standard package basis for the nine months ended 31 December 2004. The Group received increasing orders from difference Electronic Educational Units both inside and outside Jiangxi. Approximately RMB3.1 million of turnover were generated outside Jiangxi for the nine months ended 31 December 2004 (31 December 2003: RMB1.1 million). More orders received from outside Jiangxi because the Group was actively promoting their product to new customers outside Jiangxi.

Cost of sales and gross profit

The gross profit for the nine months ended 31 December 2004 was approximately 88.5% which was 3.2% decrease in compare to the corresponding period in 2003. It is because the group had increase expenditure on product development and upgrading the existing products. More research and development staffs were employed after the Group successfully listed on GEM.

管理層討論及分析 財務回顧

營業額

截至二零零四年十二月三十一日止九個月，本集團錄得綜合營業額約人民幣10.6百萬元，較二零零三年同期下跌約人民幣1.3百萬元。截至二零零四年十二月三十一日止九個月之營業額較二零零三年同期為低，主要歸因於中國之客戶於二零零三年在非典型肺炎爆發期間後再度向本集團發出訂單。客戶於二零零三年第二季因非典型肺炎爆發而暫緩發出訂單。因此，二零零三年第三季之營業額較二零零四年同一季度高。

然而，本集團自行開發之教育軟件(以標準封包形式)於截至二零零四年十二月三十一日止九個月之銷售額上升約人民幣1.8百萬元，即約21%。本集團取得更多來自江西省以內及以外地區之不同電化教育館之訂單。於截至二零零四年十二月三十一日止九個月，本集團自江西省以外地區錄得營業額約人民幣3.1百萬元(二零零三年十二月三十一日：人民幣1.1百萬元)。由於本集團積極向江西省以外地區之新客戶推廣其產品，因此本集團自江西省以外地區獲得更多訂單。

銷售成本及毛利

截至二零零四年十二月三十一日止九個月之毛利約為88.5%，較二零零三年同期下跌3.2%，原因為本集團增加於產品開發及提升現有產品之支出。自從本集團於創業板成功上市以來，已招聘更多研究及開發部門之員工。

Other revenue

The Group's other revenue during the 9 months was approximately RMB1.1 million representing approximately 5.6 time increase to the corresponding period in 2003. The reason for such increase was mainly a receipt of a government grant of RMB900,000 in December 2004. The government grant was received from National Development and Reform Commission (國家發展和改革委員會) in cash and is unconditional and not repayable.

Distribution and administration cost

The distribution costs was decreased approximately 22.3%, RMB0.19 million for the nine months ended 31 December 2004 in compare with the corresponding period in 2003. It was because the Group had employed new sales staffs which have lower salary in compare with the resigned sales staffs. Since the amount of decrease was not material and the Group had improved its operation efficiency, the turnover was not significantly affected from less distribution cost incurred. The administration expenses was increased approximately 14.6%, RMB0.21 million for the nine months ended 31 December 2004 in compare with the corresponding period in 2003 because the Group incurred more administration expenses after the listing of the Shares of the Company on GEM. During the three months period ended 31 December 2004, the administration expenses was approximately 14.6% less than the corresponding period in 2003 because there were setting up expenses for the group companies and a bonus payment made to PRC staff in December 2003 which was nil in 2004.

其他收入

本集團於九個月內之其他收入約為人民幣1.1百萬元，較二零零三年同期上升約5.6倍，主要原因為於二零零四年十二月獲得政府資助人民幣900,000元。有關資助由國家發展和改革委員會以現金撥出，並屬無條件及毋須償還。

分銷及行政成本

截至二零零四年十二月三十一日止九個月之分銷成本較二零零三年同期下降約22.3%，即人民幣0.19百萬元，原因為本集團新聘之銷售員工之薪金較已離職之銷售員工之薪金為低。由於所減少之金額屬微不足道，加上本集團亦已提升其營運效益，故營業額並未因分銷成本下降而產生重大影響。截至二零零四年十二月三十一日止九個月之行政開支較二零零三年同期上升約14.6%，即人民幣0.21百萬元，原因為本集團須就本公司股份於創業板上市而產生更多行政開支。截至二零零四年十二月三十一日止三個月期間內，行政開支較二零零三年同期減少約14.6%，原因為就成立集團公司而產生開支及於二零零三年十二月向中國員工發放花紅，惟於二零零四年並無有關開支。

Earning per share

The earning per share was approximately RMB0.046 for the nine months ended 31 December 2004 which was approximately 21.1% increase in compare with 2003. The main reason for the increase was the utilization of deferred tax assets attributable to the unused tax losses brought forward from previous year in 2003.

Charge of assets

As at 31 December 2004, the Group did not have any charges on its assets.

BUSINESS OUTLOOK

The Group's business objective is to be one of the major education software developers in the PRC. According to the CCID Report, the annual investment in PRC education software industry is expected to increase from approximately RMB3.9 billion in 2002 to approximately RMB8.6 billion in 2005, representing a compound annual growth rate of approximately 30.2%. The Directors believe that there are huge business opportunities in the PRC education software market available for the Group to explore.

In order to fulfill the Group's business objective, the Group plans to enhance the research and development work to keep abreast of the latest technological advancement and to explore the market trend. At present, the Group's major products focus on the tutorial aspects. The Directors expect that the Group's future new products will integrate with functions of school management to establish a complete network with comprehensive package of applications for schools and students. The Group is now developing other new software including, the Online teaching software, Internet safety software for school network and the supplemental teaching graphic tools software.

每股盈利

截至二零零四年十二月三十一日止九個月之每股盈利約為人民幣0.046元，較二零零三年同期增加約21.1%，主要原因為於二零零三年運用結轉過往年度未動用稅項虧損之應估遞延稅項資產。

資產抵押

於二零零四年十二月三十一日，本集團並無任何資產抵押。

業務展望

本集團之業務目標是成為中國主要教育軟件開發商之一。根據CCID報告，中國教育軟件業之每年投資額預期將由二零零二年約人民幣39億元增加至二零零五年約人民幣86億元，複合年增長率約為30.2%。董事相信，中國教育軟件市場存在龐大商機可供本集團開拓。

為求達到本集團之業務目標，本集團研究及開發部亦不斷跟上最新之科技發展，務求把握市場趨勢。現時，本集團之主要產品集中於教材方面。董事現時預期本集團未來之新產品將與學校管理職能結合，以建立一套設有供學校及學生使用、提供全面應用系統組合之完整網絡。此外，本集團現正發展其他新軟件，其中包括網上教學軟件、供學校網絡使用之互聯網保安軟件以及輔助教學繪圖工具軟件。

The Directors believe that the Group has established a strong presence in Jiangxi Province in the PRC. In order to become a national education software developer, the Group is now expanding its sales and marketing network to the major provinces and cities in the PRC. A representative office was opened in Beijing in August 2004.

The Directors' present intention is to establish a new testing and training centre which will have the latest testing software, such as Codetest, Visual test and Cantata++, to test the program code of its products and to provide training services to the end-users of the Group's products.

In order to enhance the Group's productivity, the Directors' present intention is going to upgrade its equipment and IT infrastructure.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2004 the interests or short positions of the Directors (the "Directors") and the chief executive of the Company in the shares and underlying shares (the "Shares") of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

董事相信，本集團已在中國江西省建立鞏固據點。為了成為全國教育軟件開發商，本集團現正將銷售及市場推廣網絡進一步擴充至中國主要省份及城市。於北京之代表辦事處已於二零零四年八月開幕。

董事目前擬成立一間新測試及培訓中心。此新測試及培訓中心將設有最新之測試軟件，例如Codetest、Visual test及Cantata++等，以測試產品之程式內碼及為本集團產品之最終用戶提供培訓服務。

為了提升本集團之生產力，董事現正計劃為其設備及資訊科技基建升級。

董事及主要行政人員於本公司及其相聯法團股份及相關股份之權益或淡倉

於二零零四年十二月三十一日，本公司之董事（「董事」）及主要行政人員在本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份（「股份」）中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例有關規定被認為或視作擁有之權益或淡倉），或根據證券及期貨條例第352條須載入該條例所述登記名冊內之權益及淡倉，或根據創業板上市規則第5.46至5.67條須知會本公司及聯交所之權益或淡倉，如下：

(a) The Company – interests in Shares

(a) 本公司 – 股份權益

Director 董事	Nature of Interest 權益性質	No. of Shares 股份數目	Percentage of shareholding 持股百分比
Mr. Peng Gexiong 彭格雄先生	Interest of a controlled corporation 受控制法團權益	(Note 1) (附註1) 141,120,000	55.34%
Mr. Wang Chaoju 汪超駒先生	Interest of a controlled corporation 受控制法團權益	(Note 2) (附註2) 2,880,000	1.13%

Notes:

附註：

- (1) These Shares are registered in the name of and beneficially owned by Educators Investment Limited ("Educators Investment"). Educators Investment is legally and beneficially owned as to 97.7% by Mr. Peng Gexiong, as to 1.28% by Mr. Shu Fan, as to 0.61% by Mr. Zeng Ruihong and as to 0.41% by Mr. Su Wenbo. By virtue of his 97.7% direct interest in Educators Investment, Mr. Peng Gexiong is deemed or taken to be interested in the 141,120,000 Shares held by Educators Investment for the purposes of the SFO.
- (2) These Shares are registered in the name of and beneficially owned by Modern Precise Limited ("Modern Precise"), the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Wang Chaoju. Under the SFO, Mr. Wang is deemed to be interested in all the Shares held by Modern Precise.

- (1) 該等股份以 Educators Investment Limited (「Educators Investment」) 名義登記並實益擁有。Educators Investment 分別由彭格雄先生、舒凡先生、曾瑞洪先生及蘇文波先生合法及實益擁有 97.7%、1.28%、0.61% 及 0.41%。由於彭格雄先生擁有 Educators Investment 之 97.7% 直接權益，根據證券及期貨條例，彼被視為或認為擁有 Educators Investment 持有之 141,120,000 股股份之權益。
- (2) 該等股份以 Modern Precise Limited (「Modern Precise」) 名義登記並實益擁有。Modern Precise 之全部已發行股本以汪超駒先生名義登記並實益擁有。根據證券及期貨條例，汪先生被視為擁有 Modern Precise 持有之全部股份之權益。

(b) Associated corporations – interests in Shares

- (i) Long positions in the shares of HK\$0.10 each in the capital of Educators Investment (the “Educators Shares”), an associated corporation (within the meaning of the SFO) of the Company

(b) 相聯法團 – 股份權益

- (i) 本公司一家相聯法團(定義見證券及期貨條例) Educators Investment股本中每股面值0.10港元之股份(「Educators股份」)之好倉

Name of Director	Type of Interest	Number of Educators Shares held 所持 Educators 股份數目	Approximate percentage holding of Educators Shares Educators股份 持股量之 概約百分比
董事名稱	權益類別		
Mr. Peng Gexiong 彭格雄先生	Beneficial 實益	9,770	97.7%

- (ii) Long positions in the shares of HK\$0.10 each in the capital of Modern Precise (the “Modern Precise Shares”), an associated corporation (within the meaning of the SFO) of the Company

- (ii) 本公司一家相聯法團(定義見證券及期貨條例) Modern Precise股本中每股面值0.10港元之股份(「Modern Precise股份」)之好倉

Name of Director	Type of Interest	Number of Modern Precise Shares held 所持 Modern Precise 股份數目	Approximate percentage holding of Modern Precise Shares Modern Precise 股份持股量之 概約百分比
董事名稱	權益類別		
Mr. Wang Chaoju 汪超駒先生	Beneficial 實益	1	100%

Save as disclosed above, as at 31 December 2004, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

除上文所披露者外，於二零零四年十二月三十一日，董事或本公司之任何主要行政人員概無在本公司或任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉(包括彼等根據證券及期貨條例有關規定被認為或視作擁有之權益或淡倉)，或根據證券及期貨條例第352條須載入該條例所述登記名冊內之權益或淡倉，或根據創業板上市規則第5.46至5.67條上市發行人的董事進行交易的最低標準而須知會本公司及聯交所之權益或淡倉。

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO

So far as is known to any Director or chief executive of the Company, as at 31 December 2004, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO, and were 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 other member of this Group:

根據證券及期貨條例擁有須予披露之股份權益及淡倉之主要股東及人士

就任何董事或本公司之主要行政人員所知，於二零零四年十二月三十一日，下列人士(上文所披露之董事或本公司主要行政人員除外)於股份中擁有根據證券及期貨條例第336條須載入該條例所述之登記名冊內之權益或淡倉及直接或間接擁有任何類別附有可在一切情況下於本集團任何其他成員公司之股東大會上投票之股本面值10%或以上權益：

Long positions in shares

股份之好倉

Name 名稱	Nature of Interest 權益性質	Number of Shares 股份數目	Percentage of shareholding 持股百分比
Educators Investment	Beneficial owner 實益擁有人	141,120,000	55.34%
Ms. Li Qin 李琴女士	Family (Note 1) 家族(附註1)	141,120,000	55.34%
Mr. Ye Jinxing 葉金興先生	Beneficial owner 實益擁有人	36,000,000	14.12%
Ms. Wang Chun Ning 王春玲女士	Family (Note 2) 家族(附註2)	36,000,000	14.12%

Notes:

附註：

- Under the SFO, Ms. Li Qin, spouse of Mr. Peng Gexiong, is deemed to be interested in the Shares.
- Under the SFO, Ms. Wang Chun Ning, spouse of Mr. Ye Jinxing is deemed to be interested in the Shares.

- 根據證券及期貨條例，鑑於李琴女士為彭格雄先生之配偶，故此被視為持有股份之權益。
- 根據證券及期貨條例，鑑於王春玲女士為葉金興先生之配偶，故此被視為持有股份之權益。

Save as disclosed herein, as at 31 December 2004, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO or, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other members of the Group.

SPONSOR'S INTEREST

Pursuant to a sponsor agreement dated 30 July 2004 entered into between the Company and Kingsway Capital Limited (the "Sponsor"), the Sponsor has been appointed as the retained sponsor of the Company for the period ending 31 March 2007 (or until the sponsor agreement is otherwise terminated upon the terms and conditions contained therein), for which the Sponsor will receive a fee.

As notified and updated by the Sponsor, neither the Sponsor nor any of its directors or employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in any class of securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 31 December 2004.

Save as disclosed above, the sponsor had no other interest in the Company as at 31 December 2004.

除本報告所披露者外，本公司並不知悉有任何其他人士（董事或本公司之主要行政人員除外）於二零零四年十二月三十一日於股份中擁有根據證券及期貨條例第336條必須向本公司披露之權益或淡倉，或直接或間接擁有任何類別附有可在一切情況下於本集團任何其他成員公司之股東大會上投票之股本（包括可認購該等股本之期權）面值10%或以上權益。

保薦人權益

根據本公司與滙富融資有限公司（「保薦人」）於二零零四年七月三十日訂立之保薦人協議，保薦人已獲委任為本公司至二零零七年三月三十一日（或直至保薦人協議根據當中所載之條款及條件而被終止）為止之期間內之延聘保薦人，就此，保薦人將收取相關費用。

就保薦人所告知及更新，於二零零四年十二月三十一日，保薦人或其任何董事、僱員或聯繫人士（見創業板上市規則第6.35條附註3所述）概無於本公司或本集團任何成員公司任何類別證券中擁有權益，亦無權認購或提名他人認購本公司或本集團任何成員公司之證券。

除上文所披露者外，於二零零四年十二月三十一日，保薦人概無於本公司擁有任何其他權益。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

For the nine months period ended 31 December 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

COMPETING INTERESTS

For the nine months period ended 31 December 2004, none of the Directors or the management shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

BOARD PRACTICE AND PROCEDURES

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 since its Listing.

SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 31 December 2004. The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.62 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout the nine months ended 31 December 2004.

購買、出售或贖回本公司上市股份

截至二零零四年十二月三十一日止九個月期間，本公司或任何附屬公司概無購買、出售或贖回本公司任何上市股份。

競爭權益

截至二零零四年十二月三十一日止九個月期間，本公司之董事、管理層股東或彼等各自之聯繫人士（定義見創業板上市規則）概無對於本集團業務構成或可能構成任何重大競爭之業務中擁有權益。

董事會常規及程序

本公司於自上市後一直遵守創業板上市規則第5.34至第5.45條所載之董事會常規及程序。

董事進行證券交易

截至二零零四年十二月三十一日止九個月內，本公司已就董事進行證券交易採納一套不低於創業板上市規則第5.48至第5.62條所載之標準交易守則所訂標準之守則。本公司亦已向各董事作出特定查詢，而本公司確認並不知悉於截至二零零四年十二月三十一日止九個月內任何時間未有遵守該守則及標準交易守則所訂標準之任何事項。

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely Jiang Minghe, Law Chi Yuen and Cheng Yun Ming Matthew.

The Group's draft unaudited financial statements for the nine months period ended 31 December 2004 have been reviewed and commented by the audit committee members.

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

Executive directors:

Mr. Peng Gexiong (*Chairman*)
Mr. Wang Chaoju
Mr. Peng Gang

Independent non-executive directors:

Mr. Jiang Minghe
Mr. Law Chi Yuen
Mr. Cheng Yun Ming, Matthew

By order of the Board

A & K Educational Software Holdings Limited
Peng Gexiong
Chairman

China, 3 February 2005

* for identification purpose only

審核委員會

本公司已遵照創業板上市規則，成立審核委員會並列明其職權範圍。審核委員會之主要職責為(其中包括)審閱及監督本集團之財務申報過程及內部監控程序，並就此向董事會提供建議及意見。審核委員會由本公司的三位獨立非執行董事蔣鳴和先生、羅志遠先生及鄭潤明先生所組成。

本集團截至二零零四年十二月三十一日止九個月期間之未經審核財務報表文稿已由審核委員會成員審閱並由其對此作出意見。

於本報告日期，董事會成員包括以下董事：

執行董事：

彭格雄先生 (主席)
汪超駒先生
彭剛先生

獨立非執行董事：

蔣鳴和先生
羅志遠先生
鄭潤明先生

承董事會命

A & K 教育軟件控股有限公司*
主席
彭格雄

中國，二零零五年二月三日

* 僅供識別

