



Superdata Software Holdings Limited

速達軟件控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

**FIRST QUARTERLY REPORT
2005**

* *for identification purpose only*

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

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 companies.

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This report, for which the directors of Superdata Software Holdings Limited (the "Company") (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB14.7 million for the three months ended 31 March 2005, representing an increase of approximately 47.0% as compared to approximately RMB10.0 million for the corresponding period in the previous financial year.
- Net profit of the Group amounted to approximately RMB7.9 million for the three months ended 31 March 2005, representing an increase of approximately 119.4% as compared to approximately RMB3.6 million for the corresponding period in the previous financial year.
- Earnings per share of the Group was approximately RMB1.95 cents for the three months ended 31 March 2005.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005.

QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2005, together with the unaudited comparative figures for the corresponding period in 2004 as follows:

	<i>Notes</i>	Three months ended	
		31 March	
		2005	2004
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	2	14,664	10,041
Cost of computer software		(419)	(417)
Value-added tax refund		2,096	1,329
Other revenues	2	679	185
Staff costs		(4,292)	(3,343)
Depreciation		(381)	(305)
Royalty charges		(338)	(246)
Advertising and promotional expenses		(1,293)	(1,447)
Other operating expenses		<u>(2,696)</u>	<u>(2,196)</u>
Profit before taxation		8,020	3,601
Taxation	3	<u>(168)</u>	<u>—</u>
Profit attributable to shareholders		<u>7,852</u>	<u>3,601</u>
Basic earnings per share (<i>RMB cent</i>)	4	<u>1.95</u>	<u>0.90</u>
Diluted earnings per share (<i>RMB cent</i>)	4	<u>1.78</u>	<u>0.86</u>

NOTES:

1. BASIS OF PREPARATION

- (a) The Company was incorporated in the Cayman Islands on 3 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
- (b) The unaudited consolidated income statement have been prepared in accordance with accounting principles generally accepted in Hong Kong, accounting standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong (“the GEM Listing Rules”).

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the provision of share options to employees did not result in a charge to the income statement. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement. HKFRS 2 has been applied retrospectively for all equity instruments granted to employees and directors after 15 April 2002 and not vested at 1 January 2005.

The adoption of the HKFRS 2 has no material effect on the results for current nor prior accounting periods. Accordingly, no prior year adjustment is required.

2. TURNOVER AND REVENUE

The Group is principally engaged in the development and sales of packaged software in the People’s Republic of China (the “PRC”) excluding Hong Kong. Turnover and revenue recognised during the period are as follows:

	Three months ended	
	31 March	
	2005	2004
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Turnover (<i>Note</i>)		
Sales of packaged software	14,664	10,041
Other revenues		
Interest income	26	185
Royalty income	653	—
	<u>679</u>	<u>185</u>
Total revenues	<u>15,343</u>	<u>10,226</u>

Note: Turnover as disclosed above is net of applicable value-added tax (“VAT”) in the PRC.

3. TAXATION

No provision for Hong Kong profits tax has been made for the period ended 31 March 2005 (2004: Nil) as the Group had no estimated assessable profit in Hong Kong.

The Group's subsidiaries in the PRC, Superdata Software Technology (Guangzhou) Limited ("Superdata (Guangzhou)"), Glory Software (Shanghai) Limited ("Glory (Shanghai)"), and Superdata Network Technology (Guangzhou) Limited ("Superdata Network") are foreign investment enterprises and are subject to PRC enterprise income tax ("EIT").

In accordance with the PRC Law of Enterprise Income Tax for Enterprises with Foreign Investment and Foreign Enterprises, Superdata (Guangzhou) is entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing the first profitable year after offsetting all tax losses carried forward from the previous five years. Superdata (Guangzhou) is registered in Guangzhou Economic Technology Development District. 2004 is the second profitable year for Superdata (Guangzhou) after offsetting all accumulated operating losses brought forward. It has been approved by the tax authorities for a preferential EIT rate of 15%.

Pursuant to "The Provisional Regulation on High Technology Enterprises of Beijing", Glory (Shanghai) is now applying for full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing 2001. For the period ended 31 March 2005, no PRC profits tax has been provided as Glory (Shanghai) had no assessable profit for the period.

Superdata Network is registered in Guangzhou Economic Technology Development District. It has been approved by the tax authorities for a preferential EIT rate of 18%. It is also applying for full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing the first profitable year after offsetting all tax losses carried forward from the previous five years.

The amount of taxation charged to the consolidated profit and loss account represents:

	2005	2004
	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation:		
— PRC EIT	<u>168</u>	<u>—</u>
Taxation charges	<u>168</u>	<u>—</u>

No deferred tax assets or liabilities are recognised as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2005 and 2004.

4. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited profits attributable to shareholders for the three months ended 31 March 2005 of approximately RMB7,852,000 (2004: approximately RMB3,601,000) and the weighted average number of approximately 402,966,000 ordinary shares (2004: 400,000,000 ordinary shares) in issue during the period.

The calculation of diluted earnings per share for the three months ended 31 March 2005 is based on the Group's unaudited profit attributable to shareholders of approximately RMB7,852,000 (2004: approximately RMB3,601,000) and the diluted weighted average number of approximately 441,515,000 ordinary shares (2004: 418,803,455 ordinary shares) in issue during the period. It has been calculated after taking into account all dilutive instruments outstanding as at 31 March 2005. The effect of the potential dilutive ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during the three months ended 31 March 2005 is approximately 38,549,000 ordinary shares (2004: 18,803,455 ordinary shares) which are deemed to have been issued at no consideration and have been exercised on the date the options were granted.

5. RESERVES

	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2005 (Audited)	16,770	44,685	19	1,244	23,814	86,532
Profit for the 3 months ended 31 March 2005	—	—	—	—	7,852	7,852
Exercise of options	14	—	—	—	—	14
Appropriation to statutory reserve fund	—	—	—	3,514	(3,514)	—
Currency translation differences	—	—	9	—	—	9
Dividends for 2004	—	—	—	—	(20,142)	(20,142)
At 31 March 2005 (Unaudited)	<u>16,784</u>	<u>44,685</u>	<u>28</u>	<u>4,758</u>	<u>8,010</u>	<u>74,265</u>
At 1 January 2004 (Audited)	16,498	44,685	29	625	3,163	65,000
Profit for the 3 months ended 31 March 2004	—	—	—	—	3,601	3,601
Dividends for 2003	—	—	—	—	(3,000)	(3,000)
At 31 March 2004 (Unaudited)	<u>16,498</u>	<u>44,685</u>	<u>29</u>	<u>625</u>	<u>3,764</u>	<u>65,601</u>

- (i) Under the Companies Law of the Cayman Islands, share premium in distributable to shareholders, subject to the condition that, immediately following the date on which the distribution or dividend is proposed to be made, the Company shall be able to pay off its debts as they fall due in the ordinary course of business.

- (ii) Merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired by the Company through exchange of shares.
- (iii) In accordance with the relevant laws and regulations of the PRC, the Group's subsidiaries established in the PRC are required to appropriate a minimum of 10% of the net profit after taxation reported in the statutory accounts to the statutory reserve, namely the statutory reserve fund until the balance of such fund has reached 50% of its registered capital. The amount of allocation is determined by the board annually. This reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (2004: Nil).

FINANCIAL REVIEW

During the three months ended 31 March 2005, the Group continued to achieve outstanding results and recorded a turnover of approximately RMB14.7 million, representing a remarkable growth of 47.0% over that of the corresponding period in 2004. This was mainly attributable to the continued momentum of the new products, including E.net and SD3000.net, successfully launched during the period.

Staff costs, advertising and promotional expenses continue to be the major operating costs of the Group, representing 62.1% of total operating cost for this quarter. The Group recorded staff costs of RMB4.3 million for the period as compared to RMB3.3 million for the same period in 2004. The advertising and promotional expenses were slightly decreased from RMB1.4 million to RMB1.3 million.

During this quarter, the Group achieved net profit of approximately RMB7.9 million, representing an increase of 119.4% as compared to approximately RMB3.6 million for the corresponding period in the previous financial year. Moreover, the net profit margin improved from 35.9% to 53.5% as a result of the continuous sales growth and effective controls over the operating costs.

BUSINESS REVIEW

During the period, the Group continues to focus on the development and distribution of packaged software specifically for the small and medium enterprise (“SME(s)”) in the PRC under the “QuickBooks 速達” brand name, and continues to aim at the “provision of informationized services for SMEs in the PRC” in the long term, so that Quickbooks 速達 packaged software can gain a sound leading position in the market.

With the Group’s well-defined brand positioning, quality products, well-established distribution network, and sound marketing strategies, the Group’s products have gained well acceptance and good reputation in the PRC and have been taking a leading role to the competitors in the SME’s management software market.

With the continuous positive expectation on the PRC economy, as well as the rapid development of private enterprises and SMEs, the market raised an exceptional high demand for the SME management software which can provide advanced capacities on the functional integration of daily corporate operation. Superdata has taken its leading position in research and development of innovative management software aiming at providing the market practical and inexpensive solutions.

At the end of year 2004, the Group has launched a web design products — CAD, which has proved to be a successful strategy in both expanding its market recognition and generating a new revenue stream. The success of CAD continued in the first quarter of year 2005 and during this period the Group also launched two new products, namely E.net and 3000.net, and they contributed significant growth for the Group in the first quarter.

The management believes that a sound financial position is essential for the Group to grow in this competitive environment. In view of that, the Group will maintain its adherence to limited credit sale policy and effective cost controls in order to provide a solid foundation for the Group’s development in future.

PRODUCT LAUNCH

During the period, both E.net and 3000.net have been launched in the market. E.net and 3000.net were developed on the foundation of E3 and SD3000 series, respectively, targeting to extend their capacities on a wider spectrum of services in the organization. These two products have introduced the new features of office administration and enhanced features of customer relationship management. These new features greatly promote the operation efficiency of SMEs, allowing more of corporate information to be managed in a systematic and integrated approach for financial and management analysis.

PROSPECTS

Strong commitment to innovate and deliver superior products to our customers is the cornerstone of the Group's success. Throughout the years, the Group's products have gained a reputable recognition for their innovation, versatility and stability. This enabled the Group to maintain its market leadership in the provision of integrated business management software solutions to SMEs in the PRC.

The Group will continue to pursue active developments in its core business in the long run. In doing so, the Group will continue the strategic alliance with Intuit, which bring in strategic synergy to the brand image of the Group's products in the PRC. To further raise product awareness and the brand image, the Group will also collaborate closely with its network of business partners to formulate effective marketing and promotional strategies and campaigns, as well as tradeshows, in the PRC. With its dominant brand image, the Group successfully differentiates itself from its competitors to achieve remarkable results.

Looking ahead, the Group will seek to leverage its strengths to enhance corporate development and provide value added services to its customers. The Group will strive to explore suitable business diversification and expansion opportunities in the field of SME's application software with the aim to bring more values to its business partners and shareholders in the future.

SHARE OPTIONS

Pre-IPO Share Option Scheme

Pursuant to a Pre-IPO share option scheme ("Pre-IPO Share Option Scheme") adopted by the Company on 19 May 2003, the Company had granted Pre-IPO share options to three executive directors, one senior management staff and one part-time consultant and to Mr. Cen Anbin and Mr. Zhou Quan acting as joint trustees (together the "Trustee") of a trust established for the benefit of the employees of the Group who are PRC nationals (excluding the three executive directors, one senior management staff and one part-time consultant of the members of the Group) (the "Trust"). All of the options have a duration of ten years from 6 June 2003 to 5 June 2013. There are restrictions that 20%, 40%, 60%, 80% and 100% of the options granted under the Pre-IPO Share Option Scheme to each option holders or the Trustee (as the case may be) are exercisable by the option holders or the trustees (as the case may be) only after the first, second, third, fourth and fifth anniversaries of 6 June 2003 for the period of five years from 6 June 2003 respectively.

The following table discloses movements in the Pre-IPO share options of the Company during the period:

	Number of share options				Exercise price per share
	Held at 1 January 2005	Exercised during the period	Lapsed During the period	Held at 31 March 2005	
<i>(Note)</i>					
Directors					
Mr. Cen Anbin	4,539,271	—	—	4,539,271	HK\$0.10
Mr. Zou Qixiong	4,539,271	—	—	4,539,271	HK\$0.10
Mr. Lin Gang	2,269,636	—	—	2,269,636	HK\$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	3,819,486	(101,687)	(1,423,627)	2,294,172	HK\$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	6,137,506	(85,280)	(344,937)	5,707,289	HK\$0.26
	21,305,170	(186,967)	(1,768,564)	19,349,639	
Employees					
In aggregate	248,018	—	—	248,018	HK\$0.10
In aggregate	2,384,793	—	—	2,384,793	HK\$0.26
	<u>2,632,811</u>	<u>—</u>	<u>—</u>	<u>2,632,811</u>	
Total	<u>23,937,981</u>	<u>(186,967)</u>	<u>(1,768,564)</u>	<u>21,982,450</u>	

Note: Exercise date was 10 January 2005. At the date before the options were exercised, the market value per share was HK\$1.6.

Share Option Scheme

On 19 May 2003, a further share option scheme (the "Share Option Scheme") was approved pursuant to a written resolution of the Company. The purpose of the Share Option Scheme is to provide incentives or rewards for the eligible person of the Group and to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The Board from time to time or a duly authorised committee thereof delegated with the powers of the directors to administer the Share Option Scheme may, at its discretion, grant options to any executive or non-executive director, consultant, agent, adviser, employee of the Group and any discretionary trust whose discretionary objects are executive or non-executive director, consultant, agent, adviser or employee of the Group.

The following table discloses movements in the share options of the Company during the period:

	Number of share options			Exercise price per share
	Held at 1 January 2005	Granted during the period	Held at 31 March 2005	
Directors				
Mr. Cen Anbin	10,000,000	—	10,000,000	HK\$0.70
Mr. Zhou Qixiong	10,000,000	—	10,000,000	HK\$0.70
Mr. Lin Gang	4,000,000	—	4,000,000	HK\$0.70
Employees				
In aggregate	<u>6,000,000</u>	<u>—</u>	<u>6,000,000</u>	HK\$0.70
Total	<u><u>30,000,000</u></u>	<u><u>—</u></u>	<u><u>30,000,000</u></u>	

Details of the share options are as follows:

Notes:

- (i) Options were granted under the Share Option Scheme pursuant to the board resolution passed on 22 March 2004.
- (ii) The closing price of the share of HK\$0.01 each of the Company quoted on the Growth Enterprise Market ("GEM") of the Stock Exchange on 22 March 2004 was HK\$0.54.

- (iii) The options are exercisable from 22 March 2004 to 21 March 2014 (both days inclusive) subject to the following vesting period:
- (i) up to one-third of the options commencing 1 April 2007;
 - (ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the previous period) commencing 1 April 2008; and
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing 1 April 2009.

DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS AND SHORT POSITIONS IN THE SHARES AND OPTIONS

As at 31 March 2005, the interests or short positions of the directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the minimum standards of dealing by directors in Rule 5.40 of the GEM Listing Rules, were as follows:

Long positions in shares

Name of Directors	No. of shares	Nature of interests	Approximate percentage of interest (%)
Mr. Cen Anbin	24,585,308	Corporate (<i>Note 1</i>)	6.10
	2,134,817	Personal	0.53
Mr. Zou Qixiong	23,724,016	Corporate (<i>Note 2</i>)	5.89
	1,134,817	Personal	0.28
Mr. Lin Gang	8,129,569	Corporate (<i>Note 3</i>)	2.02
	667,409	Personal	0.17

Notes:

1. The 24,585,308 shares are held by Shanghai International Development Ltd., a company incorporated in the British Virgin Islands ("BVI") with limited liability and wholly-owned by Mr. Cen Anbin.
2. The 23,724,016 shares are held by Heroic Performance Management Ltd., a company incorporated in BVI with limited liability and wholly-owned by Mr. Zou Qixiong.
3. The 8,129,569 shares are held by Beijing Visits Ltd., a company incorporated in BVI with limited liability and wholly-owned by Mr. Lin Gang.

LONG POSITIONS IN EQUITY DERIVATIVES IN, OR IN RESPECT OF, UNDERLYING SHARES

Name of Directors	Number and description of equity derivatives	Number of underlying shares at 31 March 2005	Nature of interests	Approximate percentage of interest (%)
Mr. Cen Anbin	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal <i>(Note 4)</i>	1.13%
	7,381,414 options granted under the Pre-IPO Share Option Scheme	7,381,414	Other <i>(Note 7)</i>	1.83%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal <i>(Note 8)</i>	2.48%
Mr. Zou Qixiong	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal <i>(Note 5)</i>	1.13%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal <i>(Note 8)</i>	2.48%
Mr. Lin Gang	2,269,636 options granted under the Pre-IPO Share Option Scheme	2,269,636	Personal <i>(Note 6)</i>	0.56%
	4,000,000 options granted under the Share Option Scheme	4,000,000	Personal <i>(Note 8)</i>	0.99%
Mr. Zhou Quan	7,381,414 options granted under the Pre-IPO Share Option Scheme	7,381,414	Other <i>(Note 7)</i>	1.83%

Notes:

4. Mr. Cen Anbin has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 4,539,271 shares. Detail movement of the relevant options are shown under section Share Options above.
5. Mr. Zou Qixiong has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 4,539,271 shares. Detail movement of the relevant options are shown under section Share Options above.
6. Mr. Lin Gang has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 2,269,636 shares. Detail movement of the relevant options are shown under section Share Options above.
7. On 19 May 2003, a discretionary trust was established for the benefit of the holders of options in the Company granted under the Pre-IPO Share Option Scheme and options granted under the Share Option Scheme who are PRC nationals (other than the directors). (Under this trust arrangement, Mr. Cen Anbin and Mr. Zhou Quan acting as joint trustees shall hold such options as trustee and nominee for these option holders.) On the written direction of an option holder, the Trustee shall exercise the options attributable to that option holder and on receipt of the underlying shares resulting from the exercise of the option, the Trustee shall sell those underlying shares at the then market price of the shares on the GEM. After deducting the costs of exercising the relevant option and all reasonable expenses incurred in relation to the sale of the underlying shares, the net proceeds will be paid to the relevant option holder. As both Mr. Cen and Mr. Zhou are directors and the joint trustees of the aforesaid trust, each of them are deemed to be interested in the 7,381,414 options granted under the Pre-IPO Share Option Scheme which, when exercised in full, will result in a total of 7,381,414 shares being issued to them as the joint holders of such shares. IDG Technology Venture Investment, Inc. ("IDGVC") will finance the exercise of the options granted to the Trustee. Refer details under Share Options above.
8. On 16 April 2004, an extraordinary general meeting was held and resolved to grant 10,000,000 options, 10,000,000 options and 4,000,000 options under the Share Option Scheme to three directors, Mr. Cen Anbin, Mr. Zou Qixiong and Mr. Lin Gang respectively. Details of such share options are set out in the paragraph headed "Share Option Scheme" above.

Save as disclosed above, as at 31 March 2005, none of the directors or their associates as well as the chief executives of the Company had any interests or short positions in the shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules. For the period ended 31 March 2005, there were no debt securities issued by the Group at any time.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 March 2005, the following persons (other than directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO:

Long position in shares

Name of shareholders	Nature of interests	No. of share	Approximate percentage of interest (%)
IDG Technology Venture Investment, Inc. ("IDGVC")	Corporate (<i>Note a</i>)	85,988,578	21.35
International Data Group, Inc. ("IDG")	Corporate (<i>Note a</i>)	85,988,578	21.35
Mr. Patrick McGovern	Corporate (<i>Note a</i>)	85,988,578	21.35
CDH China Fund, L.P.	Corporate (<i>Note b</i>)	52,780,750	13.10
Heptad Ventures Limited	Corporate (<i>Note b</i>)	52,780,750	13.10
China Diamond Holdings Company Limited	Corporate (<i>Note b</i>)	52,780,750	13.10
China Diamond Holdings, L.P.	Corporate (<i>Note b</i>)	52,780,750	13.10
CDH China Holdings Company Limited	Corporate (<i>Note b</i>)	52,780,750	13.10

Notes:

- (a) IDGVC is a company wholly-owned by IDG, which is therefore deemed to be interested in the 85,988,578 shares held by IDGVC.

Mr. Patrick McGovern is beneficially interested in more than one-third of the share capital of IDG, and is therefore deemed to be interested in 85,988,578 shares.

- (b) CDH China Fund, L.P. owns 100% of the issued voting share capital of Heptad Ventures Limited. China Diamond Holdings Company Limited is the General Partner of China Diamond Holdings, L.P., which in turn controls more than one-third of the voting rights of CDH China Holdings Company Limited, the General Partner of CDH China Fund, L.P..

Save as disclosed above, as at 31 March 2005, there were no persons who had an interest or short position in the shares or underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO.

OTHER SHAREHOLDERS

As at 31 March 2005, the following persons (other than directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO:

Long position in shares

Name of shareholders	Nature of interests	No. of shares	Approximate percentage of interest (%)
East Light Investment Pte. Ltd.	Corporate (<i>Note a</i>)	26,234,822	6.51%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.	Corporate (<i>Note a</i>)	26,234,822	6.51%

Note:

- (a) Government of Singapore Investment Corporation (Ventures) Pte. Ltd. is beneficially interested in 100% of the share capital of East Light Investment Pte. Ltd. and is therefore deemed to be interested in 26,234,822 shares.

Save as disclosed above, as at 31 March 2005, there was no person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO.

COMPETING INTERESTS

IDG Technology Venture Investment, Inc., being a substantial shareholder of the Company, has investments in one other business in the PRC which competes or may compete with the Group in the development and sale of business management software products for PRC enterprise users.

Save as disclosed above, as at 31 March 2005, none of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

SPONSOR'S INTERESTS

Pursuant to the sponsor agreement dated 28 May 2003 entered into between the Company and First Shanghai, First Shanghai is entitled to receive a fee for acting as the Company's sponsor for the period from 6 June 2003 to 31 December 2005.

Saved as disclosed above, neither First Shanghai 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 securities of the Company or any of the members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company as at 31 March 2005.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in rules 5.34 to 5.45, if relevant, of the GEM Listing Rules throughout the three months ended 31 March 2005.

SECURITIES TRANSACTIONS BY DIRECTORS

Although the Company has not adopted any internal code of conduct regarding directors' securities transactions, it has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the period ended 31 March 2005.

AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company the internal controls and financial reporting matters including a review of the unaudited quarterly results for the three months ended 31 March 2005.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period ended 31 March 2005.

By order of the Board

Cen Anbin

Chairman

Hong Kong, 12 May 2005

As of the date hereof, the executive directors of the Company are Mr. Zou Qixiong, Mr. Cen Anbin and Mr. Lin Gang; the non-executive directors of the Company are Mr. Zhou Quan, Mr. Lin Dongliang, Mr. Jiao Sbugue and Mr. Wang Lin; and the independent non-executive directors of the Company are Dr. Lo Wing Yan, William, JP, Mr. Sun Tak Dee, Teddy and Mr. Kwong Kai Sing, Benny.