GOLDING SOFT LIMITED

(Incorporated in the Cayman Islands with limited liability)

third quarter report 2004/2005

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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 nine months ended 31 March 2005 was approximately RMB32.6 million, representing an increase of approximately 97% as compared with the corresponding period in 2004.

The unaudited loss before tax of the Group for the nine months ended 31 March 2005 was approximately RMB21.3 million as compared with the unaudited loss before tax of the Group of approximately RMB14.5 million for the corresponding period in 2004.

The loss per share was RMB2.13 cents for the nine months ended 31 March 2005.

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 three months and nine months ended 31 March 2005, together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 March		Nine months ended 31 March	
		2005	2004	**2005**	2004
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Turnover	2	**7,475**	5,026	**32,611**	16,542
Cost of sales		**(7,459)**	(4,792)	**(32,044)**	(14,287)
Gross profit		**16**	234	**567**	2,255
Other revenue		**39**	67	**78**	290
Distribution costs		**(1,714)**	(1,209)	**(4,942)**	(3,697)
Administrative expenses		**(2,528)**	(2,257)	**(6,958)**	(6,528)
Other operating expenses		**(3,421)**	(2,048)	**(10,001)**	(6,789)
Loss before tax		**(7,608)**	(5,213)	**(21,256)**	(14,469)
Tax	3	**–**	–	**(4)**	(1)
Loss before minority interests		**(7,608)**	(5,213)	**(21,260)**	(14,470)
Minority interests		**(2)**	(3)	**(8)**	27
Net loss from ordinary activities attributable to shareholders		**(7,610)**	(5,216)	**(21,268)**	(14,443)
Loss per share	4				
– Basic (RMB)		**(0.76) cents**	(0.52) cents	**(2.13) cents**	(1.44) cents

Notes:

1. **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 accounting policies adopted in the preparation of the unaudited consolidated financial statements of the Group are consistent with those adopted by the Group in its annual audited consolidated financial statements for the year ended 30 June 2004.

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

2. **Turnover**

Turnover represents the invoiced value of goods sold and services rendered, after allowances for returns and trade discounts, where applicable. An analysis of the Group's turnover is as follows:

	Nine months ended 31 March	
	2005	2004
	RMB'000	RMB'000
ODM and proprietary packaged software	**1,378**	2,650
System solutions	**31,233**	13,892
Total	**32,611**	16,542

3. **Tax**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the period under review. 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.

There was no unprovided deferred tax in respect of the period and as at the balance sheet date (31 March 2004: Nil).

4. **Loss per share**

The calculation of basic loss per share is based on the loss for the three months and nine months ended 31 March 2005 of approximately RMB7.6 million and RMB21.3 million respectively (loss for the three months and nine months ended 31 March 2004: RMB5.2 million and RMB14.5 million respectively) and the 1,000,000,000 ordinary shares in issue during the three months and nine months ended 31 March 2005 (three months and nine months ended 31 March 2004: 1,000,000,000 ordinary shares).

Diluted loss per share for the three and nine months ended 31 March 2005 and 2004 have not been disclosed as no potential ordinary shares or diluting events existed during these periods.

5. **Reserves**

	Share premium account RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 July 2004	40,026	414	24,567	65,007
Loss for the period	–	–	(21,268)	(21,268)
At 31 March 2005	40,026	414	3,299	43,739
At 1 July 2003	40,026	414	46,169	86,609
Loss for the period	–	–	(14,443)	(14,443)
At 31 March 2004	40,026	414	31,726	72,166

INTERIM DIVIDEND

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

FINANCIAL REVIEW

The Group recorded a turnover of approximately RMB32.6 million for the nine months ended 31 March 2005, representing an increase of 97% as compared to the corresponding period in 2004. The incline in turnover was directly attributable to the nine months operations carried out by a subsidiary, Jiangxi Jinlixin Technology Co., Ltd ("Jinlixin") in the current period as Jinlixin was acquired on 1 September 2003. The gross profit margin decreased to approximately 1.7% from 13.6% 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 and proprietary packaged software, and the decrease in average gross profit margin recorded from system solutions segment. The increase in other operating expenses was mainly due to the increase in the research and development cost during the period under review for further strengthening in the core competence of the Group.

BUSINESS REVIEW

During the period under review, the Group continued its business model comprising three inter-related and synergistic business, namely provision of ODM and 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. The Group also advertised in major IT magazines, issued press releases, and conducted seminars jointly with leading universities in the PRC to increase publicity.

Though the global economic recovery accelerated in the current period, the competitions in the IT industry remain intense because of the conservative decision-making behaviors of the corporations. As a result, it is still challenging for the Group to secure its market share by timely market and product re-positioning in the nearly future.

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.

OUTLOOK

Looking ahead, the Group expects the global economic environment will continue to improve in 2005. However, as the IT environment is highly changeable and unpredictable, the Group will proceed with caution strategy. The management will therefore continuously monitor and evaluate the environmental opportunities and the Group's strengths on a timely basis so as to respond to the everchanging IT environment promptly.

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

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

As at 31 March 2005, the interests and short positions of the Directors and the chief executive of the Company in shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Shares

Director	Number of ordinary shares directly beneficially owned	Approximate percentage of the issued share capital of the Company
Mr. Li Jiahui ("Mr. Li")	189,000,000	18.90
Mr. Huang Boqi ("Mr. Huang")	5,790,000	0.58

Save as disclosed above, as at 31 March 2005, none of the Directors or their associates as well as the chief executive of the Company, had any interests or short positions in shares of the Company or its 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 have taken or deemed to have taken under 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 required by the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTERESTS IN SHARES

At 31 March 2005, the persons who have interests in shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Long position in shares of the Company

Name	Number of shares held	Capacity	Approximate percentage of the issued share capital of the Company
Cytech Investment Limited ("Cytech Investment") *(Note 1)*	312,000,000	Directly beneficially owned	31.20
Benep Management Limited ("Benep") *(Note 1)*	312,000,000	Through controlled corporation	31.20
Cytech Software Limited ("Cytech") *(Note 1)*	312,000,000	Through controlled corporation	31.20
Hebe Finance Limited ("Hebe") *(Note 2)*	312,000,000	Through controlled corporation	31.20
Pioneer Idea Finance Limited ("Pioneer") *(Note 2)*	312,000,000	Through controlled corporation	31.20
Mr. Huang Quan ("Mr. Huang") *(Note 2)*	312,000,000	Through controlled corporation	31.20
Mr. Li	189,000,000	Directly beneficially owned	18.90
Mr. Wen Ruifeng	50,130,000	Through controlled corporation and directly beneficially owned	5.01
Mr. Wen Weifeng	59,490,000	Directly beneficially owned	5.95
Mr. Xin Qian	87,210,000	Through controlled corporation and directly beneficially owned	8.72

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 25.00% and 42.96% by Hebe and Pioneer respectively. The issued share capital of Hebe and Pioneer are wholly-owned by Mr. Huang. Accordingly, each of Hebe, Pioneer and Mr. Huang is deemed to be interested in all the shares in which Cytech is interested pursuant to the SFO.

Save as disclosed above, as at 31 March 2005, the Company has not been notified of any other person (other than a Director or the chief executive of the Company) having an interest or short position in shares of Company representing 5% or more of the issued share capital of the Company.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business which competed or might 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.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with the corporate governance matters as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

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 March 2005, no option has been granted or agreed to be granted under the Post-IPO Scheme.

AUDIT COMMITTEE

The audit committee was established in accordance with the requirements of the GEM Listing Rules on 24 January 2002 and comprised three independent non-executive Directors, Mr. Chan Ngai Sang, Kenny, Mr. Chan Kin Sang 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 the results announcement.

By Order of the Board
Golding Soft Limited
Li Jiahui
Chairman

Hong Kong, 13 May 2005

As at the date of this report, the Board is composed of Mr. Li Jiahui and Mr. Huang Boqi as executive Directors, Mr. Chan Ngai Sang, Kenny, Mr. Chan Kin Sang and Mr. Xing Fengbing as independent non-executive Directors.