GOLDING SOFT LIMITED

(Incorporated in the Cayman Islands with limited liability)

2005/06

INTERIM REPORT

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

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

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

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

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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 2005 (the "period") was approximately RMB18.8 million (in the corresponding period in 2004: RMB25.1 million), representing a decrease in 25.1% as compared to the corresponding period in 2004.

The unaudited loss from operating activities attributable to shareholders of the Group for the six months ended 31 December 2005 was approximately RMB15.8 million (in the corresponding period in 2004: RMB13.7 million).

The loss per share for the six months ended 31 December 2005 was RMB1.58 cents (in the corresponding period in 2004: RMB1.37 cents).

RESULTS

The board of Directors (the "Board") wishes to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 31 December 2005, together with the unaudited comparative figures for the corresponding periods in 2004 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 December		Six months ended 31 December	
	Notes	**2005** **RMB'000** **(Unaudited)**	2004 *RMB'000* (Unaudited)	**2005** **RMB'000** **(Unaudited)**	2004 *RMB'000* (Unaudited)
Turnover	3	**10,154**	15,499	**18,798**	25,136
Cost of sales		**(9,897)**	(15,448)	**(18,311)**	(24,585)
Gross profit		**257**	51	**487**	551
Other revenue	3	**219**	11	**459**	39
Selling and distribution costs		**(2,531)**	(1,565)	**(4,015)**	(3,228)
Administrative expenses		**(2,491)**	(1,975)	**(5,162)**	(4,430)
Other operating expenses		**(4,546)**	(4,436)	**(7,580)**	(6,580)
Loss from operating activities		**(9,092)**	(7,914)	**(15,811)**	(13,648)
Finance cost		**–**	–	**(4)**	–
Loss before taxation	5	**(9,092)**	(7,914)	**(15,815)**	(13,648)
Taxation	6	**(2)**	(3)	**(2)**	(4)
Loss after taxation		**(9,094)**	(7,917)	**(15,817)**	(13,652)
Attributable to:					
Equity holders of the parent company		**(9,096)**	(7,919)	**(15,821)**	(13,658)
Minority interests		**2**	2	**4**	6
		(9,094)	(7,917)	**(15,817)**	(13,652)
Loss per share *(RMB)*	8				
– Basic		**(0.91) cents**	(0.79) cents	**(1.58) cents**	(1.37) cents

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2005 RMB'000 (Unaudited)	30 June 2005 RMB'000 (Audited and restated)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,455	6,750
Leasehold land and land use rights		1,699	1,769
Goodwill	10	–	–
		7,154	8,519
CURRENT ASSETS			
Inventories	11	3,144	1,687
Trade receivables	12	1,071	1,007
Prepayments, deposits and other receivables		3,723	1,153
Tax recoverable		197	–
Cash and cash equivalents		23,134	37,424
		31,269	41,271
CURRENT LIABILITIES			
Trade payables	13	609	–
Bills payables		2,100	–
Tax payable		2	1
Other payables and accruals		4,032	4,575
Trade deposits received		390	409
Due to related companies	14	3,183	881
		10,316	5,866
NET CURRENT ASSETS		20,953	35,405
NET ASSETS		28,107	43,924
CAPITAL AND RESERVES			
Share capital	15	10,500	10,500
Reserves	16	17,618	33,439
Equity attributable to shareholders		28,118	43,939
Minority interests		(11)	(15)
TOTAL EQUITY		28,107	43,924

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(14,265)	(6,358)
Net cash outflow from investing activities	(25)	(2)
Net decrease in cash and cash equivalents	(14,290)	(6,360)
Cash and cash equivalents at beginning of the period	37,424	63,579
Cash and cash equivalents at end of the period	23,134	57,219
Analysis of the balances of cash and cash equivalents:		
Cash and cash equivalents	5,561	6,335
Non-pledged time deposits with original maturity of less than three months when acquired	17,573	46,884
Cash and cash equivalents as shown in the balance sheet	23,134	53,219
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	–	4,000
	23,134	57,219

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2005

	Attributable to equity holders of the parent company						
	Share capital	Share premium	Statutory reserves	Retained profits/ (Accumulated losses)	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 July 2004	10,500	40,026	414	24,567	75,507	511	76,018
Loss for the period	–	–	–	(13,658)	(13,658)	6	(13,652)
At 31 December 2004	10,500	40,026	414	10,909	61,849	517	62,366
As at 1 July 2005	10,500	40,026	414	(7,001)	43,939	(15)	43,924
Loss for the period	–	–	–	(15,821)	(15,821)	4	(15,817)
At 31 December 2005	10,500	40,026	414	(22,822)	28,118	(11)	28,107

Notes:

1. **The Company**

The Company is incorporated in the Cayman Islands 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 on 28 August 2001 and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "SEHK").

2. **Basis of preparation and accounting policies**

The unaudited consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements set out in Chapter 18 of The Rules Governing the Listing of Securities of the GEM Listing Rules on the SEHK.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 30 June 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards, ("HKFRSs", which also include the relevant new HKASs and Interpretations) issued by the HKICPA effective for the accounting period commencing on or after 1 January 2005, which are relevant to its operations, as set out below:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities

2. **Basis of preparation and accounting policies** *(continued)*

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 24, 27, 28, 32, 33, 34, 36, 37, 38, and 39 has no material impact on the accounting policies of the Group and the methods of computation of these interim financial statements.

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the presentation of certain comparative amounts have been amended in accordance with HKAS 8. Due to the change in accounting policies, certain comparatives contained in these interim financial statements differ from those published in the financial statements for the year ended 30 June 2005 and the interim financial statements for the six months ended 31 December 2004.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described as follows:

(i) **Presentation of Financial Statements**

The application of HKAS 1 "Presentation of Financial Statements" led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to owners of the parent company is now presented as an allocation of the net result of the period.

(ii) **Leasehold Land**

The adoption of HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use right from property, plant and equipment to operating leases. In accordance with HKAS 17, a lease of land and building should be split into a lease of land and a lease of building according to their fair value at inception. A lease of land is an operating lease and a lease of building is a finance lease unless the two elements can not be allocated reliably at the inception of the lease, in which case the entire lease is classified as finance lease. Pursuant to these requirements, the up-front prepayments made for distinguishable leasehold land is accounted for as operating lease and amortised over its unexpired lease term, whereas undistinguishable leasehold land and building is stated collectively at cost less accumulated depreciation. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment. The adoption of HKAS 17 for the six months ended 31 December 2005 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy. The current policy is adopted as it is considered more appropriate.

2. Basis of preparation and accounting policies *(continued)*

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

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

3. Turnover

The Group is principally engaged in three inter-related business segments, namely, provision of original design manufacturing ("ODM") software, provision of proprietary packaged software and provision of system solutions. Turnover and other revenue of the Group are shown as follows:

	Six months ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Turnover		
Provision of ODM software	**259**	1,330
Provision of proprietary packaged software	**83**	–
Provision of system solutions	**18,456**	23,806
	18,798	25,136
Other revenue		
Interest income	**433**	39
Sundry income	**26**	–
Total revenue	**19,257**	25,175

4. **Segmental information**

Business segments

	For the six months ended 31 December 2005			
	ODM *RMB'000* (Unaudited)	**Proprietary packaged software** *RMB'000* (Unaudited)	**System solutions** *RMB'000* (Unaudited)	**Consolidated** *RMB'000* (Unaudited)
REVENUE				
External sales	259	83	18,456	18,798
Segment results	34	11	8	53
Interest income and unallocated gains				459
Unallocated corporate expenses				(16,323)
Loss from operating activities				(15,811)
Finance cost				(4)
Loss before taxation				(15,815)
Taxation				(2)
Loss after taxation				(15,817)
Attributable to:				
Equity holders of the parent company				(15,821)
Minority interests				4
				(15,817)

4. **Segmental information** *(continued)*

Business segments *(continued)*

	For the six months ended 31 December 2004			
	ODM	Proprietary packaged software	System solutions	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE				
External sales	1,330	–	23,806	25,136
Segment results	145	–	16	161
Interest income				39
Unallocated corporate expenses				(13,848)
Loss before taxation				(13,648)
Taxation				(4)
Loss after taxation				(13,652)
Attributable to:				
Equity holders of the parent company				(13,658)
Minority interests				6
				(13,652)

5. Loss before taxation

The Group's loss before taxation is arrived at after charging/(crediting):

	Three months ended 31 December		Six months ended 31 December	
	2005	2004	**2005**	2004
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
Cost of inventories sold/services provided*	**9,897**	15,448	**18,311**	24,585
Amortisation of goodwill	**–**	28	**–**	56
Amortisation of land use rights	**35**	35	**70**	70
Depreciation	**661**	1,065	**1,334**	1,755
Interest income	**(199)**	(11)	**(433)**	(39)
Profit on disposal of fixed assets	**(14)**	–	**(14)**	–

* Included above was depreciation amounting to RMB23,000 for the six months ended 31 December 2005 (corresponding period in 2004: RMB256,000).

6. **Taxation**

No Hong Kong profits tax has been provided for the six months ended 31 December 2005 (corresponding period in 2004: Nil) as the Group did not generate any assessable profits arising from its operations in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Provision for the period		
Hong Kong	–	–
PRC	2	4
Tax charge for the period	2	4

7. **Interim dividends**

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2005 (corresponding period in 2004: Nil).

8. **Loss per share**

The calculation of basic loss per share is based on the loss for the three months and six months ended 31 December 2005 of approximately RMB9.1 million and RMB15.8 million respectively (loss for the three months and six months ended 31 December 2004: RMB7.9 million and RMB13.7 million respectively) and on the weighted average of the 1,000,000,000 ordinary shares in issue during the three months and six months ended 31 December 2005 (three months and six months ended 31 December 2004: 1,000,000,000).

Diluted loss per share for the three months and six months ended 31 December 2005 and 2004 was not presented as there is no dilutive potential ordinary shares.

9. Property, plant and equipment

	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost						
At 1 July 2005						
(as restated)	1,847	4,016	8,343	1,159	634	15,999
Additions	–	–	74	3	–	77
Disposals	–	–	–	–	(171)	(171)
At 31 December 2005	1,847	4,016	8,417	1,162	463	15,905
Accumulated depreciation						
At 1 July 2005 (as restated)	306	2,706	5,079	738	420	9,249
Charge for the six months						
ended 31 December 2005	44	381	750	100	59	1,334
Eliminate on disposals	–	–	–	–	(133)	(133)
At 31 December 2005	350	3,087	5,829	838	346	10,450
Net book value						
At 31 December 2005	1,497	929	2,588	324	117	5,455
At 30 June 2005						
(restated)	1,541	1,310	3,264	421	214	6,750

10. Goodwill

	RMB'000 (Unaudited)
Cost	
At 1 July 2005 and 31 December 2005	562
Accumulated amortisation and impairment	
At 1 July 2005 and 31 December 2005	562
Net book value	
At 1 July 2005 and 31 December 2005	–

11. Inventories

	31 December 2005 *RMB'000* **(Unaudited)**	30 June 2005 *RMB'000* (Audited)
Finished goods	**3,397**	1,940
Less: provision for slow-moving inventories	**(253)**	(253)
	3,144	1,687

No inventories were carried at net realisable value at the balance sheet date (30 June 2005: Nil).

12. Trade receivables

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one to three months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

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

	31 December 2005 RMB'000 (Unaudited)	30 June 2005 RMB'000 (Audited)
Within 1 month	**1,071**	621
1 to 2 months	**–**	163
2 to 3 months	**–**	133
3 months to one year	**–**	72
Over one year	**–**	18
	1,071	1,007

13. Trade payables

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

	31 December 2005 *RMB'000* (Unaudited)	30 June 2005 *RMB'000* (Audited)
Within 1 month	606	–
2 months to one year	3	–
	609	–

14. Due to related companies

		31 December 2005 *RMB'000* (Unaudited)	30 June 2005 *RMB'000* (Audited)
Joinn Investment Advisory Limited (formerly known as Cytech Software (H.K.) Limited)	(i)	441	220
Guangzhou Cytech Software Limited	(i)	2,667	–
南昌金鼎軟件發展有限公司	(ii)	75	661
		3,183	881

The above amounts due to related companies are unsecured, interest free and have no fixed terms of repayment.

(i) Joinn Investment Advisory Limited and Guanzhou Cytech Software Limited（廣州賽特科技有限公司）are the subsidiaries of Joinn Holdings Limited which is a substantial shareholder of the Company.

(ii) Mr. Huang Boqi（黃伯麒先生）, a director of the Company, has beneficial interest in 南昌金鼎軟件發展有限公司.

15. Share capital

	31 December 2005 HK$'000 (Unaudited)	31 December 2005 RMB'000 (Unaudited)	30 June 2005 HK$'000 (Audited)	30 June 2005 RMB'000 (Audited)
Authorised:				
20,000,000,000 ordinary shares of HK$0.01 each	**200,000**		200,000	
Issued and fully paid:				
1,000,000,000 ordinary shares of HK$0.01 each	**10,000**	**10,500**	10,000	10,500

16. Reserves

	Share premium *RMB'000*	Statutory reserves *RMB'000*	Retained profits/ (Accumulated losses) *HK$'000*	Total *RMB'000*
As at 1 July 2004	40,026	414	24,567	65,007
Net loss for the year ended 30 June 2005	–	–	(31,568)	(31,568)
At 30 June 2005 and 1 July 2005	40,026	414	(7,001)	33,439
Net loss for the six months ended 31 December 2005	–	–	(15,821)	(15,821)
At 31 December 2005	40,026	414	(22,822)	17,618

17. Share option scheme

The Company operates a share options scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees or proposed employees of the Group, the Company's directors, including non-executive directors, suppliers of goods or services to the Group, customers of the Group, persons or entities who provide technology support to the Group, shareholders of any of the Group companies, and any other participants determined by the Company's directors as having contributed or who may contribute by way of joint venture or business alliances to the development and growth of the Group. The Scheme became effective on 24 January 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group may not in aggregate exceed 30% of the Company's shares in issue from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group, may not in aggregate exceed 10% of the Company's shares in issue as at the date on which the Scheme was adopted without prior approval from the Company's shareholders.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

17. **Share option scheme** *(continued)*

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options or the expiry date of the Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the SEHK closing price of the Company's shares on the date of the offer of the share options; (ii) the average SEHK closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Up to the approval date of the financial statements, no options have been granted or agreed to be granted under the Scheme since its effective date on 24 January 2002.

18. Commitments

At the balance sheet date, the Group had the following outstanding commitments:

Capital commitments

	31 December 2005 RMB'000 (Unaudited)	30 June 2005 RMB'000 (Audited)
Contracted but not provided for:		
Overseas agency services fee	–	289

The Group did not have any significant commitments as at 31 December 2005 (30 June 2005: Nil).

19. Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 31 December 2005 *RMB'000* (Unaudited)	2004 *RMB'000* (Unaudited)
Operating lease rentals paid to a related company	(i)	221	221

(i) The rentals were paid, in respect of the Group's office premises situated in Hong Kong, to Joinn Investment Advisory Limited (formerly known as Cytech Software (H.K.) Limited). The directors of the Company have confirmed that the monthly rentals were calculated with reference to open market rentals for similar premises.

20. Comparative figures

As disclosed in note 2, due to adoption of new/revised HKFRSs for the current period, the accounting treatment and presentation of certain items of the financial statements have been revised to comply with the new requirements. In addition, certain comparative figures of segmental information in note 4 have been reclassified to conform with the current period's presentation.

FINANCIAL REVIEW

The Group recorded a turnover of approximately RMB18.8 million for the six months ended 31 December 2005, representing a decrease of 25.1% as compared to the corresponding period in 2004. The gross profit margin increased approximately 0.4% from 2.2% to 2.6% as compared to the corresponding period in last year. The increase in gross profit margin was mainly due to the decrease in average cost of goods sold from system solutions segment. The increase in other operating expenses was mainly due to the severance payment incurred as part of the cost reduction scheme of the Group during the period.

Liquidity and financial resources

The Group generally finances its operation by the net proceeds from the public listing on 8 February 2002 (date of listing). As at 31 December 2005, the Group had cash and bank balances amounting to a total of approximately RMB23 million (30 June 2005: RMB37 million) and the Group had net current assets of approximately RMB21 million (30 June 2005: RMB35 million).

With these resources, the Board is confident that the Group has adequate capital resources to finance its operations.

Charges on the Group's asset

The Group did not have any charges on its assets for the period ended 31 December 2005 (bank deposits of RMB4 million were pledged for banking facilities as at 31 December 2004).

Gearing ratio

As at 31 December 2005, the Group's gearing ratio as a percentage for bank borrowing and bills payable over total assets was about 5.5% (31 December 2004: 9.2%).

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 December 2005 and 2004.

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 2005 and 2004, 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 did not employ any financial instruments for hedging purposes as the exchange rate risks of the Group is considered to be minimal.

Contingent liabilities

As at 31 December 2005, 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.

Employee and remuneration policies

Following the organisation restructure of the Group in December 2005, the total number of full-time employee in the Group was approximately 100 at 31 December 2005 (30 June 2005: 235). It is the Group's policy to remunerate and appraise its employee on the basis of performance, experience, and the prevailing industry practice.

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 employee may be granted options to acquire shares.

BUSINESS REVIEW

Sales and marketing

The Group has been actively participating in bidding the e-government projects in Jiangxi Province, the PRC. The Group has been rewarded as "Jiangxi, Provincial Enterprise Information Advanced Work Unit"（江西省企業信息化先進單位）for the past three years.

The Group proactively carries out various marketing activities. The Group has participated in certain trade shows including the International ICT Expo in Hong Kong and others shows in the PRC. These trade shows provide the avenue for the Group to meet with existing and potential customers, and to launch its latest products.

The Group also advertised in major IT magazines, issued press releases and arranged products training for authorized agents and alliance partners to increase publicity. The Group has also arranged visits of well-known persons to the Group's R&D center in Nanchang City, the PRC, in order to promote its public awareness.

Provision of Original Design Manufacturing (ODM) and proprietary package softwares

For PRC market, the Group has further consolidated its leading position in the e-government projects market in Jiangxi Province. Some of the new clients of our Group during the period include Jiangxi Saltern Mining Company Limited (江西鹽礦有限責任公司).

Provision of system solutions

The Group also engages in distribution of Founder's computer products (方正電腦產品) in the PRC which widens the Group's earning base and diversify the Group's business portfolio.

For e-business solutions in the PRC, some of the new clients include Jiangxi Changcheng Network Technology Company Limited (江西長城網絡科技有限公司).

RESEARCH AND DEVELOPMENT

The Group has continued the development of two sets of proprietary packaged software, Zee Web (for PRC private enterprises) and Interoffice (version 5) that could complement the Group's system solutions and software products.

The Group is also developing the logistics management system, G-MLRP, for logistics industry and small- and medium-sized entities and the supply chain management system, SOA, for the overseas market.

As at 31 December 2005, the Group has a pool of about 30 IT professionals serving our customers.

OUTLOOK

Looking forward, the Group, while focusing on its resources in the PRC, is also looking to expand to the overseas market. In addition, the Group will continue to purse high-profit margin software development projects in order to improve the Group's performance.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2005, the interests and short positions of the Directors and chief executives of the Company in the securities of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	The Company/ name of associated corporation	Total number and class of securities held	Capacity	Approximate percentage shareholding
Mr. Li Jiahui	The Company	189,000,000 ordinary shares (L)	Beneficial owner	18.90%
Mr. Huang Boqi	The Company	9,830,000 ordinary shares (L)	Beneficial owner	0.98%

Note: The letter "L" represents the interests in the shares or the underlying shares of the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial Shareholders

So far as is known to the Directors, as at 31 December 2005, the persons, other than a Director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	Number and class of securities *(Note 1)*	Capacity	Approximate percentage to the issued share capital of the Company
Cytech Investment Limited ("Cytech Investment")	312,000,000 ordinary shares (L)	Beneficial owner	31.20%
Benep Management Limited ("Benep")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 2)*	31.20%
Joinn Holdings Limited ("Joinn")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 2)*	31.20%
Pioneer Idea Finance Limited ("Pioneer")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 3)*	31.20%
Mr. Huang Quan ("Mr. Huang")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 3)*	31.20%
Mr. Li Jiahui	189,000,000 ordinary shares (L)	Beneficial owner	18.90%

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

A. Substantial Shareholders *(continued)*

Notes:

1. The letter "L" represents the interests in the shares or the underlying shares of the Company.

2. 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 Joinn, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Joinn and Benep is deemed to be interested in all the shares in which Cytech Investment is interested pursuant to the SFO.

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

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

B. Other persons whose interests are recorded in the register required to be kept under Section 336 of the SFO

As at 31 December 2005, save for the persons disclosed in sub-paragraph A above, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Number and class of securities *(Note 1)*	Capacity	Approximate percentage to the issued share capital of the Company
Mr. Xin Qian ("Mr. Xin")	55,850,000 ordinary shares (L)	Beneficial owner	5.59%
	3,740,000 ordinary shares (L)	Interest of controlled corporation *(Note 2)*	0.37%

Notes:

1. The letter "L" represents the interests in the shares or the underlying shares of the Company.

2. These shares are registered in the name of Unrivaled Beauty Profits Limited ("Unrivaled Beauty"). Mr. Xin is the respective owner of 38% of the issued share capital of Unrivaled Beauty. Under the SFO, Mr. Xin is individually deemed to be interested in all the shares registered in the name of Unrivaled Beauty.

Save as disclosed above, as at 31 December 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 the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules for the six months ended 31 December 2005.

CORPORATE GOVERNANCE

During the six months ended 31 December 2005, the Company has implemented the following:

a. The terms of reference of the Audit Committee were amended and adopted by the members of the Audit Committee with effective from 1 July 2005 to conform to the Code on Corporate Governance Practices ("CG Code").

b. The Remuneration Committee of the Company was established with effective from 1 July 2005.

c. All members of the Remuneration Committee are independent non-executive directors and currently comprise:

   Chan Ngai Sang Kenny
   Chan Kin Sang
   Xing Fengbing

d. The terms of reference of the Remuneration Committee were adopted by the members of the Remuneration Committee to conform to the CG Code since its establishment.

e. The role of the Chairman and the Chief Executive Officer of the Company has been separated with effective from 1 July 2005. Currently, Mr. Li Jiahui and Mr. Huang Boqi are acting as the Chairman and the Chief Executive Officer, respectively.

The Company is in compliance with the code provisions set out in the CG Code of GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 31 December 2005.

COMPETING BUSINESS

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2005.

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

AUDIT COMMITTEE

As required by Rules 5.28 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive directors, Mr. Chan Ngai Sang, Kenny, Mr. Chan Kin Sang and Mr. Xing Fengbing. Mr. Chan Ngai Sang, Kenny was appointed as the Chairman of the audit committee. The primary responsibilities of the audit committee are to review the Group's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comments to the Board of Directors. The audit committee also meets with the Group's senior management and external auditors to review the effectiveness of the internal control systems. This results announcement has been reviewed and approved by the audit committee of the Company.

By Order of the Board
Golding Soft Limited
Li Jiahui
Chairman

Hong Kong, 13 February 2006

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