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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)

2005 第三季度業績報告
THIRD QUARTERLY 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 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 2005 were approximately RMB8.3 million, representing a decrease of approximately 21.9% as compared to corresponding period in the previous fiscal year.
- The Group realised a profit attributable to shareholders of approximately RMB3.9 million for the nine months ended 31 December 2005.
- Profit per share of the Group was approximately RMB0.015 for the nine months ended 31 December 2005.
- The Board does not recommend the payment of any dividend.

摘要

- 本集團截至二零零五年十二月三十一日止九個月之營業額約為人民幣8.3百萬元，較上一個財政年度同期下降約21.9%。
- 於截至二零零五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3.9百萬元。
- 本集團於截至二零零五年十二月三十一日止九個月之每股盈利約為人民幣0.015元。
- 董事會並不建議派發任何股息。

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005
截至二零零五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 2005, together with the unaudited comparative figures for the corresponding period in 2004, 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」)於截至二零零五年十二月三十一日止九個月及季度之未經審核綜合業績，連同二零零四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)

	Notes 附註	(Unaudited) (未經審核)		(Unaudited) (未經審核)	
		Three Months Ended 31 December 截至十二月三十一日 止三個月 2005 二零零五年	2004 二零零四年	Nine Months Ended 31 December 截至十二月三十一日 止九個月 2005 二零零五年	2004 二零零四年
Turnover	營業額	2	2,382	2,277	10,592
Cost of sales	銷售成本		(627)	(434)	(1,219)
Gross profit	毛利		1,755	1,843	9,373
Other revenue	其他收益		527	928	1,049
100ther net income	其他收入淨額		3	14	163
Distribution costs	分銷成本		(224)	(232)	(672)
Administration expenses	行政開支		(701)	(773)	(1,668)
Other operating expenses	其他經營支出		-	-	(7)
Profit from ordinary activities before tax	除稅前日常業務溢利		1,360	1,780	8,238
Taxation	稅項	3	(136)	-	-
Profit attributable to shareholders	股東應佔溢利		1,224	1,780	8,238
Dividends attributable to the period	期內股息	4	-	-	-
			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	5	0.005	0.010	0.015
			RMB (Yuen) 人民幣(元)	RMB (Yuen) 人民幣(元)	RMB (Yuen) 人民幣(元)

Notes:

附註：

1. Group Reorganisation and Basis of Presentation

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 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2005.

The quarterly results are unaudited, but have been reviewed by the audit committee.

In 2004, the HKICPA issued a number of new and revised Hong Kong Accounting standards ("HKFRS") which are effective for the accounting periods beginning on or after 1st January, 2005. The adoption of these HKFRS has no material impact on the Group's results of operations and financial position.

Significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

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.

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條法例，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。本公司股份於二零零四年八月六日在創業板上市。

未經審核季度業績乃根據由香港會計師公會(「香港會計師公會」)所頒佈之香港會計準則第34號「中期財務報告」以及《香港聯合交易所有限公司創業板證券上市規則》之適用披露規定而編製。所採用之會計政策與截至二零零五年三月三十一日止年度之全年財務報表所列載者貫徹一致。

季度業績為未經審核，惟已由審核委員會審閱。

於二零零四年，香港會計師公會頒佈若干新增及經修訂之香港會計準則(「香港財務匯報準則」)，於二零零五年一月一日或之後開始之會計期間有效。採納該等香港財務匯報準則對本集團之經營業績及財務狀況並無構成重大影響。

組成本集團各公司間之重大交易及結餘已於綜合賬目時對銷。

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。

2. 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, provision for E-learning and provision of related information technology services in the PRC.

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

2. 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、提供電子學習，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 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	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
Turnover	營業額				
Sales of self-developed education software	銷售自行開發教育軟件		2,217	5,810	10,532
Standard package basis	以標準封包形式	-			
Project basis	以項目形式	-	60	-	60
Sales of internet learning card	售賣互聯網學習咭	2,382	-	2,382	-
		2,382	2,277	8,192	10,592
Network integration, IT services and others	網絡集成、資訊科技服務及其他	-	-	76	-
		2,382	2,277	8,268	10,592

3. 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 2005 (2004: Nil).

(b) PRC enterprise income tax

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

As 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 Hightech Area Tax Bureau (南昌市高新區國稅局) on 1 March 2004, Jiangxi A & K is 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. Jiangxi A & K was entitled to the exemption from PRC enterprise income tax for the nine months period ended 31 December 2004. For the nine months period ended 31 December 2005, Jiangxi A & K was subject to a reduced tax rate of 7.5% thereafter.

(c) Deferred tax

There was no significant unprovided deferred taxation for the nine months ended 31 December 2005 (2004: nil).

3. 稅項

(a) 香港利得稅

由於本集團於截至二零零五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（二零零四年：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（「江西行知」）乃本集團大部分營業額來源，須繳納中國企業所得稅。

由於為江西省對外貿易經濟合作廳批准之全外資企業，根據中國外商投資企業及外國企業所得稅法及南昌市高新區國稅局於二零零四年三月一日之確認書，江西行知將獲豁免中國企業所得稅，自首個獲利年度（抵銷過往年度之虧損後）後兩年豁免企業所得稅，並可於其後三年獲寬減50%企業所得稅。截至二零零四年十二月三十一日止九個月期間江西行知可獲豁免中國企業所得稅；而截至二零零五年十二月三十一日止九個月期間，江西行知於其後須繳納已減少之稅率7.5%。

(c) 遞延稅項

本集團於截至二零零五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（二零零四年：無）。

4. Dividends

The Board does not recommend payment of any interim dividend for the nine months ended 31 December 2005 (quarter ended 31 December 2004: nil).

5. Earnings Per Share

The calculation of basic earning per share is based on the unaudited consolidated profit attributable to shareholders for the nine months ended 31 December 2005 of RMB3,857,000 (2004: RMB8,238,000) and on the 255,000,000 shares in issued. (2004: 180,000,000 shares (Remark)) No dilutive earnings per share was presented because there were no dilutive potential ordinary shares in existence during the nine months ended 31 December 2005 and 2004 respectively.

Remark

Being the number of ordinary shares assumed to be in issue during the third quarter ended 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 issued pursuant to the Capitalization issue described in the prospectus of the Company.

4. 股息

董事會並不建議就截至二零零五年十二月三十一日止九個月派付任何中期股息(截至二零零四年十二月三十一日止季度：無)。

5. 每股盈利

每股基本盈利乃根據截至二零零五年十二月三十一日止九個月的股東應佔未經審核綜合溢利人民幣3,857,000元(二零零四年：人民幣8,238,000元)及已發行股份255,000,000股(二零零四年：180,000,000股(註))計算。由於截至二零零五年及二零零四年十二月三十一日止九個月內並不存在任何具攤薄影響之潛在普通股，故此並無呈列每股攤薄盈利。

註

截至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。

6. Movement of reserves

6. 儲備變動

		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory common reserve	Statutory welfare reserve	Foreign currency translation reserve	(Accumulated losses)/ retained profits	Total
	Notes	股本	股份溢價	實繳盈餘	資本儲備	法定公積金	法定公益金	匯兌儲備	保留溢利	總計
	附註	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)	(unaudited) (未經審核)
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	(a) 7,950	23,850	-	-	-	-	-	-	31,800
Issue of shares by way of capitalization	以資本化方式發行股份	(b) 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>14,600</u>	<u>933</u>	<u>115</u>	<u>810</u>	<u>405</u>	<u>(13)</u>	<u>15,122</u>	<u>58,002</u>
Balance as of 1 April 2005	於二零零五年四月一日之結餘	27,030	13,483	933	115	2,782	1,391	(13)	12,569	58,290
Profit for the 9 months ended 31 December 2005	截至二零零五年十二月三十一日止九個月之溢利	-	-	-	-	-	-	-	3,857	3,857
Balance as of 31 December 2005	於二零零五年十二月三十一日之結餘	<u>27,030</u>	<u>13,483</u>	<u>933</u>	<u>115</u>	<u>2,782</u>	<u>1,391</u>	<u>(13)</u>	<u>16,426</u>	<u>62,147</u>

Notes:

- (a) 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 share premium account.
- (b) Immediately after the placing mentioned in note (a) 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股份溢價賬。
- (b) 緊隨上文附註(a)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

The Group recorded a turnover of approximately RMB8,268,000 for the nine months period ended 31 December 2005, representing a decrease of approximately 21.9% as compared to corresponding period in the previous fiscal year. Of the total turnover amount, approximately RMB5,810,000 or 70.3% was generated from sales of standard package basis self-develop education software; approximately RMB2,382,000 or 28.8% was generated from sales of internet learning card and approximately RMB76,000 or 0.9% was generated from Network integration, IT services and others.

The cost of sales was approximately RMB1,535,000 for the nine months period ended 31 December 2005, representing an increase of approximately 25.9% as compared to corresponding period in the previous fiscal year. The main reason for the increase was the Group employed more technical staff and freelance teachers to improve and update the teaching material and constructing the AK Education On-Line website.

The distribution cost and administration expenses were approximately RMB702,000 and RMB2,992,000, representing an increase of approximately 4.5% and 79.4% respectively as compared to corresponding period in the previous fiscal year. The significant increased in administration expenses was being approximately RMB811,000 of provision for doubtful debts was provided during the period for several long outstanding debtors and the additional administration expenses incurred after listing of the Company's shares on GEM in August 2004. Nonetheless, the Group has determined to exercise stringent cost control in order to achieve greater profitability.

管理層討論及分析 財務回顧

截至二零零五年十二月三十一日止九個月期間內，本集團錄得營業額約人民幣8,268,000元，較上一財政年度同期減少約21.9%。總營業額中，約人民幣5,810,000元或70.3%乃由銷售以標準封包形式自行開發之教育軟件所產生，約人民幣2,382,000元或28.8%乃由售賣互聯網學習咭所產生，約人民幣76,000元或0.9%則由網絡集成、資訊科技服務及其他所產生。

截至二零零五年十二月三十一日止九個月期間內，銷售成本約為人民幣1,535,000元，較上一財政年度同期增加約25.9%。增長主要因為本集團僱用更多技術員工及特約教師，以改善及更新教材，以及建設AK教育線上網站。

分銷成本及行政開支分別約為人民幣702,000元及人民幣2,992,000元，較上一財政年度同期分別增加約4.5%及79.4%。行政開支大幅增加乃由於在期間內就若干長期欠款債務人而作出呆壞賬撥備約人民幣811,000元，以及本公司之股份於二零零四年八月在創業板上市後所致之行政開支增加所致。然而，本集團決心執行嚴謹之成本控制，以取得更高利潤。

In July and October 2005, the Group received RMB600,000 and RMB400,000 government grant from the National Development and Reform Commission (國家發展及改革委員會) respectively being part of the RMB3 million government grant approved in last year. The Nanchang City People Government (南昌市人民政府) also granted RMB5,000 government grant in July 2005 which is for the company had excellent achievement in 2004. Both government grants given to the Group are unconditional and not repayable.

Liquidity and Financial Resources

As at 31 December 2005, the shareholders' funds of the Group amounted to approximately RMB62.1 million. Current assets amounted to approximately RMB65.9 million of which approximately RMB37.0 million were cash and bank balance and approximately RMB28.9 million were trade receivable, prepayment, deposit and others receivable. The Group's current liabilities amounted to approximately RMB5.4 million.

Charge of Assets

As at 31 December 2005, the Group did not have any charges on its assets.

Capital Commitment

As at 31 December 2005, the Group did not have any material capital commitments.

Foreign Exchange Exposure and Hedging Policy

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi, the Director consider that Group has no material foreign exchange exposure and no hedging policy has been taken.

Contingent Liabilities

As at 31 December 2005, the Group did not have any material contingent liabilities.

於二零零五年七月及十月，本集團分別從國家發展及改革委員會接收人民幣600,000元及人民幣400,000元之政府補助金，其為上一年批出人民幣3,000,000元之政府補助金之一部份。於二零零五年七月，南昌市人民政府亦授出另一項政府補助金，為數人民幣5,000元，有關補助金乃因本公司於二零零四年表現卓越而發出。兩項本集團獲發之政府補助金均無附帶條件，亦無需償還。

流動資金及財務資源

於二零零五年十二月三十一日，本集團之股東資金約為人民幣62,100,000元。流動資產約為人民幣65,900,000元，其中約人民幣37,000,000元為現金及銀行結餘，另約人民幣28,900,000元為應收貿易賬款、預付款項、按金及其他應收賬款。本集團之流動負債約為人民幣5,400,000元。

資產抵押

於二零零五年十二月三十一日，本集團並無任何資產抵押。

資本承擔

於二零零五年十二月三十一日，本集團並無任何重大資本承擔。

外匯風險及對沖政策

由於本集團大部份收支及資產負債乃以人民幣為單位，董事認為本集團並無重大外匯風險，亦無採取任何對沖政策。

或然負債

於二零零五年十二月三十一日，本集團並無任何重大或然負債。

BUSINESS OUTLOOK

Taking into accounts the fact and prospect; the Group decides to transforms from an education software developer to an education training product provider by reallocating the resources to internet business, which is, providing education products through "E-learning". The Group will through the website, AK Education On-line (www.akedu.com.cn), which we self construct to: (1) Introduce overseas remarkable education products; (2) Provide professional qualification authentication training and (3) Being the center of resources of examination education.

業務展望

考慮到事實及前景，本集團決定由教育軟件開發商轉型為教育培訓產品供應商，將資源重新分配至互聯網業務，即透過「電子學習」提供教育產品。本集團將透過自行建設的 A K 教育線上網站（網址：www.akedu.com.cn）：(1)引入海外優質教育產品；(2)提供專業資格認證培訓；及(3)成為考試教育資源中心。

(1) Introduce overseas remarkable education products

The Group will explore and promote some overseas remarkable education products which are practicable for PRC market. In the course of commutation with overseas remarkable education products suppliers, the Group will obtain the exclusive agreement in PRC and enhanced the proportion in internal market by its specification and validity.

(1) 引入海外優質教育產品

本集團將物色並推廣一些在中國市場切實可行的海外優質教育產品。與海外優質教育產品供應商磋商的過程中，本集團將取得中國獨家協議，並以其規格及有效性提高內部市場的比例。

(2) Provide professional qualification authentication training

The Group will participated in the cooperation with overseas and national professional bodies to obtain professional qualification authentication through E-learning. Students can obtain professional qualification through the internet and we will charge for the training and authentication fee.

(2) 提供專業資格認證培訓

本集團將與海外及國家專業團體合作，透過電子學習提供取得專業資格認證的服務。學員可透過互聯網取得專業資格，而本集團則會收取培訓及認證費用。

(3) Being the center of resources of examination education

The Group will set up a database as a collection of all the examination materials from famous secondary schools, homework of excellent students and updated periodically. For the student who purchased our internet learning card can have the right to access those information at any time and any places. The Group will also invite famous teachers to answer questions online for the students who had purchased our internet learning card.

(3) 成為考試教育資源中心

本集團將設立數據庫，收集著名中學的所有考試材料、優異學生的作業，並定期更新。購買本集團互聯網學習咭的學生，可隨時隨地查閱有關資料。本集團亦會邀請名師在網上為購買本集團互聯網學習咭的學生解答問題。

First of all, the Group had accomplished the preliminary construction of website AK Education On-line for the internet business. With the launch of membership system and the sale of internet learning card, the website had realized recall of capital and yield of revenue as registered users can use all functions in AK Education On-line at will anytime. The AK Education On-line is not merely an education portal, nor just a product of a particular domain in elementary education teaching, management and application, but an application platform that integrates all existing educational software products and educational resources and meets the needs of all those involved, including the secondary and primary schools and families of the students enrolled, in the 12 grades of elementary education through the introduction of great global grid (GGG).

After several months of coordination with The State Ethnic Affairs Commission of PRC (國家民族事務委員會), in October this year, the Group received an advise confirming a donation event in contributing 1000 sets of free education software to the ethnic minority schools in remote provinces in PRC began. Through such donation event, total 1000 primary and secondary schools in 12 difference cities will received our contribution. It is a major step stone for the Group to introduce our products to those remote provinces in PRC. In addition to improve the quality of education in those remote provinces, there will be more teachers and students can get access to our AK Education On-line website through using our software donated.

首先，本集團已為互聯網業務完成了AK教育線上網站的初步建設。實行會員制度後，通過售賣互聯網學習卡，註冊用戶可以於任何時間隨意地使用AK教育網內一切的功能，網站已實現收回資本及取得收益。AK教育網不是單純的教育門戶網站，也不是基礎教育教學、管理應用中某個領域的產品，它是將現有的各類教育軟體產品、教育資源進行整合，通過網格技術的引入，搭建一個面向基礎教育十二年級所有相關者的應用平臺，包括中小學校和學校的學生家庭。

經多個月來與國家民族事務委員會協調後，於本年十月，本集團接獲一份通知，確認開始為中國偏遠省份之少數民族學校捐贈1000套免費教育軟件之行動。透過該項捐贈行動，12個不同城市合共1000所中小學將接收本集團之捐贈。此乃本集團將其產品推介至該等中國偏遠省份之主要踏腳石。除改善該等偏遠省份之教育質素外，此舉亦可讓更多教師和學生能透過使用本集團捐贈之軟件閱覽旗下之AK教育網。

In order to responding and implementing the West Education Development of the State (國家西部地區教育發展規劃), next year, The State Ethnic Affairs Commission of PRC will support national minority teachers to receive the education training from the Group. In each term there are 200 national minority teachers receiving training. Those training will bring new business to the Group in the future and in a long term, this project will show its social and business benefits lastingly and extensively.

The Group has continued to upgrade its R&D capability through collaborating with Microsoft in China. In pursuance of the recommendation by Government of Jiangxi Province, the Group signed an agreement to form jointly, with Microsoft, 江西聯微軟件技術有限公司 and other three Jiangxi local software enterprises in China in February 2005. It obtained the cooperated business registration from the Nanchang City Administration for Industry and Commerce in May 2005 and started its operation in June 2005. It will introduce all-out Microsoft management and technology and will provide the enterprises with services related to Microsoft products. Our active participation in the establishment and operation of this joint venture will surely help improve our software project management capability and technological personnel training.

來年，為回應及實行國家西部地區教育發展規劃，國家民族事務委員會將支援國內少數民族教師，接受本集團提供的教育培訓。於每個學期，共有200位國內少數民族教師接受培訓。有關培訓將為本集團帶來新業務，而長遠而言，該項目將帶來持久而廣泛的社會及商業利益。

本集團透過與微軟(中國)有限公司的合作，繼續提升研發能力。根據江西省政府作出推薦，本集團簽訂一項協議，在二零零五年二月與微軟(中國)有限公司及中國另外3家江西本地軟體企業，共同成立江西聯微軟件技術有限公司。此公司已於二零零五年五月從南昌市工商行政管理局取得企業法人營業執照及於二零零五年六月正式開始運作，同時將會引進微軟的全套管理技術，並為企業提供微軟產品的相關服務。我們積極參與建立及經營此合營企業，將有助我們提升軟件專案管理能力和技術人才的培訓。

**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 2005 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**

於二零零五年十二月三十一日，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 2005, 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，於二零零五年十二月三十一日，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 2005, 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 5% 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，於二零零五年十二月三十一日，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5%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 2005, 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 2005.

Save as disclosed above, the sponsor had no other interest in the Company as at 31 December 2005.

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）於二零零五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，於二零零五年十二月三十一日，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任何權益，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，於二零零五年十二月三十一日，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 2005, 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 2005, 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and, subject to the following deviations, complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, except that:

A2.1 The chairman and chief executive officer of the Company is the same individual.

購買、出售或贖回本公司上市股份

截至二零零五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

截至二零零五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）概無於對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。

遵守《企業管治常規守則》

於回顧期間內，本公司已一直應用《創業板上市規則》附錄15《企業管治常規守則》所載之原則，並已遵守其中所列表載之所有守則條文，惟下述之偏離事項除外：

A.2.1 本公司之主席與行政總裁由一人同時兼任。

Mr. Peng Gexiong ("Mr. Peng") is both the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group's business. Mr. Peng has been both chairman and chief executive officer of the Company since its incorporation. The management considered that there is no imminent need to change the arrangement. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer is necessary.

SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 31 December 2005. 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 2005.

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

彭格雄先生(「彭先生」)為本公司主席兼行政總裁，負責管理董事會及本集團業務。彭先生自本公司註冊成立以來即一直擔任本公司主席兼行政總裁。管理層認為並無即時需要改變此安排。但是，董事會會不斷地檢討本集團企業管治架構之成效，以評估是否有分開主席與行政總裁角色之需要。

董事進行證券交易

截至二零零五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二零零五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。

審核委員會

本公司已遵照創業板上規則，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。

The Group's draft unaudited financial statements for the nine months period ended 31 December 2005 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, 13 February 2006

* *for identification purpose only*

本集團截至二零零五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，二零零六年二月十三日

* *僅供識別*