Superdata Software Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8263)

annual report 05

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 companies.

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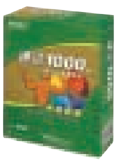
The annual report, for which the directors of Superdata Software Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving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

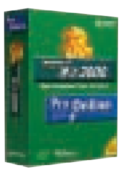
SUPERDATA MANAGEMENT SOFTWARE SERIES

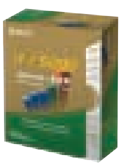
Superdata Software Holdings Limited
(HKSE Stock Code: 8263)
("Superdata"/"the Group")

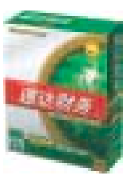
Develop, manufacture and sales of management software for PRC's small and medium enterprises (SMEs)

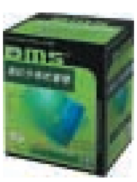
Small and medium business products


SD 1000 series

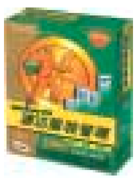

SD 3000 series

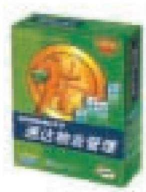

SD 5000 series

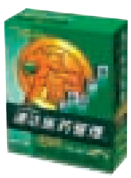

SD Finance


Distribution Management System

Vertical products

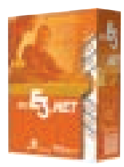

SD Apparel Management


SD Property Management

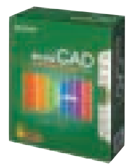

SD Pharmacy Management

E products


E2 series

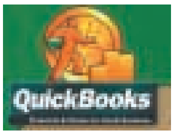

E3 series

Internet products


CAD


Enterprise Relationship Management ("ERM")

Sharing the same vision with INTUIT — co-branded with the world leading SME management software brand, "QUICKBOOKS"



CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zou Qixiong
Mr. Cen Anbin
Mr. Lin Gang

NON-EXECUTIVE DIRECTORS

Mr. Zhou Quan
Mr. Lin Dongliang
Mr. Jiao Shuge
Mr. Wang Lin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lo Wing Yan, William, *JP*
Mr. Kwong Kai Sing, Benny

COMPANY SECRETARY

Mr. Lee Wai Ho *ACCA AHKSA*

QUALIFIED ACCOUNTANT

Mr. Lee Wai Ho *ACCA AHKSA*

COMPLIANCE OFFICER

Mr. Cen Anbin

MEMBERS OF THE AUDIT COMMITTEE

Dr. Lo Wing Yan, William, *JP*
Mr. Kwong Kai Sing, Benny

AUTHORIZED REPRESENTATIVES

Mr. Zou Qixiong
Mr. Cen Anbin

LEGAL ADVISOR AS TO HONG KONG LAW

Iu, Lai & Li

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town, Grand Cayman
Cayman Islands, British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2004, 20th Floor
Gloucester Tower, The Landmark
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hongkong and Shanghai Banking Corporation Limited
China Merchants Bank
Industrial and Commercial Bank of China
Agricultural Bank of China

SPONSOR

First Shanghai Capital Limited

AUDITORS

PricewaterhouseCoopers

COMPANY HOMEPAGE

www.superdata.com.cn

STOCK CODE

8263

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2005, the revenue of the Company and its subsidiaries (collectively, the "Group") increased significantly to approximately RMB84.2 million, representing an approximate increase of 43% when compared to previous year.

- Net profit of the Group amounted to approximately RMB51.3 million for the year ended 31 December 2005, representing an increase of approximately 66% as compared to approximately RMB30.9 million (restated) for the corresponding period in the previous year.

- Basic earnings per share of the Group was approximately RMB12.74 cents for the year ended 31 December 2005.

- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2005 (2004: 4.7 HK cents).

	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
		(Restated)
Results		
Revenue:		
Turnover	**84,177**	58,731
Profitability:		
Profit attributable to shareholders	**51,332**	30,927
Assets and liabilities		
Total assets	**122,404**	104,704
Total liabilities	**(14,143)**	(13,886)
Shareholders' equity	**108,261**	90,818
Earnings Per Share		
Basic	**RMB12.74 cents**	RMB7.71 cents
Diluted	**RMB11.66 cents**	RMB7.33 cents

2005 was an extraordinary year at Superdata. Our annual revenue grew more than 43% and net profit grew more than 66% from previous year. Superdata strengthened its products and market position. We demonstrated that our management system and newly introduced enterprise solutions can help to promote the productivity of SME and streamline their operation in general. Our solutions were highly tailored for the China business operation environment and customers were able to handle easily our software with our specially designed platform. The company is very strong now and we see a lot of good opportunities that the company can explore in the market in the coming years.

ACHIEVEMENT IN THE YEAR

In year 2005, our encouraging financial results were contributed by a mix of:

(i) Superdata has strived to establish an even stronger partnership with its distributors all over the China regions and this expanded our client bases dramatically.

(ii) We have redefined the position of certain management software series (e.g E3 series) by revising and upgrading its functions and promote it to the market.

(iii) Another 2 new products, namely ERM and SD3000onlinePro, have been launched during the year. The introduction of online concept to our management software series will provide our end users hands-on controls over their information through internet in future.

OUR FINANCIAL STRENGTH

For the full year ended 31 December 2005, Superdata recorded a record-breaking revenue of RMB84.2 million and a net profit of RMB51.3 million, representing an increase of 43% and 66%, respectively, when compared to last year. The increase was largely contributed from our newly launched products ERM and SD3000onlinePro.

The group maintains a strong balance sheet through effective cost control and strong sales from the continuation of distribution through channel partners. As at the end of year 2005, the group has net assets of RMB108 million and a total cash balance of RMB77 million. We believe the resources that Superdata currently have is well sufficient to fund the plan of our future growth.

BUSINESS OPPORTUNITY

Operating one of the highest growing company in China is full of challenge and excitement. We are exposed to plenty of opportunities in the market that can potentially bring new revenues to the Group. Superdata tries to be selective in utilizing its resource in order to maximize the profit generation out of the best potential products and market. We put efforts to gear up our management team's ability to stay competence with the rapid environment changes and demand.

The group strengthened its presence in major cities by establishing more branch offices during the year. We also put more resources to increase head counts in sales and marketing division as well as increasing budget in our marketing promotion.

In year 2005, Superdata has taken another step forward to bring our services to the world's largest network — Internet. The launch of SD3000onlinePro represented a new era of Superdata to accomplish this goal and the platform of SD3000onlinePro provides a better mean for data exchange through internet protocol. We believe there are huge potential for Superdata to grow in the on-demand software market and internet related business. In future, we plan to provide our customers the products with enhanced services and innovative functionalities and we will specifically put more effort in exploring the chance of developing in internet services business.

APPRECIATION

We appreciate the ongoing support and commitment of our staffs, business partners, customers and shareholders. Looking forward, 2006 will be a year of challenge, we are confident that Superdata has the strengths required to achieve our vision to bring the best innovative products and services to the SME market.

Cen Anbin
Chairman

Hong Kong, 28 March 2006

GENERAL OVERVIEW

Superdata Software Holdings Limited ("Superdata") is a leading provider of packaged management softwares specifically developed for the small and medium enterprises ("SME(s)") in China market. The Group provides a series of products that offer a board range of management solutions to customers to enhance profitability of enterprises. These solutions include accounting and financial reporting suites, warehouse and inventory management systems, internet promotion tools and enterprise relationship management systems.

The remarkable growth of PRC economy, largely contributed from the rapid development of private enterprises and SMEs, raised a tremendous demand for high value added SME management softwares which can provide outstanding capacity to integrate the system into the vertical management of the corporation. The Group has taken its leading position in research and development of these management softwares with the vision to provide practical and inexpensive solutions to wide range of target customers.

In 2005, the Group achieved a record-breaking turnover of approximately RMB84.2 million, representing an increase of 43% over that of RMB58.7 million in last year. Net profit attributable to shareholders increased by 66% to approximately RMB51.3 million as compared to the restated profit of 2004. The weighted average basic earnings per share was RMB12.74 cents, an increase of 65% over the last year's restated weighted average basic earnings per share. These results were achieved by the continuous efforts in strengthening the products and services quality as well as developing new market and distribution channels for business growth.

PRODUCT DEVELOPMENT

Superdata provides a board range of products to address distinctive needs of customers in different market segments. Our products cover extensive functional areas in financial reporting and bookkeeping, customer relationship management, warehouse and inventory management, manufacturing processing and enterprise promotion suite.

In the past years, Superdata was found to be successful on their products series including SD3000 series, SD5000 series and E3 series. These products series represented the major revenue stream of the Group and their success proved the well position of Superdata's products in the market.

During the year, the Group launched the new Enterprise Relationship Management ("ERM") series. The products emphasize the integration of corporation business information to its inherently built e-commerce platform. Corporation using the system can strengthen the connections of business units in different departments through re-engineering business information flow within the organization. This product package mainly included 8 modules: customer information management, supplier information management, products and services information management, open orders management, online sales management, personal message management, corporate message management and system maintenance. The system facilitates the management and utilization of corporate information in all aspects of the company operation and extends the value of system to their business partners.

In the last quarter, the Group launched its flagship products series: SD3000onlinePro. The product was constructed with its innovative design in data connectivity. Enterprise users can now access its own company data securely through the internet connection with Superdata's data exchange server or directly with their own data server. SD3000onlinePro exceeds the limitation that enterprise can only synchronize their data through company's internal network. Now, enterprises including their head offices, their branch offices, sales centres and their individual management team members can receive and update real-time information as long as internet connections are available. The Group expected this new innovative product with advanced online capability will provide a new trend of development in SMEs management software industry in the near future.

SALES AND MARKETING

The Group maintained its marketing strategy in indirect sales channels. Currently, the Group has three main distribution channels: Advantage Business Partners ("ABP"), Professional Business Partners ("PBP") and Internet Business Partners ("IBP") operating in their designated market segments to provide local presence to meet the needs of end users.

The Group has now established an extensive sales network to cover nearly all of the major developed areas in China. Currently, the Group has 26 branch offices together with over 1,700 retail channels in Guangzhou, Beijing, Shanghai and other major cities in the PRC.

To further support the sales efforts of our distribution partners, Superdata has expanded its sales teams by hiring 40 additional sales executive officers in various branch offices to cope with products enquires from our enlarged distributors group. These sales teams consist of employees in field sales, field technical supports and field marketing supports who are fully trained with product knowledge. They are responsible for coordinating the sales functions aiming at maximizing the sale performance of our distribution partners.

FINANCIAL REVIEW

Consolidated Results of Operation

For the year ended 31 December 2005, the Group recorded a total turnover of RMB84.2 million, representing an increase of approximately 43% over the previous year. The Group continues to focus on the development and distribution of packaged software. With the deepening of products diversification, turnover of the Group increased from the launches of new products mainly ERM and SD3000online pro series, while the existing products SD3000 maintained stable growth on our expanding customer bases and maturing market.

Net Profit

The Group recorded a net profit of approximately RMB51.3 million for the year ended 31 December 2005, representing an increase of approximately 66% over the previous year's restated results. The net profit margin surged from 53% in year 2004 (as restated) to 61% in year 2005. The encouraging result was achieved by the continuous sales growth coinciding with the effective cost control.

Other Gains

The Group recorded other gains of approximately RMB16.1 million in current year, which mainly represented tax refund from the government on packaged software sales and interest income from bank deposits.

General and Administrative Expenses

General and administrative expenses included staff costs, depreciation, royalty charges, advertising and promotional expenses and other operating expenses. The total expenses for the year increased to RMB43.4 million when compared to RMB34.0 million in year 2004 (as restated). It was mainly contributed from increased staff costs associated with our plan of expanding the sales and marketing workforces to enhance the promotion of new products. Further, the Group also incurred additional advertising expenses to reinforce the channel partners' promotional campaigns in the retail market.

Outlook

Superdata targets the SMEs sector that offers superior growth potential. SMEs in China represent the major drive forces for economic growth and the sector has been maintaining a double digits growth for years. Their importance starts to dominate the attention of software solutions and services providers. By emphasizing higher value added product functionalities and services, Superdata is well positioned to deliver greater value to their customers and to capitalize on opportunities in existing offering market as well as new emerging market.

The Group's growth strategy is dependent on the construction of effective distribution networks and rapid development of innovative and practical business solutions to the end users. Superdata has committed for years to establish sound relationship with its distributors. The Group will ensure its distributors can receive adequate support from the branch offices and sales teams and, at the same time, we will continue to expand its distribution network by increasing the sales forces in significant geographical areas.

For the product development, Superdata will seek to leverage the management's knowledge and experience in international management software market to enhance the product innovation. Meanwhile, the Group will continue to explore new opportunities for business diversification and expansion in the China internet market with the aim to bringing additional value to its business partners and shareholders in the future.

SIGNIFICANT INVESTMENT

As at 31 December 2005, the Group did not have any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the year.

CAPITAL STRUCTURE

The shares of the Company were listed on GEM of the Stock Exchange on 6 June 2003. There has been no change in the capital structure of the Company since the Company's listing on that date. The capital of the Company comprises only ordinary shares. The Company and the Group had no borrowings and long-term debts as at 31 December 2005.

GEARING RATIO

As at 31 December 2005, the Group did not have any long-term debts and its shareholders' equity amounted to approximately RMB108.3 million. In this regard, the Group held a net cash position with its zero gearing ratio (net debt to shareholders' equity) as at 31 December 2005.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows.

As at 31 December 2005, the Group had cash and cash equivalents of RMB19.3 million as compared to RMB21.8 million as at 31 December 2004.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Renminbi. Risk on exposure to fluctuation in exchange rates should be minimal as there is no material fluctuation in the exchange rate between Hong Kong dollars and Renminbi.

CHARGES OF GROUP ASSETS

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

CONTINGENT LIABILITY

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

EMPLOYEE INFORMATION

As at 31 December 2005, the Group had 466 full-time employees (2004: 406) working in Hong Kong and mainland China. The total staff costs, including directors' emoluments, amounted to approximately RMB19.5 million (2004: RMB16.4 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

The Company adopted a pre-IPO share option scheme (the Pre-IPO Share Option Scheme) and a share option scheme (the "Share Option Scheme") (collectively the "Schemes") which was approved by written resolution of shareholders on 19 May 2003. On 20 January 2006, all the options outstanding as at year end date were lapsed as a result of a voluntary conditional offer made by Profit Eagle Limited. Details refer to section "Withdrawal of Listing" of this report.

WITHDRAWAL OF LISTING

On 18 October 2005, the directors of Superdata were formally informed by Profit Eagle Limited (a company whose directors Mr. Cen Anbin, Mr. Zou Qixiong and Mr. Lin Gang are also the directors of Superdata) of its intention to make a voluntary conditional offer to acquire all the issued shares of Superdata and to cancel all outstanding share options of the Company.

On 29 December 2005, the offer was declared unconditional and Profit Eagle Limited announced its intention to proceeds its rights of compulsory acquisition to compulsorily acquire all the outstanding shares of Superdata which had not been acquired ("Outstanding Shares").

At the date of this report, the procedure for withdrawal of listing is ongoing. The company will make an application for the withdrawal of Listing of its share from GEM pursuant to GEM Listing Rule 9.23 following the completion of the compulsory acquisition.

BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS COMPARISON

The following is a summary of the actual progress of the Group compared with the business objectives set out in the Prospectus for the six months ended 31 December 2005:

BUSINESS OBJECTIVES AS STATED IN THE PROSPECTUS DATED 28 MAY 2003	ACTUAL BUSINESS PROGRESS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005
1. Sales and Distribution	
Expand the number of authorized business partners/retailers in order to enhance the sales and distribution network of the Group.	The number of regional offices increased to 26 (including the head office in Guangzhou).
2. Marketing	
Launch, advertise and promote the Group's various products via media and by attending or organizing conferences and seminars.	A series of promotional campaigns have been launched during the year. These promotional campaigns received positive result on the new products sales.
3. Product Development	
Continue to upgrade the existing business management software.	Upgrading is on-going. The newly upgraded products have been improved in the aspects of execution efficiency and functionality.
Commence the R&D of the personal and finance software.	Resources have been redirected to the development of SD3000onlinePro which the Group considered to have huge potential in future.
Continue to upgrade the existing of R&D facilities and other equipment.	Upgrading is on-going.

BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS COMPARISON

BUSINESS OBJECTIVE AS STATED IN THE PROSPECTUS DATED 28 MAY 2003	ACTUAL BUSINESS PROGRESS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005
4. Technical Support Services	
Continue to train members of the Group's authorized retailers and technical support services staff regarding the Group's products.	Variety of training programs have been offered to the authorized retailers.
Continue to help more authorized retailers to build up services centres for the Group's various products.	Development activities have slowed down in response to the slow demand for the services centres from authorized retailers.
5. Human Resources	
Employ additional 7 R&D staff, 4 sales and marketing staff and 2 general and administrative staff.	More staff members than stated were employed in order to cope with the rapid business growth.
Employ 3 additional technical servicing staff.	More staff members than stated were employed.
Provide trainings and short-term course to the technical personnel.	Trainings and short-term courses are provided to technical personnel on continuous basis.

USE OF PROCEEDS

The Group raised net proceeds of approximately HK$20.8 million upon listing, the Group had used part of the proceeds from listing to achieve the business objectives as stated above and substantially in the manner as set out in the Prospectus. The proceeds have been applied as follows:

	According to the use of the proceeds as stated in the Prospectus dated 28 May 2003 *HK$' million*	**Amount utilized up to 31 December 2005** ***HK$' million***
Continue to develop new business management software	6.5	**6.5**
Enhance support services and expand distribution network and product range in order to maintain dominant market position	6.0	**6.0**
Enhance R&D capability	3.0	**3.0**
Enhance the brand image and reputation of "Quickbooks"	5.0	**5.0**
	20.5	**20.5**

PROFILES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zou Qixiong, aged 49, is one of the founders of the Group. Mr. Zou is also the chief executive officer and executive Director of the Group, and is responsible for the overall strategic planning and business of the Group. He has in-depth knowledge and extensive experience of almost 20 years in the engineering field. Mr. Zou had studied computer science in Zhongshan University in the PRC as a part-time student during 1984 to 1986, but did not attain any qualification therefrom. Prior to founding the Group in March 1998, Mr. Zou had held positions with several organisations/ companies, including engineer of a hospital in Guangzhou, the PRC, namely 中國人民解放第四二一醫院 (Chinese People's Liberation Hospital No. 421) from September 1983 to October 1994 and general manager of Baida Electro Engineer Company, a private company in the PRC, from 1994 to February 1998.

Mr. Cen Anbin, aged 43, is an executive Director, the chairman and one of the founders of the Group. Mr. Cen is responsible for the Group's overall strategic planning, formulation of corporate policies and management of the Group. Mr. Cen holds each of a bachelor and master degree in control engineering from the National University of Defence Technology and Harbin Institute of Technology in the PRC in 1984 and 1987 respectively. Prior to founding the Group together with Mr. Zou in March 1998, Mr. Cen was the senior software engineering and project manager for OLYMPUS America in medical imaging processing from 1994 to 1995.

Mr. Lin Gang, aged 54, is one of the founders of the Group. Mr. Lin is also the vice president of administration of the Group. He oversees the overall strategic planning and business development of the Group. Mr. Lin has in-depth and extensive experience in the IT industry, especially in the fields of product development, sales and marketing and corporate management.

NON-EXECUTIVE DIRECTORS

Mr. Zhou Quan, aged 49, is a non-executive Director. Mr. Zhou joined IDGVC in 1993 as vice-president of investment, and has been the managing director of IDGVC since 1995. Mr. Zhou obtained his bachelor degree in science from University of Science and Technology of China in 1982, a master degree in science from the Chinese Academy of Science in 1985, and a doctorate of philosophy in fiber optics from Rutgers University in the United States in 1989. Mr. Zhou joined the Group in March 1999.

Mr. Lin Dongliang, aged 44, is a non-executive Director. Mr. Lin is a vice president and general partner of IDGVC. He was a senior research fellow in the Development Research Center (PRC) of the State Council of China from 1986 to 1995. Mr. Lin was sent by PRC to Citicorp New York, the United States as a research fellow from 1992 to 1993. He also earned his master degree of management engineering from Tsinghua University in 1988. Mr. Lin joined the Group in August 1998.

PROFILES OF DIRECTORS

Mr. Jiao Shuge, aged 41, is a non-executive Director. Mr. Jiao is currently a director of 中國雨潤食品集團有限公司 (China Yurun Food Group Limited) and 北京太洋藥業有限公司(Beijing Tai Yang Medicines Company Limited). He had worked for direct investment department of CICC Investment Holdings Company Limited as a deputy general manager during 1995 to 2002. Prior to this service, Mr. Jiao had held positions as an investment manager, and an analyst of various companies/organisations. Mr. Jiao holds each of a bachelor and master degree from 山東大學 (Shandong University) and 航天部大學 (China Space Ministry) respectively. Mr. Jiao joined the Group in November 2000.

Mr. Wang Lin, aged 38, is a non-executive Director. He had worked for the direct investment department of CICC Investment Holdings Company Limited as a senior manager from April 1999 to August 2002. Prior to this service, Mr. Wang had held senior positions in various companies/ organisations over the years. Mr. Wang obtained a doctorate degree in Economics from 財政部財政科學研究所 (The Scientific Research Centre of Finance Department under Ministry of Finance). Mr. Wang joined the Group in November 2000.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lo Wing Yan, William, JP aged 46, is an independent non-executive director. Dr. Lo is the Executive Director of China Unicom Ltd., an integrated telecommunications operator in China, which is listed on both the Hong Kong and the New York Stock Exchange. Prior to China Unicom, Dr. Lo held various senior positions with Citibank, N.A., Hong Kong Telecom Group, Cable & Wireless Plc, and McKinsey & Company, Inc. Dr. Lo is very active in the education sector of which he is Adjunct Professor of The School of Business, Hong Kong Baptist University & Hong Kong Polytechnic University. He is also a Governor of a newly established independent school the ISF Academy as well as Junior Achievement Hong Kong. He is a non-executive director of a number of publicly listed companies including Nam Tai Electronics, Inc., Softbank Investment International (Strategic) Ltd., Ocean Grand Chemicals Holdings Ltd., Capital Publications Limited, Panorama International Holdings Ltd., Varitronix International Limited and I.T Limited. Dr. Lo holds an M.Phil. Degree in Molecular Pharmacology and a Ph.D. Degree in Genetic Engineering, both from Cambridge University, England. He was a Commonwealth Scholar, a Croucher Foundation Fellow and a Bye-Fellow of Downing College, Cambridge. In 1996, the Davos-based World Economic Forum selected Dr. Lo as a "Global Leader for Tomorrow". In 1999, he was appointed as a Justice of the Peace (JP) by the Hong Kong SAR government. In 2003, Dr. Lo was appointed as a Committee Member of Shantou People's Political Consultative Conference.

Mr. Kwong Kai Sing, Benny, aged 48. is an independent non-executive Director. Mr. Kwong graduated from Simon Fraser University in British Columbia, Canada with a bachelor degree in arts. He held senior positions with major international banks in Hong Kong in their respective lending departments & China department for many years. For the past several years, he has served as Executive Director of over 10 publicly listed companies both in Hong Kong, Canada & the UK. Mr. Kwong has extensive knowledge in corporate finance & banking.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited accounts of Superdata Software Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 8 to the accounts. The Group is principally engaged in the development and sales of packaged software in the People Republic of China (the "PRC").

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 33.

The directors declared an interim dividend of RMB4.2 cents (HK$4.0 cents) per ordinary share, totalling RMB17,000,000, which was paid on 30 September 2005.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2005.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year are set out in note 13 to the accounts.

PROPERTY, PLANT, AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 6 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 12 to the accounts.

DISTRIBUTABLE RESERVES

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

As at 31 December 2005, distributable reserves of the Company amounted to RMB49,021,000 (2004: RMB49,797,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings and there was no restriction against such rights under the laws of the Cayman Islands.

DIRECTORS

The directors during the year were:

Executive directors:

Mr. Cen Anbin
Mr. Zou Qixiong
Mr. Lin Gang

Non-executive directors

Mr. Zhou Quan
Mr. Lin Dongliang
Mr. Jiao Shuge
Mr. Wang Lin

Independent non-executive directors:

Dr. Lo Wing Yan, William, *JP*
Mr. Kwong Kai Sing, Benny
Mr. Sun Tak Dee, Teddy (passed away on 18 September 2005)

In accordance with Article 87 of the Company's Articles of Association, Mr. Wang Lin and Mr. Jiao Shuge will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual meeting of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on page 14 to 15.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for an initial fixed term of three years commencing 19 May 2003 and which will continue thereafter until terminated by three months' notice in writing served by either party.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PRE-IPO SHARE OPTION SCHEME

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

PRE-IPO SHARE OPTION SCHEME *(CONTINUED)*

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

Number of Share Options

	Held at 1 January 2005	Lapsed during the year	Exercised during the year	Held at 31 December 2005	Exercise price per share
Directors					
Mr. Cen Anbin	4,539,271	—	—	4,539,271	HK$0.10
Mr. Zou Qixiong	4,539,271	—	—	4,539,271	HK$0.10
Mr. Lin Gang	2,269,636	—	—	2,269,636	HK$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	3,819,486	(1,542,867)	(101,687)	2,174,932	HK$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	6,137,506	(1,402,831)	(85,280)	4,649,395	HK$0.26
	21,305,170	(2,945,698)	(186,967)	18,172,505	
Employees					
In aggregate	248,018	—	—	248,018	HK$0.10
In aggregate	2,384,793	—	—	2,384,793	HK$0.26
	2,632,811	—	—	2,632,811	
Total	23,937,981	(2,945,698)	(186,967)	20,805,316	

Note: Exercise date was 10 January 2005. At the date before the options were exercised, the market value per share was HK$1.60.

SHARE OPTION SCHEME

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

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

	Number of share options			
	Held at 1 January 2005	**Lapsed during the year** *(Note)*	**Held at 31 December 2005**	**Exercise price per share**
Directors				
Mr. Cen Anbin	10,000,000	—	10,000,000	HK$0.70
Mr. Zou Qixiong	10,000,000	—	10,000,000	HK$0.70
Mr. Lin Gang	4,000,000	—	4,000,000	HK$0.70
Mr. Zhou Quan and Mr. Cen Anbin (held in the capital at trustee)	5,700,000	(956,000)	4,744,000	HK$0.70
Employees				
In aggregate	300,000	—	300,000	HK$0.70
Total	30,000,000	(956,000)	29,044,000	

Details of the share options are as follows:

Notes:

(i) Options were granted under the Share Option Scheme pursuant to the board resolution passed on 22 March 2004.

(ii) The closing price of the share of HK$0.01 each of the Company quoted on the Growth Enterprise Market ("GEM") of the Stock Exchange on 22 March 2004 was HK$0.54.

SHARE OPTION SCHEME *(CONTINUED)*

Notes: (Continued)

All of the options have a duration of ten years from 22 March 2004 to 21 March 2014 subject to the following vesting period:

Options granted to employees

(i) up to one-third of the options commencing from 1 April 2007;

(ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the previous period) commencing from 1 April 2008; and

(iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing from 1 April 2009.

Options granted to directors

(i) up to one-third of the options commencing from 1 April 2005;

(ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the previous period) commencing from 1 April 2006; and

(iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing from 1 April 2007.

LAPSE OF PRE-IPO SHARE OPTIONS AND SHARE OPTIONS (COLLECTIVELY CALLED "SUPERDATA OPTIONS") SUBSEQUENT TO YEAR END

On 18 October 2005, the Company was informed by Profit Eagle Limited to acquire all of its issued share (details refer to "Withdrawal of Listing" on page 10). Included in the proposal, Profit Eagle Limited offered to all of the optionholders to cancel each Superdata option in exchange for (i) one new option of Profit Eagle Limited ("Option Alternative") or (ii) a cash amount equal to HK$1.90 less the exercise price of relevant Superdata Options ("Cash alternative").

On 20 January 2006, a joint announcement between the company and Profit Eagle Limited has been made. Profit Eagle Limited had received valid acceptance of all 49,849,316 Superdata options, electing to receive the Option Alternative in respect of 20,653, 625 Superdata Options and electing to receive the Cash Alternative in respect of 29,195,691 Superdata Options.

In accordance with the terms of Superdata Options, all outstanding 49,849,316 Sueprdata Options lapsed on 18 January 2006.

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

As at 31 December 2005, the interests or short positions of the directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the minimum standards of dealing by directors in Rule 5.40 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in Shares

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

Notes:

1. The 24,585,308 shares are held by Shanghai International Development Ltd., a company incorporated in the British Virgin Islands ("BVI") with limited liability and wholly-owned by Mr. Cen Anbin.

2. The 23,724,016 shares are held by Heroic Performance Management Ltd., a company incorporated in BVI with limited liability and wholly-owned by Mr. Zou Qixiong.

3. The 8,129,569 shares are held by Beijing Visits Ltd., a company incorporated in BVI with limited liability and wholly-owned by Mr. Lin Gang.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND OPTIONS *(CONTINUED)*

Long Positions in Equity Derivatives in, or in respect of, Underlying Shares

Name of Directors	Number and description of equity derivatives	Number of underlying shares at 31 December 2005	Nature of interests	Approximate percentage of interest *(%)*
Mr. Cen Anbin	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal	1.13%
	11,568,327 options granted under the Pre-IPO Share Option and Share Option Scheme	11,568,327	Other *(Note 4)*	2.87%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal *(Note 5)*	2.48%
Mr. Zou Qixiong	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal	1.13%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal *(Note 5)*	2.48%
Mr. Lin Gang	2,269,636 options granted under the Pre-IPO Share Option Scheme	2,269,636	Personal	0.56%
	4,000,000 options granted under the Share Option Scheme	4,000,000	Personal *(Note 5)*	0.99%
Mr. Zhou Quan	11,568,327 options granted under the Pre-IPO Share Option and Share Option Scheme	11,568,327	Other *(Note 4)*	2.87%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND OPTIONS *(CONTINUED)*

Long Positions in Equity Derivatives in, or in respect of, Underlying Shares *(Continued)*

Notes:

4. On 19 May 2003, a discretionary trust was established for the benefit of the holders of options in the Company granted under the Pre-IPO Share Option Scheme and options granted under the Share Option Scheme who are PRC nationals (other than the directors). (Under this trust arrangement, Mr. Cen Anbin and Mr. Zhou Quan (together the "Trustee") acting as joint trustees shall hold such options as trustee and nominee for these option holders.) On the written direction of an option holder, the Trustee shall exercise the options attributable to that option holder and on receipt of the underlying shares resulting from the exercise of the option, the Trustee shall sell those underlying shares at the then market price of the shares on the GEM. After deducting the costs of exercising the relevant option and all reasonable expenses incurred in relation to the sale of the underlying shares, the net proceeds will be paid to the relevant option holder. As both Mr. Cen and Mr. Zhou are directors and the joint trustees of the aforesaid trust, each of them are deemed to be interested in the 6,824,327 options granted under the Pre-IPO Share Option Scheme which, when exercised in full, will result in a total of 6,824,327 shares being issued to them as the joint holders of such shares as at 31 December 2005. IDG Technology Venture Investment, Inc. ("IDGVC") will finance the exercise of the options granted to the Trustee. Further on 16 April 2004, the Company granted the post IPO share option. 4,744,000 of such options are held under the trust as at 31 December 2005. During the year, there were a total amount of 3,901,698 lapsed. Detailed movement of the relevant options are shown under the "Share Options" section above.

5. On 16 April 2004, an extraordinary general meeting was held and resolved to grant 10,000,000 options, 10,000,000 options and 4,000,000 options under the Share Option Scheme to three Directors, Mr. Cen Anbin, Mr. Zou Qixiong and Mr. Lin Gang respectively. Details of such share options are set out in the paragraph headed "Share Option Scheme" above.

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

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

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

Long Position in Shares

Name of shareholders	Nature of interests	No. of share	Approximate percentage of interest *(%)*
IDGVC	Corporate *(Note a)*	85,988,578	21.34
International Data Group, Inc. ("IDG")	Corporate *(Note a)*	85,988,578	21.34
Mr. Patrick McGovern	Corporate *(Note a)*	85,988,578	21.34
CDH China Fund, L.P.	Corporate *(Note b)*	52,780,750	13.10
Heptad Ventures Limited	Corporate *(Note b)*	52,780,750	13.10
China Diamond Holdings Company Limited	Corporate *(Note b)*	52,780,750	13.10
China Diamond Holdings, L.P.	Corporate *(Note b)*	52,780,750	13.10
CDH China Holdings Company Limited	Corporate *(Note b)*	52,780,750	13.10

Notes:

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

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

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

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

OTHER SHAREHOLDERS

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

Long Position in Shares

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

Note:

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

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

COMPETING INTERESTS

IDGVC, being a substantial shareholder, has investments in one other business in the PRC which competes or may compete with the Group in the development and sales of business management software products for PRC enterprise users.

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases for the year attributable to the Group's major suppliers is as follows:

	Percentage of purchase
The largest supplier	26.1%
Five largest suppliers combined	77.7%

During the year, the Group sold less than 30% of its goods to its 5 largest customers.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

BOARD PRACTICES AND PROCEDURES

Except as disclosed in the Corporate Governance Report on page 29 to 31, throughout the year, the company was in compliance with the Board Practices and Procedures as set out in rules 5.34 to 5.45 of the GEM Listing Rules.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Dr. Lo Wing Yan, William, JP and Mr. Kwong Kai Sing, Benny as at 31 December 2005. Four meetings were held during the current financial year.

SPONSOR'S INTEREST

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

Saved as disclosed above, neither First Shanghai nor any of its respective directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any of the members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company as at 31 December 2005.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2005, the Company adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 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 the required standard of dealings and its code of conduct regarding securities transactions by Directors except that, on 18 October 2005, the Board was informed by Profit Eagle Limited, whose directors are also the directors of the Company, for a possible voluntary conditional offer (the "Offer") to acquire all the issued shares of the Company and to cancel all outstanding share options of the Company. Details of the Offer can be referred to section "withdrawal of Listing" of this report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cen Anbin
Chairman

Hong Kong, 28 March 2006

CORPORATE GOVERNANCE REPORT

The Group has complied with most of the provisions of the Code on Corporate Governance Practices as set out in the GEM Listing Rules (the "Code"). This report describes the corporate governance standards and practices used by the Group to direct and manage it business affairs. It also explains the applications of the Code and deviations, if any.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all directors have complied with the required standard as set out in the code of conduct regarding securities transactions by the directors throughout the year ended 31 December 2005.

BOARD OF DIRECTORS

The Board is responsible for the management of the Group on behalf of the shareholders. In view of that, it is the Board's major responsibilities to create value for and safeguard the best interests of the Group and hence the ultimate shareholders. The Board's main duties include, corporate strategies, interim and annual financial results, business planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial affairs.

The Board delegates daily operations of the Group to executive directors and management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at Board meetings.

The Board currently comprises nine directors, of whom three executive directors, namely, Mr. Cen Anbin (Chairman), Mr. Zou Qixiong (Chief Executive Officer) and Mr. Lin Gang (Vice President); four are non-executive directors, namely Mr. Zhou Quan, Mr. Lin Dongliang, Mr. Jiao Shuge and Mr. Wang Lin; and two are independent non-executive directors, namely Dr. Lo Wing Yan, William, JP, and Mr. Kwong Kai Sing, Benny. With Mr. Sun Tak Dee, Teddy, our former independent non-executive director, passed away in year 2005, the company is still searching for potential replacement and has failed to comply with the rule 5.05 (1) that every board of directors must include at least 3 independent non-executive directors.

Details of backgrounds and qualifications of the Board members are set out in the Profiles of Directors on page 14 to 15.

BOARD OF DIRECTORS *(CONTINUED)*

The Board held a board meeting for each quarter. Details of the attendance of the Board are as follows:

Directors	Attendance
Mr. Cen Anbin	4/4
Mr. Zou Qixiong	4/4
Mr. Lin Gang	4/4
Mr. Zhou Quan	4/4
Mr. Lin Dongliang	4/4
Mr. Jiao Shuge	4/4
Mr. Wang Lin	4/4
Dr. Lo Wing Yan, William, *JP*	4/4
Mr. Kwong Kai Sing, Benny	4/4
Mr. Sun Tak Dee, Teddy	2/4

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of chairman and chief executive officer have been separated in compliance with A.2.1 of the Code. Mr. Cen Anbin assumes the role of chairman while Mr. Zou Qixiong assumes the role of chief executive officer of the Company. This arrangement ensures the clear segregation of duties between the management of the Board and of the Company's business and operations. It is assured that the best interests of the Group can be safeguarded.

REMUNERATION OF DIRECTORS

The Company has not established a Remuneration Committee. The Board is responsible for determining the Company's policy on remuneration of directors and reviewing all remuneration packages of directors. The Company currently does not have any plan to set up a Remuneration Committee considering the small size of the Board.

NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye Laws to appoint any person as a director either to fill a casual vacancy on or, subject to authorization by the shareholders of the Company in general meeting, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regards to the balance of skills and experience appropriate to the Group's business.

There was no nomination of directors during the year.

AUDITORS' REMUNERATION

For the year ended 31 December 2005, the remuneration in respect of audit services provided by the auditors, PricewaterhouseCoopers, amounted to HK$700,000. There was no significant non-audit service assignment undertaken by the auditors during the year.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. It is currently composed of two independent non-executive directors, namely Dr. Lo Wing Yan, William, JP and Mr. Kwong Kai Sing, Benny, which was incompliance with the requirement of rules 5.28 that the committee must comprise a minimum of 3 members and the company is still searching for a potential candidate to fill the vacancy. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls systems. It also provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit.

In 2005, the Audit Committee held 4 meetings, which were attended by all committee members. The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 December 2005 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements.

AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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Central, Hong Kong
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AUDITORS' REPORT TO THE SHAREHOLDERS OF SUPERDATA SOFTWARE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 33 to 71 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors of the Company are responsible for the preparation accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2006

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Note	**2005** **RMB'000**	2004 RMB'000 (Restated)
Sales		**84,177**	58,731
Cost of materials consumed		**(2,454)**	(2,532)
Other gains — net	*16*	**16,060**	8,898
Staff costs	*18*	**(19,485)**	(16,413)
Depreciation	*6*	**(1,401)**	(1,326)
Amortisation of development costs	*7*	**(715)**	—
Royalty charges	*7*	**(1,557)**	(1,544)
Advertising and promotional expenses		**(6,434)**	(6,418)
Other operating expenses		**(13,770)**	(8,312)
Profit before income tax		**54,421**	31,084
Income tax expense	*19*	**(3,089)**	(157)
Profit attributable to equity holders	*20*	**51,332**	30,927
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB cents per share)			
Basic earnings per share	*21*	**12.74**	7.71
Diluted earnings per share	*21*	**11.66**	7.33
Dividends	*22*	**17,000**	28,308
Dividends per share (expressed in RMB cents per share)		**4.2**	7.0

The notes on pages 38 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2005

	Note	**2005** **RMB'000**	2004 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,304**	3,323
Intangible assets	7	**4,039**	1,068
		8,343	4,391
Current assets			
Inventories	9	**1,398**	1,540
Trade and other receivables	10	**35,329**	6,447
Short-term bank deposits	11	**58,000**	70,543
Cash and cash equivalents	11	**19,334**	21,783
		114,061	100,313
Total assets		**122,404**	104,704
EQUITY			
Share capital	12	**25,818**	22,565
Other reserves	13	**49,513**	45,948
Retained earnings			
— Proposed final dividend	22	**—**	20,142
— Others	13	**32,930**	2,163
Total equity		**108,261**	90,818
LIABILITIES			
Current liabilities			
Trade and other payables	14	**5,556**	5,417
Customer deposits		**3,252**	6,025
Current income tax liabilities		**1,585**	157
Other tax payable		**3,750**	2,287
Total liabilities		**14,143**	13,886
Total equity and liabilities		**122,404**	104,704
Net current assets		**99,918**	86,427
Total assets less current liabilities		**108,261**	90,818

The notes on pages 38 to 71 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2005

	Note	2005 RMB'000	2004 RMB'000 (Restated)
ASSETS			
Non-current assets			
Investments in subsidiaries	8	**53,540**	53,540
Current assets			
Trade and other receivables		**—**	4
Amount due from a subsidiary	8	**834**	834
Total assets		**54,374**	54,378
EQUITY			
Share capital	12	**58,802**	55,549
Accumulated losses			
— Proposed final dividend	22	**—**	20,142
— Others	13	**(5,493)**	(21,608)
Total equity		**53,309**	54,083
LIABILITIES			
Current liabilities			
Accrued charges		**300**	295
Amount due to a subsidiary	8	**765**	—
Total liabilities		**1,065**	295
Total equity and liabilities		**54,374**	54,378

The notes on pages 38 to 71 are an integral part of this financial statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Share capital RMB'000 (Restated)	Other reserves RMB'000	Retained earnings RMB'000 (Restated)	Total RMB'000
Balance at 1 January 2004	20,754	45,339	3,163	69,256
Profit for the year	—	—	30,927	30,927
Total recognised income for 2004	—	—	30,927	30,927
Employee share option scheme:				
— value of services provided	1,509	—	—	1,509
Currency translation differences	—	(10)	—	(10)
Issue of share capital	302	—	—	302
Dividends relating to 2003 and 2004	—	—	(11,166)	(11,166)
Appropriation to statutory reserve fund	—	619	(619)	—
	1,811	609	(11,785)	(9,365)
Balance at 31 December 2004	22,565	45,948	22,305	90,818
Profit for the year	—	—	51,332	51,332
Total recognised income for 2005	—	—	51,332	51,332
Employee share option scheme:				
— value of services provided	3,219	—	—	3,219
— proceeds from shares issued	34	—	—	34
Dividend relating to 2004 and 2005	—	—	(37,142)	(37,142)
Reduction of reserve arising from repurchase of share options	—	(30,847)	—	(30,847)
Contribution from Profit Eagle relating to repurchase of share options	—	30,847	—	30,847
Appropriation to statutory reserve fund	—	3,565	(3,565)	—
	3,253	3,565	(40,707)	(33,889)
Balance at 31 December 2005	25,818	49,513	32,930	108,261

The notes on pages 38 to 71 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	Note	2005 RMB'000	2004 RMB'000 (Restated)
Cash flows from operating activities			
Net cash generated from operating activities	23	**27,395**	37,008
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(2,535)**	(1,295)
Increase in intangible assets	7	**(4,216)**	—
Decrease/(Increase) in short-term bank deposits		**12,543**	(30,881)
Interest received		**1,472**	934
Net cash generated from/(used in) investing activities		**7,264**	(31,242)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	12	**34**	302
Dividends paid to Company's shareholders		**(37,142)**	(11,166)
Net cash used in financing activities		**(37,108)**	(10,864)
Net decrease in cash and cash equivalents		**(2,449)**	(5,098)
Cash and cash equivalents at beginning of the year		**21,783**	26,891
Exchange losses on cash and cash equivalents		**—**	(10)
Cash and cash equivalents at end of the year	11	**19,334**	21,783

The notes on pages 38 to 71 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in Renminbi thousands unless otherwise stated)

1. GENERAL INFORMATION

Superdata Software Holdings Limited ("the Company") was incorporated in the Cayman Islands on 3 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the development and sales of packaged software in the People Republic of China (the "PRC").

The Company has its listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited.

On 10 November 2005, the Company and Profit Eagle Limited ("Profit Eagle"), a company incorporated in the Cayman Islands, jointly announced a possible voluntary conditional offer ("the Offer") to acquire all the issued shares of the Company (other than those already held by Profit Eagle and its concerted parties), the withdrawal of listing of the Company's shares on GEM and the cancellation of all outstanding share options of the Company.

On 28 December 2005, the Offer was declared unconditional and Profit Eagle announced its intention to proceed with its rights of compulsory acquisition to acquire all the outstanding shares of the Company which had not been acquired by Profit Eagle. The Company also announced its intention to make an application for the withdrawal of the listing of its shares from GEM pursuant to GEM Listing Rule 9.23 upon completion of the compulsory acquisition.

Please refer to Notes 12 and 26 for details.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2006.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The adoption of new/revised HKFRS

In 2005, the Company and its subsidiaries ("the Group") adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

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 the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int 15	Operating Leases — Incentives
HKFRS 2	Share-based Payments

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The adoption of new/revised HKFRS *(Continued)*

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 17, 21, 24, 27, 32, 33, 36, 38, 39 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

— HKAS 1 has affected the presentation and other disclosures.

— HKASs 2, 7, 8, 10, 16, 17, 27, 32, 33, 36, 38, 39 and HKAS-Int 15 had no material effect on the Group's policies.

— HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

— HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective 1 January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods *(Note 2.13)*.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The adoption of new/revised HKFRS *(Continued)*

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

— HKAS 16 — the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

— HKAS 39 — does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities and also to hedge relationships for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 January 2005.

— HKAS-Int 15 — does not require the recognition of incentives for leases beginning before 1 January 2005.

— HKFRS 2 — only retrospective application for all equity instruments granted after 7 November 2002 and not vested on 1 January 2005.

The adoption of HKFRS 2 resulted in:

	2005	2004
Increase in staff costs *(Note 18)*	**3,219**	1,509
Decrease in retained earnings	**(4,728)**	(1,509)
Decrease in basic earnings per share *(RMB cents)*	**(0.80)**	(0.38)
Decrease in diluted earnings per share *(RMB cents)*	**(0.73)**	(0.36)

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. The adoption of such Standards or Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 3	Emission Rights
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi, which is the Company's functional and presentation currency.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost amounts to their residual values over their estimated useful lives, as follows:

— Leasehold improvements	5 years
— Vehicles and machinery	5-10 years
— Furniture, fittings and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(Note 2.7)*.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Intangible assets

(a) Trademark

Trademark represents cost incurred on acquiring royalty which is capitalised and amortised using the straight-line basis over the estimated useful life of 39 months.

(b) Development costs

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, materials, direct labour, other direct costs and related all production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(All amounts in Renminbi thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution schemes in accordance with the rules and regulations set out by the local governments of the PRC and a mandatory provident fund scheme according to the Hong Kong Mandatory Provident Schemes Ordinance. The Group's contributions to the retirement schemes and the provident fund scheme are expensed as incurred. The assets of the schemes are held separately from those of the Group in independently administered funds.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Revenue recognition

Revenue comprises the fair value for the sales of packaged software, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales of packaged software

Sales of packaged software are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Packaged software is often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sales.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

(c) Royalty income

Royalty income represents the charges to distributors for the right to distribute the Group's products in certain regions of the PRC. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2.16 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(All amounts in Renminbi thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

The Group's sales transactions are predominantly conducted with domestic distributors in the PRC. In the event of a severe downturn in software industry or technical innovations resulted from competitor actions, the software products developed by the Group may become technically obsolete and may not be readily realised.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Cash flow interest rate risk

Other than short-term bank deposits, the Group has no significant interest-bearing assets. Hence, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

3.2 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(a) *Sales exchanges and returns*

The Group recognised a significant amount of revenues, representing approximately 20% of total sales for 2005, generated from the launch of a new product during the year. The Group offered the distributors a credit period of generally one year for this new product. The customer has the right to rescind the sales if there is any quality issue of the product or to exchange for upgraded products. The Group believes that, based on past experience with similar sales, the rate of return due to quality problem will not be significant. The costs in association with replacing or exchanging returned products are also not expected to be significant.

(b) *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation expense for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of assets with similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market competitions. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. These estimates are based on the current market condition and the historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at the balance sheet date.

(d) *Trade and other receivables*

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management will reassess the provision at the balance sheet date.

(e) *Income tax*

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

(All amounts in Renminbi thousands unless otherwise stated)

5. SEGMENT INFORMATION

The Group regards the development and sales of packaged software as a single business segment. The Group also operates within one single geographical segment as its revenues are primarily generated in the PRC and its assets are also mostly located in the PRC. Accordingly, no segmental information is presented.

6. PROPERTY, PLANT, AND EQUIPMENT — GROUP

	Leasehold improvements	Vehicles and machinery	Furniture, fittings and equipment	Total
At 1 January 2004				
Cost	1,900	3,491	1,767	7,158
Accumulated depreciation	(1,362)	(1,867)	(575)	(3,804)
Net book amount	538	1,624	1,192	3,354
Year ended 31 December 2004				
Opening net book amount	538	1,624	1,192	3,354
Additions	70	777	448	1,295
Depreciation *(Note 23)*	(212)	(704)	(410)	(1,326)
Closing net book amount	396	1,697	1,230	3,323
At 31 December 2004				
Cost	1,970	4,268	2,215	8,453
Accumulated depreciation	(1,574)	(2,571)	(985)	(5,130)
Net book amount	396	1,697	1,230	3,323
Year ended 31 December 2005				
Opening net book amount	396	1,697	1,230	3,323
Additions	572	1,017	946	2,535
Disposals	—	(7)	—	(7)
Depreciation *(Note 23)*	(302)	(780)	(465)	(1,547)
Closing net book amount	666	1,927	1,711	4,304
At 31 December 2005				
Cost	2,542	5,278	3,161	10,981
Accumulated depreciation	(1,876)	(3,351)	(1,450)	(6,677)
Net book amount	666	1,927	1,711	4,304

Depreciation charges of approximately RMB1,401,000 (2004: RMB1,326,000) have been expensed in administrative expenses and the remaining charges of approximately RMB146,000 (2004: Nil) have been capitalised in development costs .

(All amounts in Renminbi thousands unless otherwise stated)

7. INTANGIBLE ASSETS — GROUP

	Trademark	Development costs	Total
At 1 January 2004			
Cost	2,192	—	2,192
Accumulated amortisation	(450)	—	(450)
Net book amount	1,742	—	1,742
Year ended 31 December 2004			
Opening net book amount	1,742	—	1,742
Amortisation *(Note 23)*	(674)	—	(674)
Closing net book amount	1,068	—	1,068
At 31 December 2004			
Cost	2,192	—	2,192
Accumulated amortisation	(1,124)	—	(1,124)
Net book amount	1,068	—	1,068
Year ended 31 December 2005			
Opening net book amount	1,068	—	1,068
Additions	7	4,355	4,362
Amortisation *(Note 23)*	(676)	(715)	(1,391)
Closing net book amount	399	3,640	4,039
At 31 December 2005			
Cost	2,199	4,355	6,554
Accumulated amortisation	(1,800)	(715)	(2,515)
Net book amount	399	3,640	4,039

Amortisation of trademark amounting to approximately RMB676,000 (2004: RMB674,000) is included in administrative expenses. During the year ended 31 December 2005, the Group incurred a total royalty charge for the use of trademark of approximately RMB1,557,000 (2004: RMB1,544,000) comprising amortisation of development costs of approximately RMB676,000 (2004: RMB674,000) and cash payment of approximately RMB881,000 (2004: RMB870,000).

(All amounts in Renminbi thousands unless otherwise stated)

8. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES — COMPANY

(a) Investments in subsidiaries

	Company	
	2005	2004
Unlisted investments, at cost	**33,090**	33,090
Amounts due from subsidiaries	**20,450**	20,450
	53,540	53,540

The amounts due from subsidiaries (non-current portion) are unsecured, interest free and do not have fixed repayment terms.

(b) Amounts due from/(to) a subsidiary

	Company	
	2005	2004
Amount due from a subsidiary	**834**	834
Amount due to a subsidiary	**(765)**	—

The amounts due from/(to) a subsidiary (current portion) are unsecured, interest free and will be repayable within one year.

The following is a list of all subsidiaries of the Company as at 31 December 2005:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held	
				Direct	*Indirect*
Superdata Software (BVI) Limited ("Superdata (BVI)")	British Virgin Islands, limited liability company	Investment holding in Hong Kong	2 ordinary shares of US$1 each	100%	—
Superdata Software (HK) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	2 ordinary shares of HK$1 each	—	100%
Superdata Software Technology (Guangzhou) Limited ("Superdata (Guangzhou)")	The PRC, limited liability company	Sales of software in the PRC	Registered capital US$4,650,000	—	100%
Glory Software (Shanghai) Limited ("Glory (Shanghai)")	The PRC, limited liability company	Sales of software in the PRC	Registered capital US$500,000	—	100%

(All amounts in Renminbi thousands unless otherwise stated)

8. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES — COMPANY *(Continued)*

(b) Amounts due from/(to) a subsidiary *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Interest held	
				Direct	*Indirect*
Superdata Network Technology (Guangzhou) Limited ("Superdata Network")	The PRC, limited liability company	Sales of software in the PRC and provision of network services	Registered capital HK$10,000,000	—	100%
*Superdata ERP Software (Guangzhou) Limited ("Superdata ERP")	The PRC, limited liability company	Sales of software in the PRC and provision of network services	Registered capital HK$750,000	—	100%

* The English name of this company represents management's best efforts at translating the Chinese name of this company as no English name has been registered.

9. INVENTORIES — GROUP

	2005	2004
Raw materials	**951**	1,088
Finished goods	**447**	452
	1,398	1,540

The cost of inventories recognised as expense and included in cost of goods sold amounted to RMB2,454,000 (2004: RMB2,532,000).

10. TRADE AND OTHER RECEIVABLES — GROUP

	2005	2004
Trade receivables	**30,344**	3,137
Less: Provision for impairment of receivables	**(651)**	(233)
Trade receivables — net	**29,693**	2,904
Prepayments	**94**	7
Other receivables	**5,053**	3,112
Prepaid expenses	**489**	424
	35,329	6,447

(All amounts in Renminbi thousands unless otherwise stated)

10. TRADE AND OTHER RECEIVABLES — GROUP *(Continued)*

All trade and other receivable balances are denominated in Renminbi.

The majority of trade receivables have a credit period of 12 months. For the remaining receivables, the credit period granted to customers ranges from 30 to 60 days.

At 31 December 2005 and 2004, the ageing analysis of the trade receivables were as follows:

	2005	2004
Current to 30 days	**21,353**	2,103
31 days to 60 days	**1,945**	368
61 days to 180 days	**6,017**	420
181 days to 360 days	**721**	118
Over 360 days	**308**	128
	30,344	3,137

The carrying amounts of the trade and other receivables approximate their fair values.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, nationally dispersed.

The Group has recognised a loss of RMB418,000 (2004: RMB104,000) for impairment of its trade and other receivables during the year ended 31 December 2005. The loss has been included in other operating expenses in the income statement.

11. CASH AND CASH EQUIVALENTS — GROUP

	2005	2004
Cash and cash equivalents	**19,334**	21,783
Short-term bank deposits	**58,000**	70,543
	77,334	92,326

The effective interest rate on short-term bank deposits was 2.16% (2004: 1.71%). These deposits have an average maturity of 270 days.

(All amounts in Renminbi thousands unless otherwise stated)

11. CASH AND CASH EQUIVALENTS — GROUP *(Continued)*

Most of the Group's short-term deposits and cash and bank balances are denominated in Renminbi and deposited with banks in the PRC. The conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

	2005	2004
Denominated in:		
— RMB	**69,013**	70,279
— US Dollars	**6,543**	10,262
— HK Dollars	**1,778**	11,785
	77,334	92,326

12. SHARE CAPITAL

(a) Group

	Note	**Number of ordinary shares of HK$0.01 each** *(thousands)*	**Nominal value of ordinary shares**	**Share premium** (Restated)	**Total**
At 1 January 2004		400,000	4,256	16,498	20,754
Employee share option scheme					
— value of services provided		—	—	1,509	1,509
— proceeds from shares issued	*(a)*	2,837	30	272	302
At 31 December 2004, as restated		402,837	4,286	18,279	22,565
Employee share option scheme					
— value of services provided		—	—	3,219	3,219
— proceeds from shares issued	*(b)*	187	2	32	34
At 31 December 2005		403,024	4,288	21,530	25,818

(All amounts in Renminbi thousands unless otherwise stated)

12. SHARE CAPITAL *(Continued)*

(a) Group *(Continued)*

The Company was incorporated in the Cayman Islands on 3 July 2002 with an initial authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each. The authorised share capital of the Company was increased from HK$100,000 to HK$10,000,000 by the creation of an additional 990,000,000 shares of HK$0.01 each in 2003.

In 2004, the following changes in issued share capital took place:

(a) On 23 August 2004, 2,837,043 shares of HK$0.01 each were issued to three executive directors for HK$0.1 per share pursuant to a Pre-IPO Share Option Scheme. The excess over the par value of the shares issued was credited to share premium account.

In 2005, the following changes in issued share capital took place:

(b) On 10 January 2005, 101,684 shares and 85,283 shares of HK$0.01 each were issued to three executive directors at HK$0.1 per share and HK$0.26 per share, respectively, pursuant to the Pre-IPO Share Option Scheme. The excess over the par value of the shares issued was credited to share premium account.

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

As mentioned in Note 1 to the accounts, the Company is undergoing a privatisation of its shares whereby Profit Eagle made an offer to acquire all the issued shares of the Company (other than those already held by Profit Eagle and its concerted parties). The consideration for the shares of the Company is either one new share of Profit Eagle for every one share of the Company or HK$1.90 for every one share of the Company payable in cash.

Prior to the Offer, Profit Eagle did not hold any equity interest of the Company but Profit Eagle's concerted parties controlled in aggregate 60,395,936 shares of the Company, representing approximately 14.99 percent of the existing issued share capital of the Company. All of the Profit Eagle's concerted parties have transferred all their equity interests in the Company to Profit Eagle, on the terms as prescribed in the Offer.

(All amounts in Renminbi thousands unless otherwise stated)

12. SHARE CAPITAL *(Continued)*

(a) Group *(Continued)*

On 20 January 2006, Profit Eagle received valid acceptances of 340,974,850 shares, representing approximately 84.6% of the issued share capital of the Company. Out of the total, holders of 140,214,738 shares elected to receive cash alternative and holders of 200,760,112 shares elected to receive share rollover alternative.

Share options

The Company adopted a Pre-IPO Share Option Scheme ("the Pre-IPO Share Option Scheme") and a Share Option Scheme ("the Share Option Scheme") on 19 May 2003.

The purposes of share option schemes are to provide incentives or rewards for the eligible persons of the Group and to enable the Group to recruit and to retain high-calibre employees that are valuable to the Group.

Pursuant to the Pre-IPO Share Option Scheme, the Company granted share options to three executive directors, one senior management staff, one part-time consultant and a trust established for the benefit of employees of the Group who are PRC nationals. The options granted under Pre-IPO Share Option Scheme entitle the option holders to subscribe for a total of up to 27,271,062 shares at exercise prices ranging from HK$0.10 to HK$0.26 each, representing, in aggregate, approximately 6.8% of the existing issued share capital of the Company. All of the options have a duration of ten years from 6 June 2003 to 5 June 2013. There are restrictions to option holders that only 20%, 40%, 60%, 80% and 100% of the options granted under Pre-IPO Share Option Scheme are exercisable by the option holders after the first, second, third, fourth and fifth anniversaries of 6 June 2003, respectively.

Pursuant to the Share Option Scheme, the Company granted share options to three executive directors and certain employees pursuant to a board resolution passed on 22 March 2004. The options granted under Share Option Scheme entitle the holders to subscribe for a total of up to 30,000,000 shares at an exercise price of HK$0.70 each, representing, in aggregate, approximately 7.4% of the existing issued share capital of the Company. All of the options have a duration of ten years from 22 March 2004 to 21 March 2014 subject to the following vesting period:

Options granted to directors:

(i) up to one-third of the options commencing 1 April 2005;

(ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the first period) commencing 1 April 2006; and

(All amounts in Renminbi thousands unless otherwise stated)

12. SHARE CAPITAL *(Continued)*

(a) Group *(Continued)*

(iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the first and second periods) commencing 1 April 2007.

Options granted to employees:

(i) up to one-third of the options commencing 1 April 2007;

(ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the first period) commencing 1 April 2008; and

(iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the first and second periods) commencing 1 April 2009.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2005		2004	
	Average exercise price in HK$ per share	**Number of options**	Average exercise price in HK$ per share	Number of options
At 1 January	**0.46**	**53,937,981**	0.15	26,775,024
Granted	**—**	**—**	0.7	30,000,000
Exercised	**0.17**	**(186,967)**	0.1	(2,837,043)
Lapsed	**0.30**	**(3,901,698)**	—	—
At 31 December	**0.47**	**49,849,316**	0.46	53,937,981

Options exercised in 2005 resulted in 101,684 shares (2004: 2,837,043 shares) being issued at HK$0.1 each (2004: HK$0.1 each) and 85,283 shares (2004: Nil) being issued at HK$0.26 each (2004: Nil). The related weighted average share price at the time of exercise was HK$1.6 (2004: HK$0.88) per share.

(All amounts in Renminbi thousands unless otherwise stated)

12. SHARE CAPITAL *(Continued)*

(a) Group *(Continued)*

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price *(per share)*	Number of options **2005**	Number of options 2004	Vested percentages **2005**	Vested percentages 2004
Directors (including options held in the capacity as trustees)					
5 June 2013	HK$0.10	**13,523,110**	15,167,664	**40%**	20%
5 June 2013	HK$0.26	**4,649,395**	6,137,506	**40%**	20%
21 March 2014	HK$0.70	**28,744,000**	29,700,000	**33%**	—
		46,916,505	51,005,170		
Employees					
5 June 2013	HK$0.10	**248,018**	248,018	**40%**	20%
5 June 2013	HK$0.26	**2,384,793**	2,384,793	**40%**	20%
21 March 2014	HK$0.70	**300,000**	300,000	**—**	—
		2,932,811	2,932,811		
		49,849,316	53,937,981		

The fair value of options granted in previous periods determined using the Black-Scholes valuation model was HK$6,909,000. The significant inputs into the model were share prices of HK$0.28, HK$0.28 and HK$0.49 at the respective grant dates, exercise price shown above, standard deviation of expected share price returns of 40%, expected life of options of 3 years, expected dividend paid out rate of 3.3% and annual risk-free interest rate of 3%. The volatility measured at the standard deviation of expected share price returns is based on the expected share price returns of companies engaging in the software industry with similar risk profile.

As mentioned in Note 1 to the accounts, following the Offer became unconditional, on 29 December 2005, Profit Eagle made an offer to all option holders of the Company to cancel each existing option of the Company in exchange for either one new option of Profit Eagle or a cash amount equal to HK$1.90 less the exercise price of the relevant option of the Company.

(All amounts in Renminbi thousands unless otherwise stated)

12. SHARE CAPITAL *(Continued)*

(a) Group *(Continued)*

The terms of each Profit Eagle option match the terms of the existing options of the Company, including the terms of exercise price, expiry date and vesting period.

In accordance with the terms of the share options of the Company, all outstanding 49,849,316 share options of the Company lapsed on 18 January 2006.

On 18 January 2006, Profit Eagle received valid acceptances from holders of 49,849,316 share options of the Company, representing all outstanding share options of the Company. Out of the total, holders of 20,653,625 share options elected to receive the cash alternative and holders of 29,195,691 share options elected to receive the option rollover alternative.

(b) Company

	Number of ordinary shares of HK$0.01 each *(thousands)*	Nominal value of ordinary shares	Share premium (Restated)	Total
At 1 January 2004	400,000	4,256	49,482	53,738
Employee share option scheme				
— value of services provided	—	—	1,509	1,509
— proceeds from shares issued	2,837	30	272	302
At 31 December 2004, as restated	402,837	4,286	51,263	55,549
Employee share option scheme				
— value of services provided	—	—	3,219	3,219
— proceeds from shares issued	187	2	32	34
At 31 December 2005	403,024	4,288	54,514	58,802

(All amounts in Renminbi thousands unless otherwise stated)

13. OTHER RESERVES

(a) Group

	Merger reserve *(i)*	Exchange reserve	Statutory reserve fund *(ii)*	Other reserve *(iii)*	Retained earnings (Restated)	Total
Balance at 1 January 2004	44,685	29	625	—	3,163	48,502
Profit for the year	—	—	—	—	30,927	30,927
Appropriation to statutory reserve fund	—	—	619	—	(619)	—
Dividends	—	—	—	—	(11,166)	(11,166)
Currency translation differences	—	(10)	—	—	—	(10)
Balance at 31 December 2004	44,685	19	1,244	—	22,305	68,253
Profit for the year	—	—	—	—	51,332	51,332
Appropriation to statutory reserve fund	—	—	3,565	—	(3,565)	—
Dividends	—	—	—	—	(37,142)	(37,142)
Reduction of reserve arising from repurchase of share options	—	—	—	(30,847)	—	(30,847)
Contribution from Profit Eagle relating to repurchase of share options	—	—	—	30,847	—	30,847
Balance at 31 December 2005	44,685	19	4,809	—	32,930	82,443

(All amounts in Renminbi thousands unless otherwise stated)

13. OTHER RESERVES *(Continued)*

(a) Group *(Continued)*

(i) Merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired by the Company through exchange of shares.

(ii) In accordance with the relevant laws and regulations of the PRC, the Group's subsidiaries established in the PRC are required to appropriate a minimum of 10% of the net profit after income tax reported in the statutory accounts to the statutory reserve, namely the statutory reserve fund until the balance of such fund has reached 50% of its registered capital. The amount of allocation is determined by the board annually. The total amount allocated to statutory reserve fund was approximately RMB3,565,000 (2004: RMB619,000) for the year ended 31 December 2005. This reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(iii) Movement of other reserve represents cash contribution from Profit Eagle totaling HK$29,652,000 (equivalent to RMB30,847,000) for cancellation of 20,653,625 share options of the Company pursuant to the terms as prescribed in the Offer.

(b) Company

	Other reserve	Accumulated losses (Restated)	Total
Balance at 1 January 2004	—	(213)	(213)
Profit for the year	—	9,913	9,913
Dividends	—	(11,166)	(11,166)
Balance at 31 December 2004	—	(1,466)	(1,466)
Profit for the year	—	33,115	33,115
Dividends	—	(37,142)	(37,142)
Reduction of reserve arising from repurchase of share options	(30,847)	—	(30,847)
Contribution from Profit Eagle relating to repurchase of share options	30,847	—	30,847
Balance at 31 December 2005	—	(5,493)	(5,493)

(All amounts in Renminbi thousands unless otherwise stated)

14. TRADE AND OTHER PAYABLES — GROUP

	2005	2004
Trade payables	**972**	1,301
Accrued payroll	**2,228**	1,036
Other payables	**614**	652
Accrued expenses	**1,742**	2,428
	5,556	5,417

All trade and other payable balances are denominated in Renminbi.

The Group's trade payables are all within 30 days.

The carrying amounts of trade and other payables approximate their fair values.

15. DEFERRED INCOME TAX

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

16. OTHER GAINS — NET

	2005	2004
Interest income	**1,472**	934
Value-added tax refund income	**11,776**	7,725
Royalty income	**2,729**	228
Other operating income	**83**	11
	16,060	8,898

Value-added tax ("VAT") refund represents tax refund from the local tax bureau in the PRC. According to the tax regulations in the PRC, developing and distributing computer software activities are subject to VAT with applicable tax rate of 17%. Pursuant to Cai Shui (2000) No.25 issued by the State Tax Bureau on 22 September 2000, for the period from 24 June 2000 to 31 December 2010, software enterprises are entitled to a preferential taxation treatment and any actual VAT paid exceeding 3% of revenue will be refunded.

(All amounts in Renminbi thousands unless otherwise stated)

17. EXPENSES BY NATURE

	2005	2004
Depreciation *(Note 6)*	**1,401**	1,326
Amortisation *(Note 7)*	**1,391**	674
Changes in inventories of finished goods and work in progress	**5**	(87)
Raw materials and consumables used	**2,449**	2,619
Advertising and promotional costs	**6,434**	6,418
Auditors' remuneration	**728**	543

18. EMPLOYEE BENEFIT EXPENSES

	2005	2004
Basic salaries and allowances	**13,991**	13,950
Social security costs	**422**	310
Employee share option scheme — value of services provided *(Note 12)*	**3,219**	1,509
Pension and retirement costs — defined contribution schemes	**1,475**	431
Others	**378**	213
	19,485	16,413

(a) Pension — defined contribution plans

The Group's subsidiaries in the PRC participate in defined contribution retirement schemes organised by the Labour and Social Security Bureau for all employees. The subsidiaries' contributions to the schemes are provided at rates ranging from 12% to 22% on the average basic salary as specified by the respective provinces where the subsidiaries are located. The Group's subsidiaries in the PRC have no other retirement benefit obligations beyond such contributions.

The Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong requires the Group to contribute 5% of the employee's relevant income, as defined in the Mandatory Provident Fund Schemes Ordinance and up to a maximum of HK$1,000 per employee per month (the "MPF Contributions"). The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK$4,000 per month. The MPF Contributions are fully and immediately vested as accrued benefits to the employees once they are paid. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

(All amounts in Renminbi thousands unless otherwise stated)

18. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2005 is set out below:

Name of Director	Fees	Basic salaries and allowances	Retirement scheme contributions	Total
Director				
Mr. Cen Anbi	—	468	—	468
Mr. Zou Qixiong	—	468	7	475
Mr. Lin Gang	—	420	7	427
Mr. William Lo	100	—	—	100
Mr. Ted Sun	75	—	—	75
Mr. Benny Kwong	50	—	—	50

The remuneration of every Director for the year ended 31 December 2004 is set out below:

Name of Director	Fees	Basic salaries and allowance	Retirement scheme contributions	Total
Director				
Mr. Cen Anbi	—	468	—	468
Mr. Zou Qixiong	—	468	3	471
Mr. Lin Gang	—	420	7	427
Mr. William Lo	100	—	—	100
Mr. Ted Sun	100	—	—	100
Mr. Benny Kwong	17	—	—	17

Movement of share options held by directors is set forth below:

	Held on 1 January 2005	Lapsed during the year	Exercised during the year	Held on 31 December 2005
Mr. Cen Anbin	14,539,271	—	—	14,539,271
Mr. Zou Qixiong	14,539,271	—	—	14,539,271
Mr. Lin Gang	6,269,636	—	—	6,269,636
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	15,656,992	(3,901,698)	(186,967)	11,568,327
	51,005,170	(3,901,698)	(186,967)	46,916,505

Also, as mentioned in Note 1, following the Offer became unconditional, Profit Eagle made an offer to all option holders of the Company to cancel all existing share options of the Company. In accordance with the terms of the share options of the Company, all these outstanding share options lapsed on 18 January 2006.

The fair values of these options held by the directors have not been quantified nor have been included in the directors' emoluments disclosed above.

(All amounts in Renminbi thousands unless otherwise stated)

18. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2004: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2004: two) individuals during the year are as follows:

	2005	2004
Basic salaries and allowances	**310**	318
Retirement scheme contributions	**9**	10
	319	328

The emoluments fell within the following bands:

	Number of individuals	
	2005	2004
Nil to RMB1,064,000	**2**	2

During the year, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join the Group, or as compensation for loss of office. None of them had waived any emoluments.

19. INCOME TAX EXPENSE

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

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

In accordance with the PRC Law of Enterprise Income Tax for Enterprises with Foreign Investment and Foreign Enterprises, Superdata (Guangzhou) is entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing the first profitable year after offsetting all tax losses carried forward from the previous five years. 2005 is the third profitable year for Superdata (Guangzhou) after offsetting all accumulated operating losses brought forward. Superdata (Guangzhou) is registered in Guangzhou Economic Technology Development District. It has been approved by the tax authorities for a preferential EIT rate of 15% (2004: 15%).

(All amounts in Renminbi thousands unless otherwise stated)

19. INCOME TAX EXPENSE *(Continued)*

Pursuant to "The Provisional Regulation on High Technology Enterprises of Beijing", Glory (Shanghai) is now applying for full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing 2001. For the year ended 31 December 2005, no PRC profits tax has been provided as Glory (Shanghai) had no assessable profit for the year (2004: Nil).

Superdata Network is entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing the first profitable year after offsetting all tax losses carried forward from the previous five years. 2005 is the first profitable year for Superdata Network after offsetting all accumulated operating losses brought forward. Superdata Network is registered in Guangzhou Economic Technology Development District. It has been approved by the tax authorities for a preferential EIT rate of 15%.

Superdata ERP is registered in Guangzhou Economic Technology Development District. In 2005, it was still in pre-operating stage and did not have any assessable profit.

The amount of tax expense charged to the consolidated income statement represents:

	2005	2004
Current taxation:		
— PRC EIT	**3,089**	157

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2005	2004 (Restated)
Profit before income tax	**54,421**	31,084
Tax calculated at tax rates applicable to profits of the respective companies	**3,618**	170
Income not subject to tax	**(711)**	(18)
Expenses not deductible for tax purposes	**182**	5
Income tax expense	**3,089**	157

20. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB33,115,000 (2004: RMB9,913,000).

(All amounts in Renminbi thousands unless otherwise stated)

21. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2005	2004 (Restated)
Profit attributable to equity holders of the Company	**51,332**	30,927
Weighted average number of ordinary shares in issue *(thousands)*	**403,018**	401,010
Basic earnings per share *(RMB cents per share)*	**12.74**	7.71

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2005	2004 (Restated)
Profit attributable to equity holders of the Company	**51,332**	30,927
Weighted average number of ordinary shares in issue *(thousands)*	**403,018**	401,010
Adjustments for share options *(thousands)*	**37,048**	20,954
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**440,066**	421,964
Diluted earnings per share *(RMB cents per share)*	**11.66**	7.33

(All amounts in Renminbi thousands unless otherwise stated)

22. DIVIDENDS

The dividends paid during the year ended 2005 and 2004 were HK$34,908,000, equivalent to RMB37,142,000 (HK$8.7 cents, equivalent to RMB9.2 cents per share) and HK$10,494,000, equivalent to RMB11,166,000 (HK$2.61 cents, equivalent to RMB2.75 cents per share) respectively.

The Directors did not recommend the payment of a final dividend for year ended 31 December 2005 (2004: HK$4.7 cents, equivalent to RMB5 cents per share).

	2005	2004
Interim dividend paid of HK$4 cents, equivalent to RMB4.2 cents (2004: HK$1.9 cents, equivalent to RMB2 cents) per ordinary share	**17,000**	8,166
2004 proposed final dividend of HK$4.7 cents, equivalent to RMB5 cents per ordinary share	**—**	20,142
	17,000	28,308

23. CASH GENERATED FROM OPERATIONS

	2005	2004 (Restated)
Profit for the year	**51,332**	30,927
Adjustments for:		
— Tax	**3,089**	157
— Depreciation *(Note 6)*	**1,401**	1,326
— Loss on sale of property, plant and equipment	**7**	—
— Amortisation *(Note 7)*	**1,391**	674
— Provision for doubtful debts	**418**	104
— Interest income *(Note 16)*	**(1,472)**	(934)
— Equity-settled share option arrangement *(Note 12)*	**3,219**	1,509
Changes in working capital:		
— Inventories	**142**	(180)
— Trade and other receivables	**(29,300)**	(2,633)
— Trade and other payables	**139**	6,058
— Customer deposits	**(2,773)**	—
— Current income tax liabilities	**(1,661)**	—
— Other tax payable	**1,463**	—
Cash generated from operations	**27,395**	37,008

(All amounts in Renminbi thousands unless otherwise stated)

24. COMMITMENTS — GROUP

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2005	2004
Not later than 1 year	**2,574**	1,542
Later than 1 year and not later than 5 years	**924**	516
	3,498	2,058

25. RELATED-PARTY TRANSACTIONS

Key management compensation

	2005	2004
Basic salaries and allowances	**1,356**	1,356
Retirement scheme contributions	**14**	10
	1,370	1,366

As mentioned in Note 1 to the accounts, the Company is undergoing a privatisation of its shares, whereby Profit Eagle made an offer to acquire the shares and all outstanding share options of the Company. Please refer to Notes 1 and 26 for details.

The fair values of these options held by the key management have not been quantified nor have been included in the key management compensation disclosed above.

26. EVENTS AFTER THE BALANCE SHEET DATE

As mentioned in Note 1 to the accounts, Profit Eagle and the Company jointly announced a possible voluntary conditional offer on 10 November 2005. Set out below were the transactions taken place following the Offer declared unconditional on 28 December 2005:

(i) On 18 January 2006, Profit Eagle received valid acceptances from holders of 49,849,316 share options of the Company, representing all outstanding share options of the Company. Out of the total, holders of 20,653,625 share options elected to receive the cash alternative and holders of 29,195,691 share options elected to receive the option rollover alternative.

(All amounts in Renminbi thousands unless otherwise stated)

26. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

(ii) On 20 January 2006, Profit Eagle received valid acceptances from holders of 340,974,850 shares, representing approximately 84.6% of the issued share capital of the Company. Out of the total, holders of 140,214,738 shares elected to receive cash alternative and holders of 200,760,112 shares elected to receive share rollover alternative.

(iii) The Offer closed on 20 January 2006 and Profit Eagle declared an intention to proceed with its rights of compulsory acquisition to acquire all the outstanding shares of the Company which had not been acquired by Profit Eagle.

(iv) The Company also announced its intention to make an application for the withdrawal of the Listing of its shares from GEM pursuant to GEM Listing Rule 9.23 upon completion of the compulsory acquisition.

FINANCIAL SUMMARY

FINANCIAL SUMMARY

The following is summary of the published results and assets and liabilities of the Group for the last four financial years prepared on the basis set out in the note below:

RESULTS

	Year ended 31 December			
	2005	2004	2003	2002
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)		
Turnover	**84,177**	58,731	39,502	29,606
Profit attributable to shareholders	**51,332**	30,927	15,598	11,510

ASSETS AND LIABILITIES

	As at 31 December			
	2005	2004	2003	2002
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)		
Non-current assets	**8,343**	4,391	5,096	3,219
Current assets	**114,061**	100,313	71,831	37,163
Current liabilities	**(14,143)**	(13,886)	(7,671)	(12,798)
Net current assets	**99,918**	86,427	64,160	24,365
Shareholders' funds	**108,261**	90,818	69,256	27,584

Note: The results of the Group for the year ended 2002 presented above have been extracted from the Company's Prospectus dated 28 May 2003 when the listing of the Company's share was sought on GEM of the Stock Exchange.