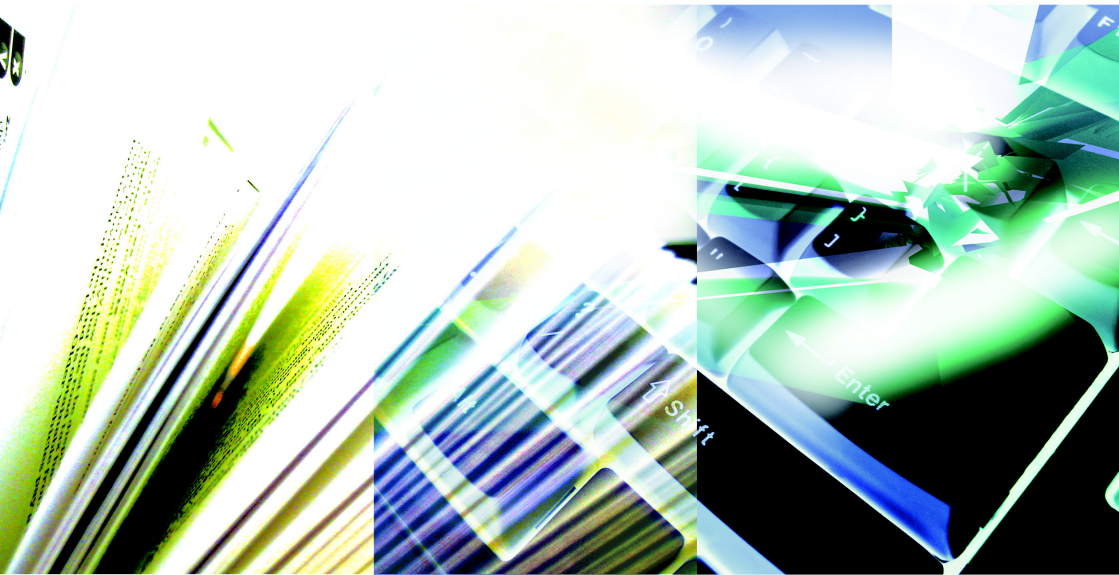




交大銘泰軟件實業有限公司*
SJTU SUNWAY SOFTWARE INDUSTRY LIMITED
(incorporated in the Cayman Islands with limited liability)
Stock Code: 8148



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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of SJTU Sunway Software Industry 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

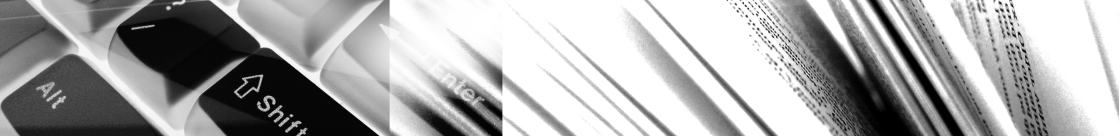


FIRST QUARTERLY UNAUDITED RESULTS

The board of directors of the Company (the "Board") hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2006, together with the comparative figures for the corresponding periods in 2005, as follows:

Condensed consolidated income statement

		Three months ended 31 March	
	<i>Note</i>	2006 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)
Turnover	2	211	836
Cost of sales		(256)	(345)
Gross (loss)/profit		(45)	491
Other revenue		-	3
Selling expenses		(239)	(989)
Research and development costs		(295)	(627)
Administrative expenses		(1,082)	(3,055)
Loss from operations		(1,661)	(4,177)
Net finance costs		(223)	(307)
Share of loss of associates		-	(309)
Loss before taxation		(1,884)	(4,793)
Taxation	3	-	-
Loss for the period		(1,884)	(4,793)
Attributable to:			
Equity holders of the parent		(1,861)	(4,679)
Minority interests		(23)	(114)
		(1,884)	(4,793)
Loss per share			
Basic (cents)	5	(0.93)	(2.34)
Diluted (cents)		N/A	N/A



Notes:

1. Basis of preparation

The Group's unaudited consolidated results have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated results have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

2. Turnover and segment information

The principal activities of the Group are, provision of information localization services, the development and sale of general software and custom-made solutions. Turnover represents the revenue from provision of information localisation services, custom-made solution contracts and the sales value of goods sold after allowances for goods returned, excludes value added or other sales taxes and is after the deduction of any trade discounts.

The amount of each significant category of revenue recognized in turnover is as follows:

	Three months ended	
	31 March	
	2006	2005
	HK\$'000	HK\$'000
Information localisation services	211	830
General software	–	6
Custom-made solutions	–	–
Licensing fee	–	–
	<hr/>	<hr/>
	211	836

3. Taxation

No provision has been made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax during the period ended 31 March 2006.

4. Dividends

No dividend has been paid or declared by the Company for the period ended 31 March 2006 (2005: Nil).



5. Loss per share

(a) Basic loss per share

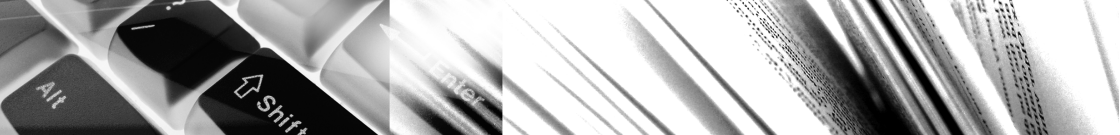
The calculation of basic loss per share for the three months ended 31 March 2006 were based on the net loss attributable to equity holders of the parent of HK\$1,861,000 (2005: net loss attributable to equity holders of the parent of HK\$4,679,000) over the weighted average number of ordinary shares in issue of 200,000,000 for the three months ended 31 March 2006 (2005: 200,000,000).

(b) Diluted loss per share

There were no potential dilutive ordinary shares in existence during the period ended 31 March 2006.

6. Reserves

	Share premium HK\$'000	Capital surplus HK\$'000	General reserve HK\$'000	Share- based payment reserve HK\$'000	Accumu- lated losses HK\$'000	Total HK\$'000
At 1 January 2005	30,224	15,090	2,927	–	(3,825)	44,416
Loss for the year	–	–	–	–	(38,372)	(38,372)
Recognition of equity settled share based payment	–	–	–	3,282	–	3,282
At 31 December 2005	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>3,282</u>	<u>(42,197)</u>	<u>9,326</u>
At 1 January 2006	30,224	15,090	2,927	3,282	(42,197)	9,326
Loss for the period	–	–	–	–	(1,861)	(1,861)
At 31 March 2006	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>3,282</u>	<u>(44,058)</u>	<u>7,465</u>



MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the three months ended 31 March 2006, the Group recorded a turnover of HK\$211,000, as compared with HK\$836,000 for the same period in 2005. Loss attributable to equity holders of the parent was approximately HK\$1,861,000 as compared with HK\$4,679,000 for the corresponding period in 2005.

The management has put stringent measures to reduce the operating costs and looks for potential strategic partners in forming strategic alliance to alleviate and improve the current financial and operating status of the Group.

Financial Resources and Liquidity

As at 31 March 2006, the Group had bank balances and cash of approximately HK\$414,000 and a short term bank loan of approximately HK\$13,644,000. The borrowings are repayable within one year and interest bearing at prevailing market rates.

Gearing Ratio

As at 31 March 2006, the total asset value of the Group was approximately HK\$51,026,000 whereas the total liabilities was approximately HK\$40,583,000. The gearing ratio of the Group, calculated as total liabilities over total assets, was 79.5% (31 December 2005: 76.2%). The Directors have put into certain financing measures to ensure the Group maintaining a healthy gearing ratio.

Foreign Exchange Exposure

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi, the Directors consider the Group has no material foreign exchange exposure.

Acquisition, Disposal and Significant Investment

The Group has no significant investments during the review period.

Pledge of Assets and Contingent Liabilities

As at 31 March 2006, the Group did not have any substantial pledge of assets and contingent liabilities.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

As at 31 March 2006, an investment funds in an aggregate amount of approximately HK\$16.4 million were held in custody by an independent third party not connected with the Directors, the chief executives, management shareholder or substantial shareholders of the Company and its subsidiaries or their respective associates.

The investment funds is unsecured and repayable on demand. The principal amount of the investment funds bears no interest. The balances of the investment funds as at 31 March 2006 represented approximately 32.2% exceeding 8% of the Group's total assets as at 31 March 2006 and represented approximately 59.5%, exceeding 8% of the Company's market capitalisation as at 31 December 2005. This balances give rise to disclosure obligations on the part of the Group pursuant to Rule 17.15 of the GEM Listing Rules.



BUSINESS REVIEW AND PROSPECTS

In view of the significant decrease in translation works handled by the Group compared with the corresponding period last year, the Group has decided to rationalise its business by focusing on providing professional translation services to more established customers. These customers usually place new orders through bidding process with great emphasis on pricing. However, we faced major difficulties in lowering cost prior to the establishment of our comprehensive core-operating platform, which undermined our business performance.

During the period under review, the Group has focused on the information localisation business that offers a higher profit margin and greater market potential so as to diversify the Group's business and develop more profitable segments.

On the back of the globalisation of various industries, the quicker penetration of multi-national companies into markets around the world and the rapid opening of the PRC market, an enormous translation market with billions of potential revenues is in place. In addition, as more and more large-scale international exhibitions like the Beijing 2008 Olympic Games and Shanghai World Exhibition are coming to the PRC, its translation sector is presented with an unprecedented opportunity. We remain optimistic towards the future of our information localisation business, and will capitalise on our resources and strengthen our competitive edges to prepare ourselves for the future opportunities emerged in the information localisation market.

Looking forward, the Group will focus on exploring the automobile, information technology and financial sectors, which have higher development potential.

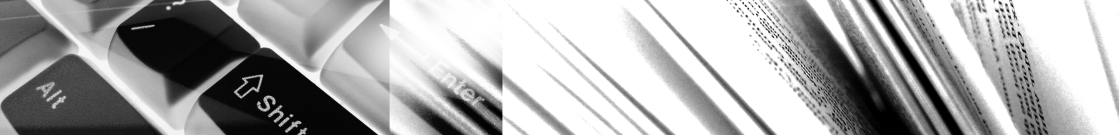
DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2006, the interests and short positions of the Directors or the chief executive in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors	Nature of Interest	Number and class of securities <i>(Note 1)</i>
He En Pei	Beneficial interest	2,770,000 shares (L) <i>(Note 2)</i>

Notes:

1. The letter "L" represents the interests in the share and underlying shares of the Company.
2. These shares represent the respective number of shares which would be allotted and issued upon exercise in full of the options granted to Mr. He En Pei under the share option scheme of the Company granted on 17 January 2005 and 10 October 2005 which the exercise price is HK\$0.45 and HK\$0.14 respectively. The share options have no vesting condition and exercisable for a period of ten years.



SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTEREST IN THE COMPANY

Substantial Shareholders

As at 31 March 2006, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of Shares <i>(Note 1)</i>	Approximate percentage of shareholding
Chu Yuet Wah	Beneficial owner and interest of a controlled corporation <i>(Note 2)</i>	65,975,828 (L)	32.99%
Kingston Finance Limited	Beneficial owner	64,355,828 (L)	32.18%
Ma Siu Fong	Interest of a controlled corporation	64,355,828 (L)	32.18%
Futart Industry Company Limited ("Futart")	Beneficial owner	64,355,828 (L)	32.18%
Fintronics Holdings Company Limited ("Fintronics")	Interest of a controlled corporation <i>(note 2)</i>	64,355,828 (L)	32.18%
Simplex Technology Investment (Hongkong) Co. Limited ("Simplex")	Beneficial owner	22,528,484 (L) <i>(note 4)</i>	11.26%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Interest of a controlled corporation <i>(note 3)</i>	22,528,484 (L) <i>(note 4)</i>	11.26%
Shanghai Jiao Tong University	Interest of a controlled corporation <i>(note 3)</i>	22,528,484 (L) <i>(note 4)</i>	11.26%
Hongkong Sunway Technology Development Limited ("HK Sunway")	Beneficial owner	20,157,757 (L)	10.08%



Notes:

1. The letter "L" denotes the entity's interests in the Shares.
2. 1,620,000 Shares are beneficially owned by Chu Yuet Wah. The interests in 64,355,828 Shares are held through Kingston Finance Limited, the entire issued capital of which is owned by Chu Yuet Wah as to 51% and Ma Siu Fong as to 49%.
3. The interests in the Shares is held through Futart, the entire issued share capital of which was beneficially owned by Fintronics, a company whose shares are listed on the Main Board of the Stock Exchange. Fintronics was owned as to approximately 25.05 per cent by Leading Value Industrial Limited which was in turn owned by Mr. Sze Wai, Marco, an executive Director.
4. The interests in the Shares were held through Simplex, the entire issued share capital of which was beneficially owned by Jiaoda Industrial Group. The registered capital of Jiaoda Industrial Group was owned as to 96.735% by Shanghai Jiao Tong University and 3.265% by Shanghai Jiaoda Enterprise Management Centre* (上海交大企業管理中心), an entity wholly owned by Shanghai Jiao Tong University.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted on 25 November 2003 whereby the Directors of the Company may at their discretion invite any employees, directors, suppliers, customers, advisers, consultants, joint venture partners, and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any member of the Group or any invested entities, to take up options to subscribe for Shares. The Scheme became effective upon the listing of the Company's shares on the GEM of the Stock Exchange on 9 January 2004. The maximum number of ordinary shares in respect of which options may be granted under the share option scheme shall not exceed 30% of the issued share capital of the Company from time to time.

As at 31 March 2006, options granted remain unexercised of the Company amounts to 15,070,000 shares. No share options were granted by the Company during the period ended 31 March 2006.

COMPLIANCE ADVISER'S INTEREST

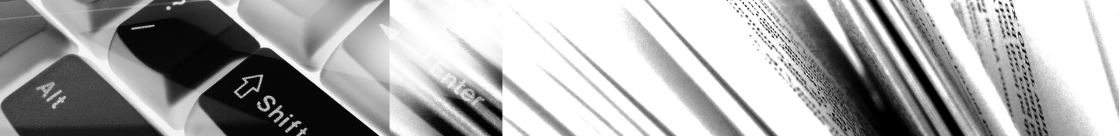
Pursuant to the agreement dated 31 December 2003 entered into between the Company and Core Pacific - Yamaichi Capital Limited ("CPY Capital"), CPY Capital acts as the Company's on-going compliance adviser for a period commencing from 9 January 2004 to 31 December 2006 and CPY Capital will receive fees for acting as the Company's continuing compliance adviser.

At 31 March 2006, as notified and updated by CPY Capital pursuant to Rule 6.35 of the GEM Listing Rules, CPY Capital, its directors, employees or associates, did not have any interest in the share capital of the Company or any of its subsidiaries, or any right to subscribe for or to nominate persons to subscribe for the share capital of the Company or any of its subsidiaries.

COMPETING INTERESTS

None of the Directors and management and shareholders of the Company (within the meaning of the GEM Listing Rules) has an interest in any business which competes or may compete with the business in which the Company is engaged.

* For identification purposes only



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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2006.

AUDIT COMMITTEE

The Company has established audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company's annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Wang Tian Ye, Mr. Xu Shi Hong and Mr. Wang Bin. Mr Wang Tian Ye is the chairman of the audit committee. The audit committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters, including a review of the quarterly report for the three months ended 31 March 2006 with the Directors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2006, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 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.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules ("Code on CG Practices") throughout the period ended 31 March 2006. Details of the Code adopted by the Company is set out in the section of Corporate Governance Report in the Annual Report 2005.

As at the date of this report, the directors of the Company are as follows:

Executive directors	Sze Wai, Marco, He En Pei, Chen Si Gen, Shang Guan Bu Yan, Tan Shu Jiang
Independent non-executive directors	Wang Tian Ye, Xu Shi Hong and Wang Bin

On behalf of the Board
Sze Wai, Marco
Chairman

Hong Kong, 12 May 2006