



Superdata Software Holdings Limited  
速達軟件控股有限公司

(incorporated in the Cayman Islands with limited liability)

Interim Report 2003

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

**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.**

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

*This report, for which the directors of Superdata Software Holdings Limited (the "Company") (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (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.*

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2003, together with the unaudited comparative figures for the corresponding periods in 2002:

### **HIGHLIGHTS**

- Turnover of the Group amounted to approximately RMB18.1 million for the six months ended 30 June 2003, representing an increase of approximately 28.4% as compared to approximately RMB14.1 million for the corresponding period in the previous financial year.
- Net profit of the Group amounted to approximately RMB7.6 million for the six months ended 30 June 2003, representing an increase of approximately 48.5% as compared to approximately RMB5.1 million for the corresponding period in the previous financial year.
- Earnings per share of the Group was approximately RMB2.4 cents for the six months ended 30 June 2003.
- The financial position of the Group remains healthy. As at 30 June 2003, the Group had cash and bank balances of approximately HK\$58.6 million and had no bank borrowings.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2003.

## **BUSINESS AND OPERATION REVIEW**

For the six months ended 30 June 2003, the Group has engaged in the development and sales of packaged integrated business software in the People's Republic of China excluding Hong Kong (the "PRC"). Development and sales of customised software had been reduced to a minimal level because the management considered that it will be more profitable for the Group to focus on the packaged software market.

The Group reported an unaudited turnover of approximately RMB18.1 million for the six months ended 30 June 2003, representing a significant growth of approximately 28.4% over that of the corresponding period in 2002. Turnover of the Group was derived principally from the sales of packaged integrated business management software. The growth is attributed to the growing recognition and acceptance of the Group's products and enhanced marketing and sales efforts.

The Group recorded a net profit of approximately RMB7.6 million for the six months ended 30 June 2003, representing an increase of approximately 48.5% over that of the corresponding period in 2002. If the sales of ERP (an application system for achieving company-wide integration of business and technical information), for which management resolved not to focus on in 2003, had been excluded in the first half of 2002, the increase in percentage of the net profit would have increased by approximately 195.1%.

The Directors believe that the Group has continued to be the market leader with more than 80% market share in the PRC's small and medium enterprises ("SME(s)") management software retail market on installation base. The Group has continued to promote the "QuickBooks 速達" brand and enhance its image in the market place.

## **PROSPECTS**

The Directors believe that the Group has retained its position as the market leader in the integrated business management software solution by providing off-the-shelf solutions to the SMEs for the six months ended 30 June 2003. The Directors also believe that SME's application software will remain one of the most promising fields in the IT industry in the PRC in the long run. Based on the report prepared by IDC in August 2002, SME's management software retail market is expected to grow with a compound annual growth rate of approximately 36.5% from 2002 to 2006. The Directors therefore strongly believe that there is still a great market for the Group to grow in the future.

The Group realises that the keys to increasing its sales are to expand its sales channels in different areas in the PRC and to seek alliances with new channel partners. The Group will assess carefully its potential partners and analyse the market circumstances to ensure that its expansion will be beneficial to the Group's business development as of today and in the long run.

On the other hand, the Group will continue the strategic alliance with Intuit to enhance the brand image of the Group's products in the PRC.

## **PRODUCT LAUNCH**

In the first half of 2003, the Group has launched a series of new products ranging from vertical field solutions such as SD pharmacy management, SD Finance Pro and SD Distribution Management System to enhanced generic solutions such as E2 Pro for medium-sized enterprises. In addition, the Group has engaged in its products upgrade. The newly upgraded products have improved in execution efficiency and functionality.

The Group expects to launch its other new products, including SD Construction, SD Production Enterprise Management, E2 Lite and E2 SQL Server in the second half of 2003.

## **PRODUCT RESEARCH AND DEVELOPMENT**

The Group places a strong emphasis on its R&D for new software products and in applying new technologies to its development process, so as to keep pace with the rapid development in software technology. Total R&D expenses incurred by the Group for the six months ended 30 June 2003 was approximately RMB1.7 million, representing approximately 9.2% of the Group's turnover for the period.

## **MARKETING AND SALES**

After the listing, the Group commenced an aggressive expansion of its sales channels by establishing "Sales Target Groups". A Sales Target Group generally comprises a group of 2-4 sales representatives who travels to a specified location for the purpose of conducting market study and identifying more potential retailers and new customers within that area. With that initiative, the number of authorised retailers comprising Advantage Business Partners ("ABPs") and Professional Service Partners ("PSPs") have further increased during the three months ended 30 June 2003.

## **EFFECTS OF SARS**

The Group's sales for the six months ended 30 June 2003 were only slightly affected by the SARS outbreak in the PRC in April and May 2003 because the Group has been able to increase its sales with the introduction of the Sales Target Groups as mentioned above.

## **RELOCATION OF A SUBSIDIARY**

Beijing Superdata Network Co., Ltd ("Superdata (Beijing)") is a wholly-owned subsidiary of the Company and is currently located in Beijing, the PRC. The Group intends to relocate Superdata (Beijing) from Beijing to Shanghai, the PRC to capture the opportunities there. Principal activities of Superdata (Beijing), after the relocation, will be focusing on the development of management software for vertical business products, such as products for the construction industry. After moving Superdata (Beijing) to Shanghai, the Group still maintains a representative office in Beijing to look after the market there.

## **CAPITAL STRUCTURE**

During the six months ended 30 June 2003, the Company had allotted and issued an aggregate of 9,999,900 new shares for the purpose of reorganisation of the Group in preparation of 290,000,000 new shares at par value for each share by way of a capitalisation issue to the then existing shareholders to prepare the Group for listing and an aggregate of 100,000,000 new shares at an issue price of HK\$0.303 each by way of placing. Following the completion of the reorganisation of the Group, the capitalisation issue and the placing, as at 30 June 2003, the total number of ordinary shares of the Company in issue had been increased to 400,000,000 shares of HK\$0.01 each.

The shares of the Company were listed on GEM on 6 June 2003. There has been no change in the capital structure of the Company since its listing.

## **SIGNIFICANT INVESTMENTS**

For the six months ended 30 June 2003, the Group had no significant investments.

## **MATERIAL ACQUISITIONS AND DISPOSALS/FUTURE PLANS FOR MATERIAL INVESTMENTS**

The Group had no material acquisitions or disposals during the six months ended 30 June 2003. The Group has no plans for material investments or capital assets other than those set out in the Company's prospectus dated 28 May 2003 (the "Prospectus").

## **SEGMENT INFORMATION**

Details have been set out in Note 3 under "Notes to the condensed interim accounts". The trends of the segmental results remained consistent as compared with the corresponding period in the previous year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2003, the Group had cash and bank balances of approximately RMB58.6 million, and net current assets of approximately RMB56.8 million. The Group had been maintaining a strong working capital position during the period under review. As at 30 June 2003, the Group had current liabilities of approximately RMB8.3 million and no long-term liabilities.

The Group did not have any bank borrowings, banking facilities or charges on its assets as at 30 June 2003. The gearing ratio, as a percentage of total bank borrowings over total assets, was nil as at 30 June 2003.

During the period under review, the Company raised HK\$30.3 million from the placing of 100,000,000 shares at HK\$0.303 each. The Group intended to apply the net proceeds to finance all the activities as specified in the Prospectus. Apart from equity financing, the Group generally finances its operations and any possible expansion plans with its internal resources. The Group's operating cash inflow during the period under review amounted to approximately RMB9.0 million.

Surplus cash is generally deposited with financial institutions in Hong Kong and the PRC to earn interest income.

## **EXCHANGE RATE RISK**

The Group's sales are transacted in Renminbi. As the exchange rate fluctuation between Hong Kong dollars and Renminbi is minimal, the Board considers the exchange rate risk that the Group is exposed to is very low and accordingly, no hedging arrangement was required during the period under review.

## **TREASURY POLICIES**

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## **COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS**

**According to the statement of business objectives as stated in the Prospectus**

**Actual business progress from 26 May 2003, being the latest practicable date prior to the printing of the Prospectus to 30 June 2003**

### **1. Sales and distribution**

Continue to expand distribution channel to 22 regional offices in the PRC

The number of regional offices remained to be 17 (including the head office in Guangzhou). The Group has set up several "Sales Target Groups" at specified locations to identify more potential retailers and new customers within that area.

Expand the number of authorised business partners/retailers in order to enhance the sales and distribution network of the Group

Total number of authorised retailers comprising ABPs and PSPs have further increased during the period.

### **2. Marketing**

Continue to advertise and promote SD3000 and E2 via media and by attending or organising conferences and seminars

Such marketing activities are ongoing. e.g. several small scale seminars have been held in Guangzhou in June 2003.

### 3. Product development

Continue to upgrade the existing business management software

Upgrading is on-going. The newly upgraded products have improved in execution efficiency and functionality.

Launch two new software products, namely “DMS分佈式管理系統” (“DMS distributor management system”) and “生產企業管理” (“Production Enterprise Management”)

The schedule has been slightly delayed because more complicated features were added but the products are expected to be launched in the second half of 2003.

Commence the R&D of the management software for pharmacy industry

The product has been launched ahead of the schedule and was welcomed warmly by the market.

Continue to upgrade the existing R&D facilities and other equipment

Upgrading is on-going.

### 4. Technical support services

Continue to train members of the Group’s authorised retailers and technical support servicing staff regarding the Group’s products

Training is on-going.

Help more authorised retailers to build up service centres for the Group’s various products

Development activities have slowed down in response to the slow demand for the service centres from authorised retailers.

### 5. Human resources

Employ additional 7 R&D staff, 7 sales and marketing staff and 3 general administration staff

More staff than stated was employed to cope with the expansion of the business.

Employ 5 additional technical servicing staff

More staff than stated was employed to cope with the expansion of the business.

Provide training and short-term courses to technical personnel

Training was provided to technical personnel.



## USE OF PROCEEDS

As stated in the Prospectus, the Group expected to use a total of HK\$20.5 million for the activities stipulated in the statement of business objectives and implementation plans up to 31 December 2005. A total of HK\$2.5 million was planned to be used from 26 May 2003, being the latest practicable date prior to the printing of the Prospectus to 30 June 2003. However, the actual amount out of the total proceeds being spent up to 30 June 2003 was HK\$2.1 million.

The analysis of the use of proceeds is set out as follows:

	<b>Planned use of net proceeds as set out in the Prospectus (HK\$' million)</b>	<b>Actual use of the net proceeds (HK\$' million)</b>
Continue to develop new business management software	—	—
Enhance support services and expand distribution network and product range in order to maintain dominant market position	1.0	0.9
Enhance R&D capability	0.5	0.5
Enhance the brand image and reputation of "QuickBooks" ( <i>Note</i> )	1.0	0.7
	<u>2.5</u>	<u>2.1</u>

*Note:* Deviation is mainly due to the slow down of development of the services centres in response to the slow demand from authorised retailers.

The remaining unused proceeds were retained by the Group and have been deposited with financial institutions to generate interest income for the Group. The Group intended to apply such funds in the manner as disclosed in the Prospectus.

## DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2003.

## CONTINGENT LIABILITIES

The Directors are not aware of any material contingent liabilities as at 30 June 2003.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2003, the Group had 251 employees including the executive Directors. Total staff costs including Directors' remuneration for the six months ended 30 June 2003 amounted to approximately HK\$5.7 million. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

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"). The options granted under the Pre-IPO Share Option Scheme entitle the holders to subscribe for a total of up to 27,271,062 Shares at an exercise price 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. There are restrictions that 20%, 40%, 60%, 80% and 100% of the options granted under the Pre-IPO Share Option Scheme to each option holders or the Trustee (as the case may be) are exercisable by the option holders or the Trustee (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 up to 5 June 2013. The principal terms of the Pre-IPO Share Option Scheme are set out in the Prospectus.

None of the options granted under the Pre-IPO Share Option Scheme have been exercised, lapsed or cancelled during the period from 6 June 2003 to 30 June 2003.

On 19 May 2003, a further 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 to 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 principal terms of the Share Option Scheme are set out in the Prospectus.

As at the date of this report, no options have been granted by the Company pursuant to the Share Options Scheme.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

Pursuant to the Pre-IPO Share Option Scheme adopted by the Company on 19 May 2003, the Company had granted Pre-IPO share options for subscribing for the Company's ordinary shares to certain of its Directors, details of which are as follows:

<b>Name of director</b>	<b>Number of share options granted on 19 May 2003</b>	<b>Exercise price per share</b>
Mr. Cen Anbin	16,127,118 of which 10,453,030 are held in the capacity as trustee	In respect of 5,674,088 options held personally, HK\$0.10 In respect of 10,453,030 options held in the capacity as trustee: 3,867,182 options at HK\$0.10 and the remaining 6,585,848 options at HK\$0.26
Mr. Zhou Quan	10,453,030 are held in the capacity as trustee	In respect of 10,453,030 options held in the capacity as trustee: 3,867,182 options at HK\$0.10 and the remaining 6,585,848 options at HK\$0.26
Mr. Zou Qixiong	5,674,088	HK\$0.10
Mr. Lin Gang	2,837,045	HK\$0.10

Except as specified above, all the options are personally held by the Directors. All of the options have a duration of ten years, from 6 June 2003 to 5 June 2013, but they can only be exercised in respect of up to 20%, 40%, 60%, 80%, and 100% of the options respectively after each anniversary of 6 June 2003 up to 5 June 2008, and will expire on 5 June 2013.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND OPTIONS

As at 30 June 2003, the interests or short positions of the directors and the chief executive 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 required to be kept 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 of the GEM Listing Rules, were as follows:

### The Company

#### *Long positions in shares*

Name of Directors	No. of shares	Nature of interests	Approximate percentage of interest (%)
Mr. Cen Anbin	24,585,308	Corporate ( <i>Note 1</i> )	6.14%
Mr. Zou Qixiong	23,724,016	Corporate ( <i>Note 2</i> )	5.93%
Mr. Lin Gang	8,129,569	Corporate ( <i>Note 3</i> )	2.03%

#### *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.

*Long positions in equity derivatives in, or in respect of, underlying shares*

<b>Name of Directors</b>	<b>Number and description of equity derivatives</b>	<b>Number of underlying shares</b>	<b>Nature of interests</b>	<b>Approximate percentage of interest (%)</b>
Mr. Cen Anbin	5,674,088 options granted under the Pre-IPO Share Option Scheme	5,674,088	Personal (Note 4)	1.42%
	10,453,030 options granted under the Pre-IPO Share Option Scheme	10,453,030	Other (Note 5)	2.61%
Mr. Zhou Quan	10,453,030 options granted under the Pre-IPO Share Option Scheme	10,453,030	Other (Note 5)	2.61%
Mr. Zou Qixiong	5,674,088 options granted under the Pre-IPO Share Option Scheme	5,674,088	Personal (Note 6)	1.42%
Mr. Lin Gang	2,837,045 options granted under the Pre-IPO Share Option Scheme	2,837,045	Personal (Note 7)	0.71%

*Notes:*

- Mr. Cen Anbin has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 5,674,088 shares.
- 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 to be 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 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 Quan are Directors and the joint trustees of the aforesaid trust, each of them are deemed to be interested in the 10,453,030 options granted under the Pre-IPO Share Option Scheme which, when exercised in full, will result in a total of 10,453,030 shares being issued to them as the joint holders of such shares. IDG Technology Venture Investment Inc. will finance the exercise of the options granted to the Trustee.

6. Mr. Zou Qixiong has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 5,674,088 shares.
7. Mr. Lin Gang has been granted options under the Pre-IPO Share Option Scheme, which, when exercised by him in full, entitles him to subscribe for a total of 2,837,045 shares.

Save as disclosed above, as at 30 June 2003, none of the Directors or their associates as well as the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the 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 minimum standards of dealing by Directors of the Company as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules.

None of the options have been exercised, lapsed or cancelled during the period from 6 June 2003 to 30 June 2003.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following persons (other than Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or were directly interested in 10% or more of the nominal value of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

### *Long positions in shares*

Name of shareholders	Nature of interests	No. of share	Approximate percentage of interest (%)
IDG Technology Venture Investment, Inc. ("IDGVC")	Corporate ( <i>Note a</i> )	85,988,578	21.50%
International Data Group, Inc. ("IDG")	Corporate ( <i>Note a</i> )	85,988,578	21.50%
Mr. Patrick McGovern	Corporate ( <i>Note a</i> )	85,988,578	21.50%
Intel Pacific, Inc. ("Intel")	Corporate ( <i>Note b</i> )	74,376,257	18.59%
Intel Corporation	Corporate ( <i>Note b</i> )	74,376,257	18.59%

*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, Inc. and will be deemed to be interested in 85,988,578 shares.
- (b) Intel is a company wholly-owned by Intel Corporation, which is therefore deemed to be interested in the 74,376,257 shares held by Intel.

## **OTHER SHAREHOLDERS**

As at 30 June 2003, the following persons (other than Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or were directly interested in 5% or more of the nominal value of any class of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

*Long positions in Shares*

<b>Name of shareholders</b>	<b>Nature of interests</b>	<b>No. of shares</b>	<b>Approximate percentage of interest (%)</b>
East Light Investment Pte. Ltd.	Corporate ( <i>Note a</i> )	26,234,822	6.56%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.	Corporate ( <i>Note a</i> )	26,234,822	6.56%

*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 will be deemed to be interested in 26,234,822 shares.

Save as disclosed above, as at 30 June 2003, there are no person who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## **COMPETING INTERESTS**

Except as disclosed in the Prospectus, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has 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.

## **SPONSOR'S INTERESTS**

As at 30 June 2003, neither First Shanghai Capital Limited ("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 of any members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company of any members of the Group.

Pursuant to the sponsor agreement dated 28 May 2003 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.

## **COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES**

The Company has complied throughout the period with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's shares on the GEM of the Stock Exchange on 6 June 2003.

## **AUDIT COMMITTEE**

The Company established an audit committee on 19 May 2003 with written terms of reference in compliance with Rules 5.23 and 5.24 of GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has two members comprising Dr. Lo Wing Yan, William and Mr. Sun Tak Dee, Teddy who are non-executive Directors. Dr. Lo Wing Yan, William is the chairman of the audit committee.

The Group's unaudited results for the three months and the six months ended 30 June 2003 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complies with the applicable accounting standards and requirements, and that adequate disclosures have been made.

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

The Company's shares were listed on GEM on 6 June 2003. Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period from 6 June 2003 to 30 June 2003.

By order of the Board  
**Cen Anbin**  
*Chairman*

Hong Kong, 11 August 2003



**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
(UNAUDITED)**

SIX MONTHS ENDED 30 JUNE 2003

	Note	Three months ended 30 June		Six months ended 30 June	
		2003 RMB'000	2002 RMB'000	2003 RMB'000	2002 RMB'000
Turnover	2	10,776	9,037	18,088	14,080
Value-added tax refund	4	1,429	1,111	2,340	1,725
		<u>12,205</u>	<u>10,148</u>	<u>20,428</u>	<u>15,805</u>
Cost of computer software		(571)	(440)	(983)	(578)
Other revenue	2	93	52	138	59
Staff costs		(3,009)	(2,626)	(5,728)	(4,035)
Depreciation		(245)	(322)	(601)	(621)
Amortisation		—	(40)	—	(80)
Royalties		(231)	—	(231)	—
Advertising and promotional expenses		(1,396)	(566)	(2,400)	(1,967)
Other operating expenses		<u>(1,566)</u>	<u>(1,683)</u>	<u>(3,073)</u>	<u>(3,500)</u>
<b>Profit before taxation</b>	4	5,280	4,523	7,550	5,083
Taxation	5	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit attributable to shareholders</b>		<u>5,280</u>	<u>4,523</u>	<u>7,550</u>	<u>5,083</u>
Basic earnings per share (RMB cents)	6	<u>1.61</u>	<u>1.51</u>	<u>2.40</u>	<u>1.69</u>
Diluted earnings per share (RMB cents)	6	<u>1.56</u>	<u>N/A</u>	<u>2.37</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED BALANCE SHEET***AS AT 30 JUNE 2003*

		<b>30 June 2003</b>	<b>31 December 2002</b>
	<i>Note</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
<b>Fixed assets</b>	7	2,779	3,219
<b>Intangible assets</b>	8	2,080	—
<b>Current assets</b>			
Inventories	9	1,355	1,559
Trade receivables	10	1,028	1,069
Prepayments and other receivables		4,090	2,770
Fixed deposits		16,363	6,208
Cash and bank balances		42,242	25,557
		<u>65,078</u>	<u>37,163</u>
<b>Current liabilities</b>			
Trade payables	11	(497)	(410)
Customer deposits		(1,825)	(1,308)
Other taxes payable		(808)	(570)
Accrued charges and other payables		(3,111)	(2,046)
Amount due to a related company	12	(2,042)	(8,464)
		<u>(8,283)</u>	<u>(12,798)</u>
<b>Net current assets</b>		<u>56,795</u>	<u>24,365</u>
<b>Total assets less current liabilities</b>		<u>61,654</u>	<u>27,584</u>
Financed by:			
Share capital	13	4,256	—
Reserves	14	57,398	27,584
<b>Shareholders' funds</b>		<u>61,654</u>	<u>27,584</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
(UNAUDITED)**

*SIX MONTHS ENDED 30 JUNE 2003*

	<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Net cash inflow from operating activities</b>	8,957	2,930
<b>Net cash outflow from investing activities</b>	(10,178)	(994)
<b>Net cash inflow from financing activities</b>	<u>17,906</u>	<u>7,290</u>
<b>Net increase in cash and cash equivalents</b>	16,685	9,226
<b>Cash and cash equivalents, beginning of the period</b>	<u>25,557</u>	<u>7,228</u>
<b>Cash and cash equivalents, end of the period</b>	<u><u>42,242</u></u>	<u><u>16,454</u></u>

*Note:* Major non-cash transactions

- (a) In preparation for the listing of the Company's share on GEM ("Listing"), the Company acquired Superdata Software (BVI) Limited ("Superdata (BVI)") by the issue of its shares, details of which are set out in Note 1 and 13 to the condensed interim accounts.
- (b) Pursuant to a cancellation agreement entered between Superdata Technology (Asia) Limited ("Superdata (Asia)"), the ultimate holding company of the Group before Listing, and Intuit Inc. ("Intuit"), Superdata (Asia) transferred its unamortised prepaid share component of royalty totaling approximately RMB2.2 million to the Group in May 2003. Details of which are set out in the Prospectus.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

*SIX MONTHS ENDED 30 JUNE 2003*

	<i>Note</i>	<b>2003</b> <i>RMB'000</i>	<b>2002</b> <i>RMB'000</i>
Total equity as at 1 January		27,584	19,152
Profit for the six months ended 30 June	<i>14</i>	7,550	5,083
Issue of a new share of a subsidiary	<i>14</i>	2,086	—
On acquisition of Superdata (BVI)	<i>13</i>	106	—
Shares issued pursuant to the Placing	<i>13, 14</i>	32,239	—
Share issuance costs	<i>14</i>	<u>(7,911)</u>	<u>(406)</u>
Total equity as at 30 June		<u><u>61,654</u></u>	<u><u>23,829</u></u>

# NOTES TO THE CONDENSED INTERIM ACCOUNTS

## 1. GROUP REORGANISATION AND BASIS OF PRESENTATION

### Group reorganisation

- (a) The Company was incorporated in the Cayman Island on 3 July 2002 as an exempted company with limited liability under the Companies Ordinance, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
- (b) On 6 June 2003, pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the Company’s share on GEM (“Listing”), the Company became the holding company of the Group. Details of the Reorganisation are set out in Appendix IV of the Prospectus.
- (c) The Reorganisation is accounted for using merger accounting as permitted by the Hong Kong Statement of Standard Accounting Practice (“SSAP”) 27 “Accounting for group reconstructions” issued by the Hong Kong Society of Accountants. The consolidated accounts of the Group for the period ended 30 June 2003, including the comparative figures, are prepared as if the Company had been the holding company of the companies comprising the Group from the beginning of the earliest period presented.
- (d) All significant transactions and balances among the companies comprising the Group are eliminated on consolidation.

### Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with SSAP 25 “Interim financial reporting” and the applicable disclosure requirements of the GEM Listing Rules.

The principal accounting policies and basis of preparation adopted for the preparation of these condensed consolidated financial statements are consistent with those adopted by the Group in the Prospectus.

## 2. TURNOVER AND REVENUE

The Group is principally engaged in the development and sale of packaged software and customised software in the PRC. Turnover and revenue recognised during the period are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2003	2002	2003	2002
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover				
Sales of packaged software	10,776	8,454	18,088	13,334
Sales of customised software	—	583	—	746
	<u>10,776</u>	<u>9,037</u>	<u>18,088</u>	<u>14,080</u>
Other revenue				
Interest income	<u>93</u>	<u>52</u>	<u>138</u>	<u>59</u>
Total revenue	<u>10,869</u>	<u>9,089</u>	<u>18,226</u>	<u>14,139</u>

*Note:* Turnover as disclosed above is net of applicable value-added tax (“VAT”) in the PRC.

### 3. SEGMENT INFORMATION

No segment information by geographical location is presented as the Group principally operates in the PRC.

	Three months ended 30 June		Six months ended 30 June	
	2003	2002	2003	2002
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Turnover				
Sales of packaged software	10,776	8,454	18,088	13,334
Sales of customised software	—	583	—	746
	<u>10,776</u>	<u>9,037</u>	<u>18,088</u>	<u>14,080</u>
Segment results				
Sales of packaged software	5,738	4,182	8,149	5,160
Sales of customised software	(233)	289	(416)	(136)
	<u>5,505</u>	<u>4,471</u>	<u>7,733</u>	<u>5,024</u>
Unallocated income	93	52	138	59
Unallocated expenses	(318)	—	(321)	—
	<u>5,280</u>	<u>4,523</u>	<u>7,550</u>	<u>5,083</u>
Profits before taxation	5,280	4,523	7,550	5,083
Taxation	—	—	—	—
	<u>5,280</u>	<u>4,523</u>	<u>7,550</u>	<u>5,083</u>
Profits attributable to shareholders	5,280	4,523	7,550	5,083
Capital expenditure				
Sales of packaged software	83	—	153	985
Sales of customised software	8	48	8	252
Depreciation				
Sales of packaged software	209	284	536	560
Sales of customised software	36	38	65	61
Amortisation and royalty charges				
Sales of packaged software	112	40	112	80
Sales of customised software	—	—	—	—

There were no sales or other transactions between the business segments for the six months ended 30 June 2003.

	<b>30 June 2003</b>	<b>31 December 2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Segment assets		
Sales of packaged software	39,707	29,853
Sales of customised software	2,759	3,224
	<u>42,466</u>	<u>33,077</u>
Unallocated assets	24,471	7,305
	<u>69,937</u>	<u>40,382</u>
Segment liabilities		
Sales of packaged software	(5,972)	(4,098)
Sales of customised software	(76)	(214)
	<u>(6,048)</u>	<u>(4,312)</u>
Unallocated liabilities	(2,235)	(8,486)
	<u>(8,283)</u>	<u>(12,798)</u>

#### 4. PROFIT BEFORE TAXATION

Profit before taxation is stated after crediting and charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2003	2002	2003	2002
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Crediting:				
Other operating income				
- VAT refund ( <i>Note (i)</i> )	1,429	1,111	2,340	1,725
Charging:				
Operating leases rentals	240	460	876	862
Bad debts written off	70	—	70	—
Provision for doubtful debts	—	—	146	—
Research and development costs ( <i>Note (ii)</i> )	754	798	1,663	1,588

*Notes:*

- (i) Other operating income represents tax refund from the local tax bureau in the PRC. According to tax regulations in the PRC, developing and distributing computer software activities are subject to VAT with applicable tax rate of 17%. However, 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.
- (ii) Included in the research and development costs are also staff emoluments, leases rental payment and depreciation, which have been separately included in staff costs, operating lease rentals and depreciation disclosed above.

## 5. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no assessable profit in Hong Kong.

The Group's subsidiaries in the PRC, Beijing Superdata Network Co., Ltd ("Superdata (Beijing)") and Superdata Software Technology (Guangzhou) Limited ("Superdata (Guangzhou)"), are foreign investment enterprises and are subject to PRC enterprise income tax ("EIT").

Superdata (Guangzhou) is registered in Guangzhou Economic Technology Development District. During the period, Superdata (Guangzhou) has accumulated net operating losses brought forward, and is applying to the tax authorities for a preferential EIT rate of 15%.

Superdata (Beijing) qualifies as a high-technology enterprise established in new technology development zone and is entitled to a preferential EIT rate of 15%.

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 from the first profitable year after offsetting all tax losses carried forward from the previous five years.

Superdata (Beijing) is entitled to full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years, commencing from year 2002.

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the unaudited profits attributable to shareholders for the three months and six months ended 30 June 2003 of approximately RMB5,280,000 and RMB7,550,000, respectively (three months and six months ended 30 June 2002: approximately RMB4,523,000 and RMB5,083,000, respectively) and the weighted average number of approximately 328,571,000 and 314,365,000 ordinary shares, respectively for the three months and six months ended 30 June 2003 (three months and six months ended 30 June 2002: 300,000,000 shares) in issue during the periods after adjusted for the capitalisation issue as described in Note 13 to the condensed interim accounts.

The calculation of diluted earnings per share for the three months and six months ended 30 June 2003 was based on the unaudited profits attributable to shareholders of approximately RMB5,280,000 and RMB7,550,000, respectively and the diluted weighted average number of approximately 337,684,000 shares and 318,946,000 shares, respectively in issue during the periods. They have been calculated after taking into account all dilutive instruments outstanding as at 30 June 2003. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during the three months and six months ended 30 June 2003 were approximately 9,113,000 shares, and 4,582,000 shares, respectively which were deemed to have been issued at no consideration as if all outstanding share options had been exercised on the date the options were granted.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2002 because there were no dilutive potential ordinary shares in existence during the periods.



## 7. FIXED ASSETS

	Leasehold improvements <i>RMB'000</i>	Computer equipment and software <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>				
At 1 January 2003 ( <i>Audited</i> )	1,942	3,109	975	6,026
Additions	44	130	—	174
Disposals	—	—	(13)	(13)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 2003 ( <i>Unaudited</i> )	1,986	3,239	962	6,187
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Accumulated depreciation</b>				
At 1 January 2003 ( <i>Audited</i> )	1,162	1,301	344	2,807
Charge for the period	200	315	86	601
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 2003 ( <i>Unaudited</i> )	1,362	1,616	430	3,408
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>				
At 30 June 2003 ( <i>Unaudited</i> )	624	1,623	532	2,779
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2002 ( <i>Audited</i> )	780	1,808	631	3,219
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 8. INTANGIBLE ASSETS

	Royalty <i>RMB'000</i>	Trademark <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2003 ( <i>Unaudited</i> )			
Opening net book amount	—	—	—
Royalty recognised as an asset ( <i>Note</i> )	2,192	—	2,192
Amortisation	(112)	—	(112)
	<u>          </u>	<u>          </u>	<u>          </u>
Closing net book amount	2,080	—	2,080
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 June 2003 ( <i>Unaudited</i> )			
Cost	2,192	—	2,192
Accumulated amortisation	(112)	—	(112)
	<u>          </u>	<u>          </u>	<u>          </u>
Net book amount	2,080	—	2,080
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2002 ( <i>Audited</i> )			
Cost	—	479	479
Accumulated amortisation	—	(479)	(479)
	<u>          </u>	<u>          </u>	<u>          </u>
Net book amount	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>

*Note:* Royalty charges of the Company totaling RMB231,000 for the six months period ended 30 June 2003 shown on the face of condensed consolidation profit and loss account included the cash royalty of RMB119,000 payable to Intuit Inc. ("Intuit") and the amortisation charges of RMB112,000 of the Royalty presented above.

## 9. INVENTORIES

	<b>30 June 2003</b>	<b>31 December 2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Raw materials	1,035	1,354
Finished goods	320	205
	<u>1,355</u>	<u>1,559</u>

None of the inventories included above are carried at net realisable values as at 30 June 2003 (2002: Nil).

## 10. TRADE RECEIVABLES

Details of the ageing analysis are as follows:

	<b>30 June 2003</b>	<b>31 December 2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current to 30 days	729	608
31 days to 60 days	72	247
61 days to 90 days	115	135
91 days to 180 days	90	78
181 days to 360 days	93	129
> 360 days	69	—
	<u>1,168</u>	<u>1,197</u>
Less: Provision for doubtful debts	(140)	(128)
	<u>1,028</u>	<u>1,069</u>

Customers are generally granted with credit terms in the range of 30 days to 60 days.

## 11. TRADE PAYABLES

The trade payable balances were all current with ages below 30 days.

## 12. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company represents an amount due to Superdata Technology (Asia) Limited (“Superdata (Asia)”), the ultimate holding company of the Group before Listing, which has become a company under common shareholders of the Group after Listing. The amount was unsecured, interest free and had no fixed terms of repayment.

### 13. SHARE CAPITAL

<i>Note</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares (HK\$)	Equivalent nominal value of ordinary shares (RMB)
<i>Authorised:</i>			
On incorporation	10,000,000	100,000.00	106,400.00
Increase in authorised share capital	(c) 990,000,000	9,900,000.00	10,533,600.00
At 30 June 2003	<u>1,000,000,000</u>	<u>10,000,000.00</u>	<u>10,640,000.00</u>
<i>Issued:</i>			
Allotted	(a) 1	0.01	0.01
Further allotment	(a) 99	0.99	1.05
On acquisition of Superdata (BVI)	(c) 9,999,900	99,999.00	106,398.94
Shares issued pursuant to Capitalisation Issue	(d) 290,000,000	2,900,000.00	3,085,600.00
Shares issued pursuant to the Placing	(e) 100,000,000	1,000,000.00	1,064,000.00
	<u>400,000,000</u>	<u>4,000,000.00</u>	<u>4,256,000.00</u>

The Company was incorporated in the Cayman Islands on 3 July 2002 with an authorised capital of HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each.

In preparation for the listing of the Company's shares on the GEM, the following changes in issued share capital of the Company took place:

- (a) On 8 July 2002, one share was issued and allotted to Codan Trust Company (Cayman) Limited ("Codan") as subscriber which was transferred to Mr. Cen Anbin, the director of the Group ("Mr. Cen") and a further 99 shares were issued and allotted at par for cash to Mr. Cen on the same date.
- (b) On 3 September 2002, Mr. Cen transferred his 100 shares to Superdata (Asia).
- (c) On 20 May 2003, Shanghai International Development Limited, a company wholly owned by Mr. Cen, acquired 100 shares from Superdata (Asia). On the same day, the Company acquired the entire issued share capital of Superdata (BVI) from Superdata (Asia) and became the holding company of the Group (by way of issuance and allotment of 9,999,900 shares of the Company, credited as fully paid, to the shareholders of Superdata (Asia) as directed by Superdata (Asia) on a pro-rata basis, taking into consideration of the 100 shares acquired by Shanghai International Development Limited).

On 20 May 2003, 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.

- (d) On 5 June 2003, 290,000,000 shares of HK\$0.01 each were allotted, issued

at par and credited as fully paid to the shareholders (before the placement as described in Note (e) below) in proportion of their respective shareholdings in the Company, by capitalisation of HK\$2,900,000 from the share premium (“Capitalisation Issue”) resulting from the placing as described in Note (e) below.

- (e) On 6 June 2003, 100,000,000 shares of HK\$0.01 each were issued to the public by way of a placing (“Placing”) for cash of HK\$0.303 per share, raising an amount of HK\$30,300,000. The excess over the par value of the shares issued was credited to the share premium account.

The Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme on 19 May 2003. The principal terms of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in the Prospectus.

No option has been granted or agreed to be granted under the Share Option Scheme up to the date of this report.

#### 14. RESERVES

	Share premium <i>RMB'000</i> <i>Note (i)</i>	Exchange reserve <i>RMB'000</i>	Merger reserve <i>RMB'000</i> <i>Note (ii)</i>	Share issuance costs <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2002 ( <i>Audited</i> )	—	30	42,599	(157)	(23,320)	19,152
Profits for the six months ended 30 June 2002	—	—	—	—	5,083	5,083
Share issuance costs	—	—	—	(406)	—	(406)
At 30 June 2002 ( <i>Unaudited</i> )	—	30	42,599	(563)	(18,237)	23,829
At 1 January 2003 ( <i>Audited</i> )	—	30	42,599	(3,235)	(11,810)	27,584
Profits for the six months ended 30 June 2003	—	—	—	—	7,550	7,550
Issue of a new share of a subsidiary Shares issued pursuant to the Capitalisation Issue	(3,086)	—	—	—	—	(3,086)
Shares issued pursuant to the Placing	31,175	—	—	—	—	31,175
Share issuance costs	—	—	—	(7,911)	—	(7,911)
At 30 June 2003 ( <i>Unaudited</i> )	28,089	30	44,685	(11,146)	(4,260)	57,398

#### Notes:

- (i) 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.
- (ii) 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 subsidiary acquired through exchanges of shares.

## 15. COMMITMENTS

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>30 June 2003</b>	<b>31 December 2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	2,354	1,615
In the second to fifth years inclusive	2,988	2,579
	<u>5,342</u>	<u>4,194</u>

## 16. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Royalty

With the aims of co-branding certain Group trademarks with the trademark "QuickBooks" for the distribution of some of the Group's business management software in the PRC, Superdata (Asia) entered into several licensing agreements with Intuit from 1999 to 2001. Pursuant to these agreements and through Superdata (Asia), Superdata (Guangzhou), a subsidiary of the Group, was granted the right to use the trademark exclusively in the PRC by Superdata (Asia) during the period up to 30 April 2003. The royalty charges borne by Superdata (Asia) are summarised below:

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Royalties	<u>121</u>	<u>381</u>	<u>469</u>	<u>703</u>

The above royalties were borne by Superdata (Asia) without charging back to the Group and therefore this portion of the royalty charge has not been reflected in the condensed consolidated profit & loss accounts during the period. Royalty charge has been continued to be borne by Superdata (Asia) up to 30 April 2003.

### (b) Transfer of intangible assets

On 20 May 2003, a cancellation agreement was entered between Superdata (Asia) and Intuit on the use of the "QuickBooks" trademarks ("Cancellation") while Superdata Software (HK) Limited ("Superdata (HK)"), a wholly-owned subsidiary of the Group, entered into an exclusive co-branding and distribution license agreement with Intuit for a term commencing from the date of the Cancellation to 31 July 2006. Superdata (Asia) transferred its unamortised prepaid share component of the royalty totalling approximately RMB2.2 million to Superdata (HK) in May 2003. Details of which are set out in the Prospectus.