



**Superdata Software Holdings Limited**

**速達軟件控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**THIRD QUARTERLY REPORT**

**2004**

\* *for identification purpose only*

## **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.**

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*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.*

## **HIGHLIGHTS**

- Turnover of the Group amounted to approximately RMB43.6 million for the nine months ended 30 September 2004, representing an increase of approximately 59% as compared to approximately RMB27.4 million for the corresponding period in the previous financial year.
- Net profit of the Group amounted to approximately RMB24.2 million for the nine months ended 30 September 2004, representing an increase of approximately 120% as compared to approximately RMB11.0 million for the corresponding period in the previous financial year.
- Earnings per share of the Group was approximately RMB6.04 cents for the nine months ended 30 September 2004.
- The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2004.

## QUARTERLY RESULTS

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 nine months ended 30 September 2004, together with the unaudited comparative figures for the corresponding period in 2003 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2004	2003	2004	2003
		<b>RMB'000</b> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<b>RMB'000</b> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Turnover	2	15,243	9,333	43,552	27,421
Cost of computer software		(848)	(420)	(1,853)	(1,403)
Value-added tax refund		2,076	1,203	5,763	3,543
Other revenue	2	272	90	697	228
Staff costs		(3,559)	(3,068)	(10,851)	(8,796)
Depreciation		(290)	(271)	(895)	(872)
Royalty charges		(405)	(348)	(1,169)	(579)
Advertising and promotional expenses		(1,763)	(873)	(4,250)	(3,274)
Other operating expenses		<u>(2,421)</u>	<u>(2,194)</u>	<u>(6,804)</u>	<u>(5,267)</u>
<b>Profit before taxation</b>		<b>8,305</b>	3,452	<b>24,190</b>	11,001
Taxation	3	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit attributable to shareholders</b>		<b><u>8,305</u></b>	<u>3,452</u>	<b><u>24,190</u></b>	<u>11,001</u>
Basic earnings per share (RMB cents)	4	<u>2.07</u>	<u>0.86</u>	<u>6.04</u>	<u>3.21</u>
Diluted earnings per share (RMB cents)	4	<u>1.98</u>	<u>0.82</u>	<u>5.87</u>	<u>3.11</u>

## NOTES:

### 1. GROUP REORGANISATION AND BASIS OF PREPARATION

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. Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the GEM of the Stock Exchange of Hong Kong Limited on 6 June 2003, the Company became the holding company of the Group on 20 May 2003. The Reorganisation is accounted for using merger accounting as stipulated in the Hong Kong Statement of Standard Accounting Practice ("SSAP") 27 "Accounting for group reconstructions" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited comparative consolidated results of the Group for the three months and nine months ended 30 September 2003, are prepared as if the Company had been the holding company of the companies comprising the Group from the beginning of the period presented.

All significant transactions and balances among the companies comprising the Group are eliminated on consolidation.

The unaudited consolidated results of the Group have been prepared in accordance with SSAP and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and basis of preparation adopted for the preparation of the third quarterly financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2003.

### 2. TURNOVER AND REVENUE

The Group is principally engaged in the development and sales of packaged software in the People's Republic of China (the "PRC") excluding Hong Kong. Turnover and revenue recognised during the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2004	2003	2004	2003
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover (Note)				
Sales of packaged software	<u>15,243</u>	<u>9,333</u>	<u>43,552</u>	<u>27,421</u>
Other revenue				
Interest income	<u>272</u>	<u>90</u>	<u>697</u>	<u>228</u>
Total revenues	<u><u>15,515</u></u>	<u><u>9,423</u></u>	<u><u>44,249</u></u>	<u><u>27,649</u></u>

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

### **3. TAXATION**

No provision for Hong Kong profits tax has been made for the nine months ended 30 September 2004 (2003: Nil) as the Group has no estimated assessable profit in Hong Kong during the period.

The Group's subsidiaries in the PRC, Superdata Software Technology (Guangzhou) Limited ("Superdata (Guangzhou)") and Glory Software (Shanghai) Limited ("Glory (Shanghai)"), formerly known as Beijing Superdata Network Co., Ltd., 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 from the first profitable year after offsetting all tax losses carried forward from the previous five years.

Superdata (Guangzhou) is registered in Guangzhou Economic Technology Development District. 2003 is the first profitable year for Superdata (Guangzhou) after offsetting all accumulated operating losses brought forward. It is applying to the tax authorities for a preferential EIT rate of 15%.

Pursuant to "the Provisional Regulation on High Technology Enterprises of Beijing", Glory (Shanghai) is now applying for full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years, commencing 2001. In addition, Glory (Shanghai) could be qualified as a high-technology enterprise and is applying to the tax authorities for a preferential EIT rate of 15%.

No provision for PRC EIT has been made for the nine months ended 30 September 2004 (2003: Nil) as all the subsidiaries in the PRC enjoyed tax exemption during the period.

No deferred tax assets or liabilities are recognised as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 30 September 2004 and 2003.

### **4. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the Group's unaudited profits attributable to shareholders for the three months and nine months ended 30 September 2004 of approximately RMB8,305,000 and RMB24,190,000 respectively (three months and nine months ended 30 September 2003: approximately RMB3,452,000 and RMB11,001,000 respectively) and the weighted average number of approximately 401,402,000 and 400,468,000 ordinary shares, respectively for the three and nine months ended 30 September 2004 (three months and nine months ended 30 September 2003: approximately 400,000,000 and 343,223,000 ordinary shares) in issue during the periods after adjustment for the capitalisation issue.

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2004 is based on the Group's unaudited profit attributable to shareholders of approximately RMB8,305,000 and RMB24,190,000, respectively and the diluted weighted average number of approximately 419,701,000 and 411,986,000 shares in issue during the periods. It has been calculated after taking into account all dilutive instruments outstanding as at 30 September 2004. The effect of the potential dilutive 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 nine months ended 30 September 2004 are approximately 18,299,000 and 11,518,000 shares which are deemed to have been issued at no consideration and have been exercised on the date the options are granted.

## 5. RESERVES

	Share premium	Merger reserve	Exchange reserve	Share issuance costs	Statutory reserve fund	Retained profits/ losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2004 (Audited)	16,498	44,685	29	—	625	3,163	65,000
Profit for the 9 months ended 30 September 2004	—	—	—	—	—	24,190	24,190
Exercise of share options	272	—	—	—	—	—	272
Currency translation differences	—	—	(12)	—	—	—	(12)
Dividends for 2003	—	—	—	—	—	(3,021)	(3,021)
At 30 September 2004 (Unaudited)	<u>16,770</u>	<u>44,685</u>	<u>17</u>	<u>—</u>	<u>625</u>	<u>24,332</u>	<u>86,429</u>
At 1 January 2003	—	42,599	30	(3,235)	—	(11,810)	27,584
Profit for the 9 months ended 30 September 2003	—	—	—	—	—	11,001	11,001
Issue of a new share of a subsidiary	—	2,086	—	—	—	—	2,086
Share issued pursuant to the Capitalisation issue	(3,086)	—	—	—	—	—	(3,086)
Share issued pursuant to the placing	31,175	—	—	—	—	—	31,175
Share Issuance costs	—	—	—	(8,356)	—	—	(8,356)
At 30 September 2003	<u>28,089</u>	<u>44,685</u>	<u>30</u>	<u>(11,591)</u>	<u>—</u>	<u>(809)</u>	<u>60,404</u>

- (i) Under the Companies Law of the Cayman Islands, share premium in 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 subsidiaries acquired by the Company through exchange of shares.
- (iii) 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 taxation 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. This reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2004 (2003: Nil).

## **FINANCIAL REVIEW**

The Group's turnover for the nine months ended 30 September 2004 increased by 59% to approximately RMB43.6 million when compared with that of approximately RMB27.4 million in corresponding previous period. This was mainly the result of the continued success of SD-3000 and SD-5000 series and the launch of our new flagship product, SD-1000 series, in August 2004. Staff costs, advertising and promotional expenses continue to be the major operating costs of the Group, representing 63% of total operating cost for this period. With the Group's continuing efforts to reinforce the research and development of new products and expand the sales channels to have deeper penetration into the market, the headcounts of its workforce increased and hence the staff costs rose substantially to approximately RMB10.9 million for the period as compared with that of approximately RMB8.8 million for the same period in 2003. Apart from that, the advertising and promotional expenses were slightly increased from RMB3.3 million to approximately RMB4.3 million in light of the initial launching periods of the new product, SD-1000 series. The other operating expenses increased from RMB5.3 million to RMB6.8 million which was mainly due to higher spending on traveling as a result of increasing operating activities in this period. For the nine months ended 30 September 2004, the Group achieved net profit of approximately RMB24.2 million, representing an increase of approximately 120% as compared with that of approximately RMB11.0 million for the corresponding period in the previous financial year. Moreover, the net profit margin has surged from approximately 40% to approximately 56%. The continuous sales growth, coinciding with the effective cost control, had contributed directly to these encouraging results.



## **BUSINESS REVIEW**

During the period, the Group continues to focus on the development and distribution of packaged software specifically for the small and medium enterprises (“SME(s)”) in the PRC under the “QuickBooks 速達” brand name, and continues to aim at the “provision of informationized service for SMEs in the PRC” in the long term, so that QuickBooks 速達 packaged software can gain a sound leading position in the market.

With the Group’s well-defined brand positioning, quality products, well-established distribution network, and sound marketing strategies, the Group’s products have gained wide acceptance and reputation in the PRC and have been taking a leading role to the competitors in the SME’s management software market. As at the first half of the year, the Group has established branches or offices in all provincial capital cities (other than Tibet and Hainan) in the PRC. These local offices provide direct services to local markets, marketing guidance and technical training to SD distributors, and technical support to key customers. The offices also organize marketing activities in local markets and collect market information, which directly enhance the brand recognition of Superdata and boost its sales performance.

With the continuous positive expectation on the PRC economy, as well as the rapid development of private enterprises and SMEs, the market demand for the SME management softwares, particularly the “Integrated stock management and financial software (進銷存財務一體化軟件)” surged. During the past 5 years, SD-3000 series software has been continually upgraded, and has penetrated its users with features such as user-friendly, practical, inexpensive, stable and reliable. Currently, SD-3000 series software still remains as the core product of the Group that yields major sales.

The management believes that a sound financial position is essential for the Group to grow in this competitive environment. In view of that, the Group will maintain its adherence to limited credit sales policy and effective cost controls in order to provide a solid foundation for the Group’s development in future.

## **PRODUCT LAUNCH**

While increasing the number of SD-3000 series software user, the Group developed SD-5000 series software to meet the needs of production enterprises. The Group also launched E3 series software in the second half of the year to meet the needs of corporate enterprises. E3 series software uses the SQL database of Microsoft, which enhances product security and stability significantly, and can manage to transfer and process huge data. The Group also launched SD-1000 series software in August this year. The software series was simplified and optimized on the foundation of SD-3000 to meet the needs of newly-established small scale enterprises and gain more extensive user markets at a lower market price.

Following the strategic target of “popularization” of the Internet technology, the Group is currently committed on the R&D of product series based on Internet technology. Related products will be subsequently launched in the end of 2004.

## **PROSPECTS**

Strong commitment to innovate and deliver superior products to our customers is the cornerstone of the Group’s success. Through increased adoption and popularity in the market, the Group’s products have gained a reputation for their innovation, versatility and stability. This enabled the Group to maintain its market leadership in the provision of integrated business management software solutions to SMEs in the PRC.

The Group will continue to pursue active developments in its core business in the long run. In doing so, the Group will continue the strategic alliance with Intuit, which brings in strategic synergy to the brand image of the Group’s products in the PRC. To further raise product awareness and the brand image, the Group will also collaborate closely with its network of business partners to formulate effective marketing and promotional strategies and campaigns, as well as tradeshows, in the PRC. With its dominant brand image, the Group successfully differentiates itself from its competitors to achieve remarkable results.

One of the direct ways to boost the sales of the Group is to extend the Group’s distribution network by continuously establishing sales channels and forming new strategic market relationships with distributors and retailers in significant geographical markets. The Group will assess carefully its potential partners and analyse the market circumstances to ensure that the expansion and the alliance will be beneficial to the Group’s business development as of today and in the long run.

Apart from providing up-to-date and innovative products to the market, the management believes that providing a variety of technical support services, for example, guaranteed product upgrades and technical hotlines, to the end users is also very important to the success of the business. In view of that, the Group is committed to continue its efforts to improve these post-sales services so as to maximize the effectiveness with the products.

Looking ahead, the Group will seek to leverage its strengths to enhance corporate development and provide value added services to its customers. The Group will strive to explore suitable business diversification and expansion opportunities in the field of SME’s application software with the aim to bring more values to its business partners and shareholders in the future.

## SHARE OPTION

### Pre-IPO Share Option Scheme

Pursuant to a pre-IPO share option scheme (the “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”). As at 30 September 2004, the options granted under the Pre-IPO Share Option Scheme entitle the holders to subscribe for total of up to 23,937,981 shares at an exercise price ranging from HK\$0.10 to HK\$0.26 each, representing, in aggregate, approximately 5.9% 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 that 20%, 40%, 60%, 80% and 100% of the options granted under the Pre-IPO Share Option Scheme to the option holders 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 up to the date of the expiry of the options.

The following table discloses movements in the pre-IPO share options of the Company during the period:

	Held at 1 January 2004	Granted during the period	Number of share options			Held at 30 September 2004	Exercise price per share
			Exercised during the period	Cancelled/ lapsed during the period			
<b>Directors</b>							
Mr. Cen Anbin	5,674,088	—	1,134,817	—	4,539,271	HK\$0.10	
Mr. Zou Qixiong	5,674,088	—	1,134,817	—	4,539,271	HK\$0.10	
Mr. Lin Gang	2,837,045	—	567,409	—	2,269,636	HK\$0.10	
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	3,819,486	—	—	—	3,819,486	HK\$0.10	
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	6,137,506	—	—	—	6,137,506	HK\$0.26	
<b>Employees</b>							
In aggregate	248,018	—	—	—	248,018	HK\$0.10	
In aggregate	2,384,793	—	—	—	2,384,793	HK\$0.26	
	<u>26,775,024</u>	<u>—</u>	<u>2,837,043</u>	<u>—</u>	<u>23,937,981</u>		

## Share Option Scheme

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 person 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 authorized 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 period:

	Number of share options					Exercise price per share
	Held at 1 January 2004	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Held at 30 September 2004	
<b>Directors</b>						
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
<b>Employees</b>						
In aggregate	—	6,000,000	—	—	6,000,000	HK\$0.70
Total	—	30,000,000	—	—	30,000,000	

Details of the share options are as follows:

*Notes:*

- (i) Options were granted under the Share Option Scheme pursuant to the resolution passed on 22 March 2004.
- (ii) The closing price of the share of HK\$0.01 each of the Company quoted on the GEM of the Stock Exchange on 22 March 2004 was HK\$0.54.

- (iii) The options are exercisable from 22 March 2004 to 21 March 2014 (both days inclusive) subject to the following vesting period:
- (i) up to one-third of the options commencing on 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 on 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 on 1 April 2009.

The Directors are of the view that the calculation of the value of share options granted by the Company during the period depends on a number of variables, which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. As such, the value of share options is not presented in this report.

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

As at 30 September 2004, 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 5.46 of the GEM Listing Rules, were as follows:

### **Long positions in the shares of the Company**

<b>Name of Directors</b>	<b>No. of shares</b>	<b>Nature of interests</b>	<b>Approximate percentage of interest (%)</b>
Mr. Cen Anbin	24,585,308	Corporate ( <i>Note 1</i> )	6.10%
	2,134,817	Personal	0.53%
Mr. Zou Qixiong	23,724,016	Corporate ( <i>Note 2</i> )	5.89%
	1,134,817	Personal	2.82%
Mr. Lin Gang	8,129,569	Corporate ( <i>Note 3</i> )	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.

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

Name of Directors	Number and description of equity derivatives	Number of underlying shares	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 (Note 4)	1.13%
	9,956,992 options granted under the Pre-IPO Share Option Scheme	9,956,992	Other (Note 7)	2.47%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal (Note 8)	2.48%
Mr. Zou Qixiong	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal (Note 5)	1.13%
	10,000,000 options granted under the Share Option Scheme	10,000,000	Personal (Note 8)	2.48%
Mr. Lin Gang	2,269,636 options granted under the Pre-IPO Share Option Scheme	2,269,636	Personal (Note 6)	0.56%
	4,000,000 options granted under the Share Option Scheme	4,000,000	Personal (Note 8)	0.99%
Mr. Zhou Quan	9,956,992 options granted under the Pre-IPO Share Option Scheme	9,956,992	Other (Note 7)	2.47%

*Notes:*

4. 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 4,539,271 shares.
5. 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 4,539,271 shares.
6. 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 2,269,636 shares.
7. 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 at 30 September 2004, 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 9,956,992 options granted under the Pre-IPO Share Option Scheme which, when exercised in full, will result in a total of 9,956,992 shares being issued to them as the joint holders of such shares. IDG Technology Venture Investment, Inc. ("IDGVC") will finance the exercise of the options granted to the Trustee.
8. 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" above.

Save as disclosed above, as at 30 September 2004, 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 as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules. For the nine months ended 30 September 2004, there was 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 30 September 2004, 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:

### Long position in the shares of the Company

Name of shareholders	Nature of interests	No. of shares	Approximate percentage of interest (%)
IDG Technology Venture Investment, Inc. ("IDGVC")	Corporate ( <i>Note a</i> )	85,988,578	21.35
International Data Group, Inc. ("IDG")	Corporate ( <i>Note a</i> )	85,988,578	21.35
Mr. Patrick McGovern	Corporate ( <i>Note a</i> )	85,988,578	21.35
CDH China Fund, L.P.	Corporate ( <i>Note b</i> )	52,780,750	13.10
CDH China Holdings Company Limited	Corporate ( <i>Note b</i> )	52,780,750	13.10
China Diamond Holdings Company Limited	Corporate ( <i>Note b</i> )	52,780,750	13.10
China Diamond Holdings, L.P.	Corporate ( <i>Note b</i> )	52,780,750	13.10
Heptad Ventures Limited	Corporate ( <i>Note b</i> )	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, Inc. and will be 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.



## OTHER SHAREHOLDERS

As at 30 September 2004, 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:

### Long position in the shares of the Company

Name of shareholders	Nature of interests	No. of shares	Approximate percentage of interest (%)
East Light Investment Pte. Ltd.	Corporate ( <i>Note a</i> )	26,234,822	6.51%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.	Corporate ( <i>Note a</i> )	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 30 September 2004, there was 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

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

Save as disclosed above, as at 30 September 2004, 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 INTEREST**

During the nine months ended 30 September 2004, China Alpha Fund, a mutual fund managed by First Shanghai Fund Management Ltd. which is an associate of First Shanghai Capital Limited ("First Shanghai"), had purchased 10,000,000 shares of the Company on 23 April 2004, of which, 1,980,000 shares and 8,020,000 shares were sold on 14 May 2004 and 3 June 2004 respectively.

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 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 as at 30 September 2004.

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 continuing sponsor for the purpose of Chapter 6 of the GEM Listing Rules for the remaining period up to 31 December 2005.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

Although the Company has not adopted any internal code of conduct regarding directors's securities transactions, it has made specific enquiry of all Directors and the Directors have confirmed that they have complied with all the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the nine months ended 30 September 2004.

## **BOARD PRACTICES AND PROCEDURES**

The Company has complied with Board Practices and Procedures set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the nine months ended 30 September 2004.

## **AUDIT COMMITTEE**

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company the internal controls and financial reporting matters including a review of the unaudited results for the nine months ended 30 September 2004.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company's shares were listed on the 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 nine months ended 30 September 2004.

By order of the Board  
**Superdata Software Holdings Limited**  
**Cen Anbin**  
*Chairman*

Hong Kong, 12 November 2004

*As of the date hereof, the executive directors of the Company are Mr. Zou Qixiong, Mr. Cen Anbin and Mr. Lin Gang; the non-executive directors of the Company are Mr. Zhou Quan, Mr. Lin Dongliang, Mr. Jiao Shuge and Mr. Wang Lin; and the independent non-executive directors of the Company are Dr. Lo Wing Yan, William, JP, Mr. Sun Tak Dee, Teddy and Mr. Kwong Kai Sing, Benny.*