



SUPERDATA SOFTWARE HOLDINGS LIMITED

(速達軟件控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8263)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005

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 announcement, 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 announcement.

This announcement, 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purposes only

HIGHLIGHTS

- Turnover of the Group amounted to approximately RMB53.5 million for the nine months ended 30 September 2005, representing an increase of approximately 23% as compared to approximately RMB43.6 million for the corresponding period in the previous financial year.
- Net profit of the Group amounted to approximately RMB30.8 million for the nine months ended 30 September 2005, representing an increase of approximately 27% as compared to approximately RMB24.2 million for the corresponding period in the previous financial year.
- Earnings per share of the Group was approximately RMB7.63 cents for the nine months ended 30 September 2005.
- The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2005.

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 2005, together with the unaudited comparative figures for the corresponding period in 2004 as follows:

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2005 <i>RMB'000</i> <i>(Unaudited)</i>	2004 <i>RMB'000</i> <i>(Unaudited)</i>	2005 <i>RMB'000</i> <i>(Unaudited)</i>	2004 <i>RMB'000</i> <i>(Unaudited)</i>
Turnover	2	16,562	15,243	53,539	43,552
Cost of computer software		(441)	(848)	(1,535)	(1,853)
Value-added tax refund		2,149	2,076	7,315	5,763
Other revenues	2	1,450	272	3,293	697
Staff costs		(4,591)	(3,559)	(14,064)	(10,851)
Depreciation		(355)	(290)	(1,127)	(895)
Royalty charges		(107)	(405)	(1,177)	(1,169)
Advertising and promotional expenses		(663)	(1,763)	(3,882)	(4,250)
Other operating expenses		(3,435)	(2,421)	(10,177)	(6,804)
Profit before taxation		10,569	8,305	32,185	24,190
Taxation	3	(313)	—	(1,426)	—
Profit attributable to shareholders		<u>10,256</u>	<u>8,305</u>	<u>30,759</u>	<u>24,190</u>
Basic earnings per share <i>(RMB cents)</i>	4	<u>2.55</u>	2.07	<u>7.63</u>	6.04
Diluted earnings per share <i>(RMB cents)</i>	4	<u>2.33</u>	1.98	<u>6.99</u>	5.87

Notes:

1. Basis of preparation and accounting policies

- (a) 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.
- (b) The principal accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of the new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively, the “new HKFRS”) which are effective for accounting periods commencing on or after 1 January 2005.

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the provision of share options to employees did not result in a charge to the income statement. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement. HKFRS 2 has been applied retrospectively for all equity instruments granted to employees and directors after 15 April 2002 and not vested at 1 January 2005.

The adoption of the HKFRS 2 has no material effect on the results for current nor prior accounting periods. Accordingly, no prior year adjustment is required.

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	
	2005	2004	2005	2004
	<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 (<i>Note</i>)				
Sales of packaged software	<u>16,562</u>	<u>15,243</u>	<u>53,539</u>	<u>43,552</u>
Other revenues				
Interest income	514	272	889	697
Royalty income	<u>936</u>	<u>—</u>	<u>2,404</u>	<u>—</u>
	<u>1,450</u>	<u>272</u>	<u>3,293</u>	<u>697</u>
Total revenues	<u><u>18,190</u></u>	<u><u>15,515</u></u>	<u><u>56,832</u></u>	<u><u>44,249</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 2005 (2004: 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., and Superdata Network Technology (Guangzhou) Limited ("Superdata Network") 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. 2005 is the third profitable year for Superdata (Guangzhou) after offsetting all accumulated operating losses brought forward. It has been approved by 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 two years and a 50% reduction in EIT for the next three years, commencing 2001. For the period ended 30 September 2005, no PRC profits tax has been provided as Glory (Shanghai) had no assessable profit for the period.

Superdata Network is registered in Guangzhou Economic Technology Development District. It has been approved by the tax authorities for a preferential EIT rate of 18% and entitled for full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing the first profitable year after offsetting all tax losses carried forward from the previous five years.

The amount of taxation charged to the consolidated profit and loss account represents:

	Three months		Nine months	
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation:				
— PRC EIT	<u>313</u>	<u>—</u>	<u>1,426</u>	<u>—</u>
Taxation charges	<u><u>313</u></u>	<u><u>—</u></u>	<u><u>1,426</u></u>	<u><u>—</u></u>

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 2005 and 2004.

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 2005 of approximately RMB10,256,000 and RMB30,759,000 respectively (three months and nine months ended 30 September 2004: approximately RMB8,305,000 and RMB24,190,000 respectively) and the weighted average number of approximately 403,024,000 and 403,018,000 ordinary shares, respectively for the three and nine months

ended 30 September 2005 (three months and nine months ended 30 September 2004: approximately 401,402,000 and 400,468,000 ordinary shares) in issue during the periods.

The calculation of diluted earnings per share for the three months and nine months ended 30 September 2005 is based on the Group's unaudited profit attributable to shareholders of approximately RMB10,256,000 and RMB30,759,000, respectively and the diluted weighted average number of approximately 440,069,000 and 440,362,000 shares in issue during the periods. It has been calculated after taking into account all dilutive instruments outstanding as at 30 September 2005. 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 2005 are approximately 37,045,000 and 37,334,000 shares which are deemed to have been issued at no consideration and have been exercised on the date the options are granted.

CONSOLIDATED STATEMENT OF MOVEMENTS THE EQUITY

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2005 (<i>Audited</i>)	4,286	16,770	44,685	19	1,244	23,814	90,818
Profit for the nine months ended 30 September 2005	—	—	—	—	—	30,759	30,759
Exercise of options	2	30	—	—	—	—	32
Appropriation to statutory reserve fund	—	—	—	—	3,514	(3,514)	—
Currency translation differences	—	—	—	131	—	—	131
Dividends for 2004	—	—	—	—	—	(20,142)	(20,142)
Dividends for interim 2005	—	—	—	—	—	(17,000)	(17,000)
At 30 September 2005 (<i>Unaudited</i>)	<u>4,288</u>	<u>16,800</u>	<u>44,685</u>	<u>150</u>	<u>4,758</u>	<u>13,917</u>	<u>84,598</u>
	Share Capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2004 (<i>Audited</i>)	4,256	16,498	44,685	29	625	3,163	69,256
Profit for the nine months ended 30 September 2004	—	—	—	—	—	24,190	24,190
Exercise of share options	30	272	—	—	—	—	302
Currency translation differences	—	—	—	(12)	—	—	(12)
Dividends for 2003	—	—	—	—	—	(3,021)	(3,021)
At 30 September 2004 (<i>Unaudited</i>)	<u>4,286</u>	<u>16,770</u>	<u>44,685</u>	<u>17</u>	<u>625</u>	<u>24,332</u>	<u>90,715</u>

- (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 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.

FINANCIAL REVIEW

During the nine months ended 30 September 2005, the Group recorded a turnover of approximately RMB53.5 million, representing a growth of approximately 23% over the corresponding previous period in 2004. This was mainly attributable to the continued momentum of the new products, including E.net, SD3000.net and Enterprise Relationship Management (“ERM”) series, launched in the first half year. In addition, the Group has successfully launched several promotional campaigns in the current period with satisfactory results.

Staff costs, advertising and promotional expenses continue to be the major operating costs of the Group, representing approximately 58.3% of total operating cost for this interim period. The Group recorded staff costs of approximately RMB14.1 million for the period as compared to approximately RMB10.9 million for the same period in 2004. The staff cost were increased from approximately RMB10.9 million to approximately RMB14.1 million as a result of increases in the number of sale offices.

During this period, the Group achieved net profit of approximately RMB30.8 million, representing an increase of approximately 27% as compared to approximately RMB24.2 million for the corresponding period in the previous financial year.

BUSINESS REVIEW

During the period, the Group continues to focus on the design, manufacture and distribution of packaged software with enhanced supports for the small and medium enterprises (“SME(s)”) in the PRC under the “Quickbooks 速達” brand name.

The remarkable growth of PRC economy, largely contributed from the rapid development of private enterprises and SMEs, raised an enormous demand for the high quality SME management software which can provide advanced functionalities to integrate the system into the daily corporate operation. The Group has taken its leading position in research and development of innovative management software with the vision to provide practical and inexpensive solutions to the market.

During the nine months period, the Group has deployed substantial resources in developing and further expanding our distribution networks. The number of sales offices of the Group has also been increasing from 18 to 36 in order to strengthen the distribution networks and provide technical support and updates to our distributors. The effect of both the increases in our distribution partners and the sales representative offices ensured that we will have a more dependable and reliable channels for the release of our future new products.

At the end of the second quarter, the Group launched the Enterprise Relationship Management (“ERM”) series with a planning to bring new online services platform to increase the SME’s operation efficiency and to promote their business online. In the third quarter, instead of bringing new products to the market, the Group has directed more of its resources in products re-engineering and strengthening of distribution channel development.

PRODUCT LAUNCH

The Group has launched a new series management software namely Enterprise Relationship Management (“ERM”) in the second quarter. This product provides innovative functions including instant messenger, direct online ordering and sales platforms with a powerful message administration system. In this quarter, the Group released the SD Property Management System which is specifically designed for the small to medium size property management companies to manage the properties leasing. In future, the Group is set to develop its products into two main directions: online management and industrial specification. More products will be launched in the fourth quarter and in the year 2006 and they will be built with online capacity supported with enhanced functions; on the other hand, more products will be developed to address the needs of special industries in the market.

PROSPECTS

Strong commitment to innovate and deliver superior products to the Group’s customers is the cornerstone of its success. 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 enhance product publicities, the Group will also collaborate closely with its distribution partners to formulate effective marketing and promotional strategies and campaigns, as well as trade shows, in the PRC.

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 order to create value with its valuable business partners and shareholders in future.

SHARE OPTIONS

Pre-IPO Share Option Scheme

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

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

	Number of share options				Exercise price per share
	Held at 1 January 2005	Exercised during the period <i>(Note)</i>	Lapsed During the period	Held at 30 September 2005	
Directors					
Mr. Cen Anbin	4,539,271	—	—	4,539,271	HK\$0.10
Mr. Zou Qixiong	4,539,271	—	—	4,539,271	HK\$0.10
Mr. Lin Gang	2,269,636	—	—	2,269,636	HK\$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	3,819,486	(101,687)	(1,453,389)	2,264,410	HK\$0.10
Mr. Zhou Quan and Mr. Cen Anbin (held in the capacity as trustee)	6,137,506	(85,280)	(1,064,954)	4,987,272	HK\$0.26
	21,305,170	(186,967)	(2,518,343)	18,599,860	
Employees					
In aggregate	248,018	—	—	248,018	HK\$0.10
In aggregate	2,384,793	—	—	2,384,793	HK\$0.26
	<u>2,632,811</u>	<u>—</u>	<u>—</u>	<u>2,632,811</u>	
Total	<u>23,937,981</u>	<u>(186,967)</u>	<u>(25,518,343)</u>	<u>21,232,671</u>	

Note: Exercise date was 10 January 2005. At the date before the options were exercised, the market price per share was HK\$1.6.

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:

	Held at 1 January 2005	Number of share options Exercised during the period (Note)	Held at 30 September 2005	Exercise price per share
Directors				
Mr. Cen Anbin	10,000,000	—	10,000,000	HK\$0.70
Mr. Zou Qixiong	10,000,000	—	10,000,000	HK\$0.70
Mr. Lin Gang	4,000,000	—	4,000,000	HK\$0.70
Mr. Zhou Quan and Mr. Cen Anbin (held in the capital at trustee)	5,700,000	(836,000)	4,864,000	HK\$0.70
Employees				
In aggregate	<u>300,000</u>	<u>—</u>	<u>300,000</u>	HK\$0.70
Total	<u><u>30,000,000</u></u>	<u><u>(836,000)</u></u>	<u><u>29,164,000</u></u>	

Details of the share options are as follows:

- (i) Options were granted under the Share Option Scheme pursuant to the board resolution passed on 2 March 2004.
- (ii) The closing price of the share of HK\$0.01 each of the Company quoted on the GEM 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;

Directors

- (i) up to one-third of the options commencing from 1 April 2007;
- (ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the previous period) commencing from 1 April 2008; and

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

Employees

- (i) up to one-third of the options commencing from 1 April 2005;
- (ii) up to two-third of the options (including the options not exercised under the limit prescribed for in the previous period) commencing from 1 April 2006; and
- (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing from 1 April 2007.

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

As at 30 September 2005, the interests or short positions of the directors and the chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the minimum standards of dealing by directors in Rule 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares

Name of Directors	No. of shares	Nature of interests	Approximate percentage of interest (%)
Mr. Cen Anbin	24,585,308	Corporate (<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	0.28
Mr. Lin Gang	8,129,569	Corporate (<i>Note 3</i>)	2.02
	667,409	Personal	0.17

Notes:

- 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.
- 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.
- 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

Name of Directors	Number and description of equity derivatives	Number of underlying shares at 30 September 2005	Nature of interests	Approximate percentage of interest (%)
Mr. Cen Anbin	4,539,271 options granted under the Pre-IPO Share Option Scheme	4,539,271	Personal (Note 4)	1.13
	12,115,682 options granted under the Pre-IPO Share Option Scheme	12,115,682	Other (Note 7)	3.00
	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	12,115,682 options granted under the Pre-IPO Share Option Scheme	12,115,682	Other (Note 7)	3.00

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 4,539,271 shares. Detailed movement of the relevant options are shown under the section headed “Share Options” above.
- 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. Detailed movement of the relevant options are shown under the section headed “Share Options” above.
- 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. Detailed movement of the relevant options are shown under the section headed “Share Options” above.
- 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 the GEM. After deducting the costs of exercising the relevant option and all reasonable expenses incurred in relation to the sale of the underlying shares, the net proceeds will be paid to the relevant option holder. As both Mr. Cen and Mr. Zhou are Directors and the joint trustees of the aforesaid trust, each of them are deemed to be interested in the 7,251,682 options granted under the Pre-IPO Share Option Scheme which, when exercised in full, will result in a total of 7,251,682 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. Further on 16 April 2004, the company granted the post IPO share option of which 4,864,000 options are held under the trust at 30 September 2005. Details refer to the “Share Options” section above.

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, namely Mr. Cen Anbin, Mr. Zou Qixiong and Mr. Lin Gang respectively. Details of such share options are set out in the paragraph headed “Share Options Scheme” above.

Save as disclosed above, as at 30 September 2005, none of the directors or their associates as well as the chief executives of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules. For the nine months ended 30 September 2005, there were no debt securities issued by the Group at any time.

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

As at 30 September 2005, the following persons (other than directors or chief executives 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 shares

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	21.34
International Data Group, Inc. (“IDG”)	Corporate (<i>Note a</i>)	85,988,578	21.34
Mr. Patrick McGovern	Corporate (<i>Note a</i>)	85,988,578	21.34
GDH China Fund, L.P.	Corporate (<i>Note b</i>)	52,890,750	13.12
Heptad Ventures Limited	Corporate (<i>Note b</i>)	52,890,750	13.12

Name of shareholders	Nature of interests	No. of shares	Approximate percentage of interest (%)
China Diamond Holdings Company Limited	Corporate (<i>Note b</i>)	52,890,750	13.12
China Diamond Holdings, L.P.	Corporate (<i>Note b</i>)	52,890,750	13.12
CDH China Holdings Company Limited	Corporate (<i>Note b</i>)	52,890,750	13.12

Notes:

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

Mr. Patrick McGovern is beneficially interested in more than one-third of the share capital of IDG and 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..

Save as disclosed above, as at 30 September 2005, there were no persons who had an interest or short position in the shares or underlying shares of the Company as recorded in the register maintained under Section 336 of the SFO.

OTHER SHAREHOLDERS

As at 30 September 2005, the following persons (other than directors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required maintained under Section 336 of the SFO:

Long position in shares

Name of shareholders	Nature of interests	No. of shares	Approximate percentage of interest (%)
East Light Investment Pte. Ltd.	Corporate (<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 2005, 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 maintained 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 2005, 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

Pursuant to the sponsor agreement dated 28 May 2003 entered into between the Company and First Shanghai Capital Limited (“First Shanghai”), First Shanghai is entitled to receive a fee for acting as the Company’s sponsor for the purpose of Chapter 6 of the GEM Listing Rules for the remaining period up to 31 December 2005.

Saved as disclosed above, neither First Shanghai nor any of its respective directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in the securities of the Company or any of the members of the Group, or had any right to subscribe for or to nominate persons to subscribe for the securities of the Company as at 30 September 2005.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules for the nine months ended 30 September 2005, except that the Board is still in the progress of forming the remuneration committee and drafting its terms of reference.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the nine months ended 30 September 2005, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors. On 18 October 2005, the Board has been informed by Profit Eagle Limited, whose directors are also the directors of the Company, for a possible voluntary conditional offer (the “offer”) to acquire all of the issued shares of the Company and to cancel all outstanding share options of the Company. Details of the Offer can be referred to our announcement dated 11 November 2005.

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 interim results announcement and the related documents for the nine months ended 30 September 2005.

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

During the nine months ended 30 September 2005, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of its listed securities.

By order of the Board

Cen Anbin

Chairman

Hong Kong, 14 November 2005

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication.