A & K EDUCATIONAL SOFTWARE HOLDINGS LTD:
NOBODY SEEMS TO BE VERY INTERESTED IN THIS COMPANY;
ONE MAY WONDER AS TO THE REASON

In spite of A and K Educational Software Holdings Ltd (Code: 8053, The **G**rowth **E**nterprise **M**arket [The GEM] of The Stock Exchange of Hongkong Ltd), performing extremely well since going public in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it would appear that, by and large, its shares have been more than a little neglected by investors of the 416-square-mile territory.

There are a number of reasons for this, with, perhaps, the illiquidity of shares on the market, being the chief reason.

The shares of this Company, which went public on The GEM on July 30, 2004, are held by about 102 institutional investors, all of whom paid 40 cents per Share for their respective shareholdings.

But about 96 percent of all of the shares, known to be in the hands of the investing public, as at July 30, 2004, are held by just 25financial institutions and individuals.

The share price, today, is about 56 cents per, with very little interest from either buyers or sellers.

A and K Educational Software, as its name implies, is in the business of supplying educational computer software to primary and secondary schools in the PRC, proper, as opposed to the HKSAR.

On November 11, 2004, the Company put out its Interim Report for the 6-month period, ended September 30, 2004.

Highlights of that Interim Report included:

1. Turnover	Up 42.77 percent, Year-on-Year* (up from about 5.82 million renminbi to about 8.32 million renminbi)
2. Net Profit Attributable to Shareholders	Up 99.75 percent, Year-on-Year (up from about 3.23 million renminbi to about 6.46 million renminbi)
3. Cash and Bank Balances	Up 264.67 percent to about 33.55 million renminbi, compared with 3 months, ended March 31, 2004
4. Net Assets	Up about 103.15 percent to about 57.31 million renminbi, compared with the 3 months, ended March 31, 2004

* Page One of the Interim Report stated that the Turnover had risen, Year-on Year, by about 45.50 percent. **TARGET** cannot understand how the Company arrived at this figure and would be interested in being informed as to how Management made this calculation.

The Flotation

A and K Educational Software went public on The GEM on July 30, 2004, with its shares, traded for the first time on Friday, August 6, 2004.

The Company Placed 75 million, 10-cent (Hongkong) Shares at 40 cents per Share.

It claimed that the level of interest in the float was such that the shares were oversubscribed by about 1.22 times.

However, about 16.66 percent of the total number of Shares on Offer were Placed to a connected client of China Merchants Securities (Hongkong) Company Ltd, the Bookrunner and Lead Manager of the Share Placement.

That number of Shares – 12.50 million Shares – represented about 4.90 percent of the Enlarged Share Capital of A and K Educational Software.

As far as the Share Placement was concerned, therefore, it would be correct to state that only about 83.33 percent of the total number of Shares on Offer was successfully Placed to institutions and individual investors, not connected with parties, interested in this **I**nitial **P**ublic **O**ffering (IPO) or with the Directors/Management of the Company.

Aside from this fact, the announcement, relating to the flotation of the Company's Shares, indicated that about 71.84 million Shares, representing about 95.79 percent of the total number of Shares on Offer, ended up in the hands of just 25 Placees.

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