

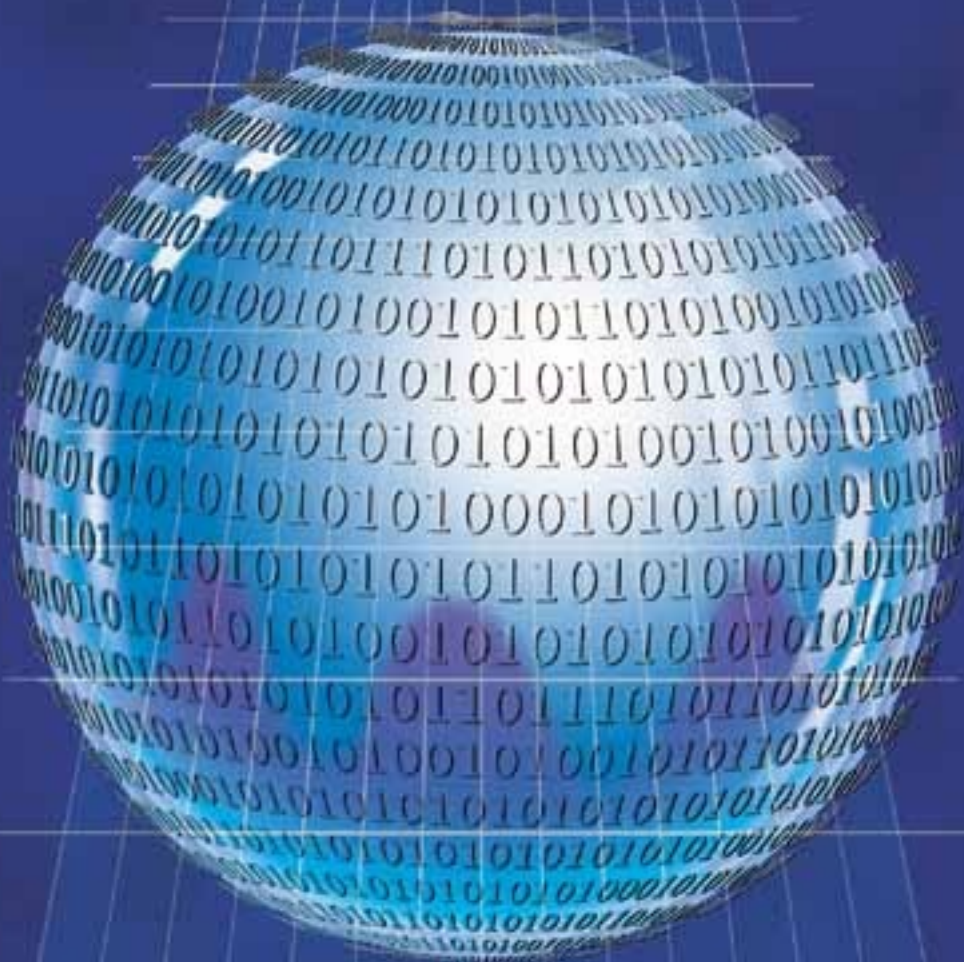


JIANGSU NANDASOFT COMPANY LIMITED
江蘇南大蘇富特軟件股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

NANDASOFT

南大蘇富特



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This announcement, for which the directors of Jiangsu NandaSoft Limited Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Jiangsu NandaSoft Limited Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.



NANDASOFT

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JIANGSU NANDASOFT COMPANY LIMITED*

(江蘇南大蘇富特軟件股份有限公司)

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HIGHLIGHTS

- Achieved a turnover of RMB27,321,283, representing an approximately 3.4 times increase in turnover as compared with the turnover for the corresponding period in 2000
- Accomplished a net profit of RMB3,061,623
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2001

FIRST QUARTERLY RESULTS

The board of Directors ("Board") of Jiangsu NandaSoft Company Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 31st March, 2001.

For the three months ended 31st March, 2001, the unaudited turnover is RMB27,321,283, representing a growth of RMB21,157,161, or 343% in turnover as compared with that of the same period in 2000.

Due to the growth in the turnover, the unaudited net profit of the Group for the three months ended 31st March, 2001 is RMB3,061,623, representing a substantial growth in the results as compared with the corresponding figure in 2000.

* For identification purpose only

The unaudited results of the Group for the three months ended 31st March, 2001 together with the unaudited comparative figures for the corresponding period in 2000 are as follows:

		For the three months ended 31st March,	
		2001	2000
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
Turnover	2	27,321,283	6,164,122
Cost of sales		<u>20,332,563</u>	<u>5,919,378</u>
Gross profit		6,988,720	244,744
Other revenue		1,228,036	496,221
Distribution costs		(2,750,455)	(551,148)
Research and development costs		(116,747)	(18,811)
Administrative expenses		<u>(1,897,709)</u>	<u>(864,822)</u>
Profit/(loss) from operations		3,451,845	(693,816)
Finance costs		<u>(4,348)</u>	<u>(903)</u>
Profit/(loss) before taxation		3,447,497	(694,719)
Taxation	3	<u>(297,759)</u>	<u>-</u>
Net profit/(loss) before minority interests		3,149,738	(694,719)
Minority interests		<u>(88,115)</u>	<u>138,933</u>
Net profit/(loss) attributable to shareholders		<u>3,061,623</u>	<u>(555,786)</u>
Earnings/(loss) per share – basic	4	<u>0.0044</u>	<u>(0.0008)</u>

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 30th December, 1999 and its H shares were listed on the GEM (the "Listing") on 24th April, 2001, details of which are set out in the prospectus of the Company dated 19th April, 2001 (the "Prospectus"), issued in respect of the Company's H shares listed on GEM.

The above results were prepared on the basis that the existing Company's structure had been in place throughout the period from 1st January, 2000 to 31st March, 2001.

The financial statements of the Group have been prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the Rules Governing the Listing of Securities on GEM.

2. TURNOVER

Turnover, which is stated net of value added tax and other sales tax and returns, represents amounts invoiced to customers, except in respect of provision of IT consulting services where turnover represents the value of work done during the period, including amounts not yet invoiced.

	For the three months ended 31st March,	
	2001	2000
	<i>RMB</i>	<i>RMB</i>
Sales of computer software products	338,989	–
Provision of IT consulting services	3,613,014	1,029,468
Sales of computer hardware products and equipment	23,369,280	5,134,654
	<u>27,321,283</u>	<u>6,164,122</u>

3. TAXATION

	For the three months ended 31st March,	
	2001	2000
	<i>RMB</i>	<i>RMB</i>

The charge comprises:

PRC income tax	<u>297,759</u>	<u>–</u>
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Pursuant to an approval documents issued by the Science and Technology Committee of Nanjing Municipality, the Company has been designated as a new and high technology entity and is exempted from income tax for the year ended 31st December, 2000 and a reduced income tax rate of 15% starting from the year 2001.

The subsidiary of the Company is subject to income tax rate of 33%.

4. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share for the three months ended 31st March, 2001 was based on the net profit of approximately RMB3,061,623 (three months ended 31st March, 2000: net loss of RMB555,786) divided by the weighted average number of shares issued during the period of 700,000,000 shares (2000: 700,000,000 shares) as if the sub-division of the Company's shares as described in Appendix VI of the Prospectus had taken place at the beginning of the relevant periods.

Diluted earnings per share is not presented for the three months ended 31st March, 2001 and 2000 as there were no potential dilutive securities in existence during the relevant periods.

5. RESERVES

There were no movements in reserves of the Group for the three months ended 31st March, 2001.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period. (2000: Nil)

BUSINESS AND FINANCIAL REVIEW

Financial

The Group has achieved a stable and sustained growth in the operational results of the first quarter of this financial year. For the three months ended 31st March, 2001, the Group has accomplished a revenue of RMB27,321,283 and a net profit of RMB3,061,623. This represented a growth of 3.4 times in total revenue as compared to the same period in the previous year. The substantial improvement in the financial conditions of the Group was due to a combination of sales network expansion, successful marketing efforts and the launch of the Group's core software product series, NandaSoft Network Securities Solution in September of 2000.

Business

For the three months ended 31st March, 2001, the Group has the following achievements:

Product development

The Group has completed the partial function design of its security database product, SoftBase. In addition, the Group has completed the design of its Electronic Commerce Platform and the newer edition of Tutor2.0 Multimedia Development Tool as well as the development of payment protocol and settlement system of its Online Payment Platform.

Marketing and business development

The Group had launched the Linux based SoftWall kit and the second edition of Soft-PS beta version.

The Group had expanded its national distribution network which covered Jiangsu, Jiangxi and Zhejiang provinces. The Group has also built up a primitive distribution channel by establishing the "NandaSoft Network Security Alliance", which consists of numerous selling agents and SI companies.

During this quarter, the Group attended various types of seminar, training activities and meeting which provided the Group the opportunities for technological advancement and also direct contacts with potential customer. In February of 2001, the Group organised a general meeting for its "NandaSoft Network Security Alliance" and completed the training of selling agents by the end of March 2001. In the three months ended 31st March, 2001, the Group completed the first phase of the training of network application technology for various representatives from major cities in Jiangsu province.

The Group's SoftWall also passed relevant technology tests of Intel (China) Corporation, which the Directors believe may enhance the marketability of the Group's network security products.

In addition, the Group's SoftOS V1.0 and SoftWall WPH V1.2 had obtained distribution licenses from the Ministry of Public Security.

FUTURE PROSPECTS

With the rapid development of information technology industry, especially the Internet, the Group expects that market demand for network security products will also surge. Due to the continuing development of the network infrastructure of the PRC, network security products are expected to be the major source of the Group's revenue in future.

In respect of research and development, the Group will continuously employ more technical talents to further strengthen the Group's research and development team and strive to become a leader in the industry.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 24th April, 2001 (date of the Listing of the Company), except for those shares as set out below, none of the Directors and the supervisors of the Company (the "Supervisors") or their associates had any personal, family, corporate or other interests in the shares of the Company or associated corporations, if any, pursuant to section 29 of the SDI Ordinance.

The beneficial interests of the Directors and Supervisors in the share capital of the Company are deemed as follows:

Name	Type of interests	Number of shares	Percentage of deemed beneficial interest in the Company's share capital immediately after the Listing
<i>Directors</i>			
Xie Li	Others (Note 1)	11,900,000	1.27%
Zhang Yun Xia	Personal (Note 2)	9,000,000	0.96%
You Xue Gui	Others (Note 1)	8,000,000	0.86%
Zhang Jin Quan	Others (Note 1)	1,500,000	0.16%
Chen Dao Xu	Others (Note 1)	500,000	0.05%
<i>Supervisors</i>			
Zhou Ming Hai	Others (Note 1)	5,000,000	0.54%
Xiong Xian Gen	Others (Note 1)	2,000,000	0.21%
Wang Dao Wu	Others (Note 1)	1,000,000	0.11%
Zhou Wen Da	Others (Note 1)	780,000	0.08%
Shi Jian Jun	Others (Note 1)	500,000	0.05%

Notes:

- (1) These shares are held through the Worker Union of Jiangsu Educational Instrument Corporation (the “Union”). The Union, being a social organisation legal person established under the laws of the PRC, holds 110,000,000 shares, or approximately 11.78% shareholding in the Company for and on behalf of the staffs of the Company including Directors and Supervisors and owns 15% equity interest in Jiangsu Co-Creation Education Development Company Limited (“Jiangsu Co-Creation”).
- (2) These shares are directly held by an ex-director of the Company, who is also the spouse of Zhang Yun Xia.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE H SHARES

Save as disclosed above, during period from 1st January, 2001 to 24th April, 2001 (date of the Listing of the Company), none of the Directors or Supervisors was granted options to subscribe for H shares of the Company. As at 24th April, 2001 (date of the Listing of the Company), none of the Directors or the Supervisors had any rights to acquire H shares in the Company.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme. A summary of the principle terms and conditions of the share option scheme are set out in the section headed “Summary of the Terms of the Share Option Scheme” in Appendix VI of the Prospectus. Upto 24th April, 2001 (the date of the Listing of the Company), no option has been granted pursuant to such share option scheme.

SUBSTANTIAL SHAREHOLDERS

Other than the interests as disclosed above in respect of the Directors and their associates, as at 24th April, 2001 (date of the Listing of the Company), the register of substantial shareholders maintained under Section 16(1) of the

SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10 percent or more of the Company's issued share capital:

Shareholder	Number of shares	Approximate effective interests in the Company immediately after the Listing
Nanjing University	200,000,000	21.41%
Jiangsu Zongyi Company Limited ("Zongyi") (Note 1)	181,540,000	19.44%
Jiangsu Educational Instrument Corporation ("Jiangsu Educational") (Note 2)	136,500,000	14.61%
The Union (Note 3)	123,500,000	13.22%

Notes:

- (1) The interest of Zongyi comprises:
 - (a) 160,000,000 shares (representing approximately 17.13% of the Company's issued share capital) held by Zongyi; and
 - (b) 21,540,000 shares (representing approximately 2.31% of the Company's issued share capital) held through Jiangsu Property Business Company Limited, which is approximately 53.85% owned by Zongyi.
- (2) The interest of Jiangsu Educational comprises:
 - (a) 60,000,000 shares (representing approximately 6.42% of the Company's issued share capital) held by Jiangsu Educational; and
 - (b) 76,500,000 shares (representing approximately 8.19% of the Company's issued share capital) held through Jiangsu Co-Creation, which is approximately 85% owned by Jiangsu Educational.
- (3) The interest of the Union comprises:
 - (a) 110,000,000 shares (representing approximately 11.78% of the Company's issued share capital) held by the Union; and
 - (b) 13,500,000 shares (representing approximately 1.44% of the Company's issued share capital) held through Jiangsu Co-Creation, which is approximately 15% owned by the Union.

Save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at 24th April, 2001 (date of the Listing of the Company).

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTEREST

As updated and notified by the Company's sponsor, Core Pacific – Yamaichi Capital Limited (“Core Pacific – Yamaichi”), neither Core Pacific – Yamaichi nor its directors, employees or associates had any interest in the share capital of the Company as at 24th April, 2001 (date of the Listing of the Company) pursuant to Rules 6.35 and 18.63 of the GEM Listing Rules.

Pursuant to the agreement dated 18th April, 2001 entered into between the Company and Core Pacific – Yamaichi, Core Pacific – Yamaichi has received and will receive a fee for acting as the Company's retained sponsor for the period from 24th April, 2001 to 31st December, 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

AUDIT COMMITTEE

The Company established an audit committee on 8th December, 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the two independent non-executive directors, Mr. Xu Huan Liang and Professor Wang Zhi Jian.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the period from 1st January, 2001 to 24th April, 2001 (date of the Listing of the Company).

On behalf of the Board

Xie Li

President and executive director

15th May, 2001, Nanjing, the PRC