



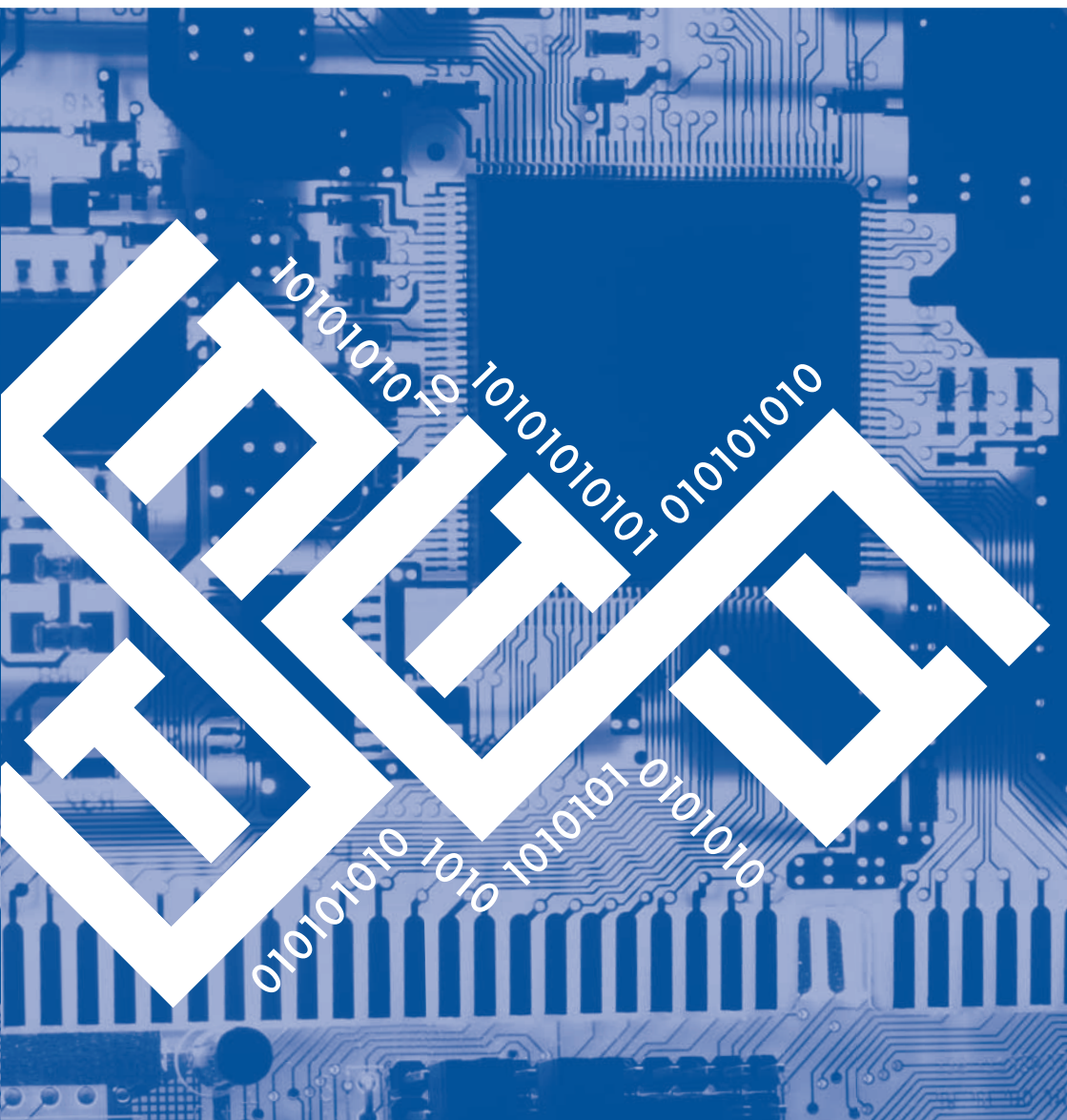
**JIANGSU NANDASOFT COMPANY LIMITED**

**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)

(Stock Code: 8045)

## First Quarterly Report 2008



## **Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (The “Stock Exchange”)**

**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 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 issuers.**

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*This report, for which the directors of Jiangsu NandaSoft Company Limited 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 Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—(1) the information contained in this report 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 report misleading; and (3) 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

- Achieved a turnover of approximately RMB56,842,000 for the three months ended 31 March 2008, representing an approximately 18.85% decrease as compared with that of corresponding period in 2007.
- Accomplished an attributable net profit of approximately RMB2,120,000 for the three months ended 31 March 2008.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2008.

### First Quarter Results

The board of directors ("Board") of Jiangsu NandaSoft Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2008.

For the three months ended 31 March 2008, the unaudited turnover is approximately RMB56,842,000, representing a decrease of approximately RMB13,202,000, or approximately 18.85% in turnover as compared with that of the same period in 2007. The unaudited attributable profit of the Group for three months ended 31 March 2008 is approximately RMB2,120,000 representing an increase of approximately RMB1,897,000, or approximately 8.5 times in attributable profit as compared with that of the same period in 2007.

The unaudited results of the Group for the three months ended 31 March 2008 together with the unaudited comparative figures for the corresponding period in 2007 are as follows:

		<b>For the three months ended 31 March</b>	
	<i>Notes</i>	<b>2008</b>	2007
		<b>RMB</b>	<b>RMB</b>
Revenue	2	<b>56,842,401</b>	70,044,367
Cost of sales		<b>(50,383,258)</b>	(63,708,805)
<b>Gross profit</b>		<b>6,459,143</b>	6,335,562
Other income and gains		<b>5,095,387</b>	5,059,698
Selling and distribution costs		<b>(4,043,262)</b>	(4,853,432)
Research and development costs		<b>(640,379)</b>	(1,048,170)
Administrative expenses		<b>(4,450,220)</b>	(4,315,850)
Finance Costs		<b>(297,956)</b>	(955,954)
<b>Profit before tax</b>		<b>2,122,713</b>	221,854
Tax	3	<b>(49,198)</b>	(121,358)
<b>Profit for the period</b>		<b>2,073,515</b>	100,496
Attributable to:			
Equity holders of the parent		<b>2,119,693</b>	222,484
Minority interest		<b>(46,178)</b>	(121,988)
		<b>2,073,515</b>	100,496
<b>Earnings per share – basic</b>	4	<b>0.0023</b>	0.0002

Notes:

## 1. Basis of Presentation

The Company was established in the People's Republic of China (the "PRC") under the Company Law of the PRC as a joint stock limited company on 30 December 1999. The Company's predecessor, Jiangsu NandaSoft Limited Liability Company (the "Predecessor") was established on 18 September 1998. By way of transformation of the Predecessor (the "Transformation"), the Company was established on 30 December 1999. Upon its establishment, the Company assumed the subsidiary of the Predecessor, Nanjing NandaSoft System Integration Company Limited which is engaged in the sales of computer hardware and equipment, and continues to develop, manufacture and market network security software, internet application software, education software and business application software, and provides systems integration services which include the provision of information technology consulting.

The Company's registered office and the places of business in the People's Republic of China (the "PRC") is NandaSoft Tower, 8 Jingyin Street, Shanghai Road, Nanjing, the PRC, respectively. The Company's registered office and the places of business in Hong Kong is Room 1006-07, 10/F, New Victory House, 93-103 Wing Lok Street, Sheung Wan, Hong Kong

The H shares of the Company have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 April 2001. Details of the Transformation are set out in the prospectus issued by the Company dated 19 April 2001.

The consolidated financial statements are presented in Renminbi, which is the same as the function currency of the Company.

## 2. Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the year.

	<b>For the three months ended 31 March</b>	
	<b>2008</b>	2007
	<b>RMB</b>	RMB
Sale of goods:		
Computer software products	<b>1,064,241</b>	2,235,508
Import and export of IT related products and equipment	<b>195,210</b>	2,393,940
Rendering of system integration services	<b>55,582,950</b>	65,414,919
	<b>56,842,401</b>	70,044,367

### 3. Tax

Pursuant to an approval document issued by the Science and Technology Committee of Nanjing Municipality, the Company has been designated as a new and high technology entity and is subject to the concessionary tax rate of 15%.

Under the relevant PRC Income Tax Law and the respective regulations, the corporate income tax for subsidiaries was calculated at rates ranging from 15% to 33%, on their estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. As certain of the Company's subsidiaries are foreign investment enterprises, after obtaining authorisation from respective tax authorities, these subsidiaries are subject to a full corporate income tax exemption for the first two years and a 50% reduction in the succeeding three years, commencing from the first profitable year.

	<b>For the three months ended 31 March</b>	
	<b>2008</b>	2007
	<b>RMB</b>	RMB
The charge comprises:		
PRC income tax	<b>49,198</b>	121,358

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which is effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1 January 2008 will decrease from 33% to 25% on 1 January 2008 and thereafter. This reduction in the income tax rate will directly reduce the Group effective tax rate prospectively from 2008.

According to HKAS 12, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. As a result, the change in the corporate income tax rate has increased the benefits arising from unrecognised tax losses of the current period.

### 4. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to shareholders of RMB2,120,000 (2007: RMB222,000) and on 934,000,000 (2007: 934,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March 2008 and 2007 as there were no potential dilutive securities in existence during the relevant periods.

## 5. Reserves

Other than as disclosed below, there were no movements in reserves of the Group for the relevant periods in 2008 and 2007.

	<b>Retained profits</b>	
	<b>2008</b>	2007
	<b>RMB</b>	RMB
As at 1 January	<b>14,388,253</b>	5,491,101
Net profit for the period	<b>2,119,693</b>	222,484
As at 31 March	<b>16,507,946</b>	5,713,585

## Dividend

The Board does not recommend the payment of dividend for the period. (2007: Nil)

## Financial Review

With the rapid development in technology market, the Group face with unprecedented competition which directly affect the market share and gross profit of the Group and thus the consolidated turnover of the Group for the period ended 31 March 2008 was approximately RMB56,842,000 which represents a drop of 18.85% when compare with the same period of 2007.

The unaudited attributable profit to equity holders for the period ended 31 March 2008 was RMB2,120,000 which represent an increase of 8.5 times when compared with the same period of 2007. During the period, the management keep tight control for all distribution and administration expense. Besides, finance cost was reduced in line with reducing of bank loan, all of the above contributed the attributable profit to equity holders increase sharply for the period ended 31 March 2008.

## Review of Business Objectives

The IT industry is one of the most rapidly growing industries in the world in recent years, drawing global attention especially towards its future trend and direction. The IT environment becomes increasingly sophisticated and the demand for technological products continues to rise. With more and more well-known international IT companies launching the concept of software + service, NandaSoft rode on the development trend of international software industry and launched the R&D service for network security products to a greater extent and network security house-keeping service based on the Network Security Total Solutions.

NandaSoft renewed the network security product line of the Company in response to the changes in market demand during the year, with the plan of launching "Network Security Integrated Protection System for Intranet" and "Security USB Mobile Disk Management System" with wholly owned intellectual properties. The R&D of these products testified to the independent and innovative spirit pioneered by the Company, and further enhanced its integration of network security product line.

Based on the network security service previously provided, NandaSoft started a network security house-keeping service to provide comprehensive network security service to customers. A 7x24 service team was also established to provide solutions to various kinds of network problems faced by the customers around the clock.

## **R&D of Products**

### ***Network Security Total Solutions***

In respect of Network Security Total Solutions, NandaSoft focused on the R&D of the following two new products during the period:

1. "ZAP (Network Security Integrated Protection System for Intranet)": the Protection System, based on unified security management of strategy and relied on the distributed access control and audit technology, which genuinely realized the distributed and highly protected network. In addition to the boundary protection function for preventing outer attacks, it also encompassed intrusion detection and audit and surveillance for preventing internal attacks and information leakage. Moreover, ZAP provided the security management function for assessing the risks associated with the network so as to construct the Security Dynamic Protection System. ZAP provided centralized management mechanism, unified coordination mechanism, consolidated analysis mechanism, association response mechanism for customers to establish convenient and all round network application and results in great effectiveness in the various aspects of security management.

During the period, "ZAP Network Security Protection System" passed the testing by Software Testing Centre for Jiangsu Province and obtained the "Software Testing Centre for Jiangsu Province Testing Certificate".

2. "Security USB Mobile Disk Management System": the flexible and convenient USB Mobile Disk was quickly and warmly received by the government, army and enterprises. However, its problem of leakage has become noticeable. The Mobile Disk Management System developed by NandaSoft solved the problems of surveillance and management of large amount of storage devices such as USB Mobile Disk at the same time with the use of technology. "Security USB Mobile Disk Management System" solved the potential security risks in the usage of mobile disk with the use of technology, to provide security protection for unit information system and sound technological protection for related confidential policies and documents.



3. The Company continued to promote the application of electronic administration in the area of government purchasing. Other than the Government Purchasing Center of Jiangsu Province Administration Department, the Company obtained the contract from the Government Procurement of Wuxi for the season and won the bid of Government Procurement of Huaian, which further consolidated the leading position of the Company in the area of government purchasing.

### **Product Promotion and Marketing Activities**

NandaSoft launched SoftwallPro version for Soft firewall. The product was based on the brand new hardware platform of Soft based on ASIC structure, integrated with the latest highly effective data processing calculation and seamless match of hardware and software, and would significantly enhance the performance benchmark of the existing firewall products. Meanwhile, the B/S management mode introduced in this version of firewall product would further increase the competitiveness of the Company's firewall products in the market.

During the period, the Company entered into the government purchase for the firewall with ASIC structure with the Bureau of Radio Administration of Jiangsu Province. The firewall with ASIC structure was a high-end firewall independently developed by NandaSoft, which marked the milestone of forceful marketing of high-end firewall by NandaSoft.

With the focus on the current key selling areas outside the province, NandaSoft held the Jiangsu NandaSoft Network Security Forum (Fujian) and improved exchange and communication between NandaSoft and the best agents from different areas in Fujian Province. The brand of NandaSoft was widely recognized by experts and customers and the forum further enhanced the pace of promoting the brand of NandaSoft in Fujian Province.

### **Security System Integration and Service**

Leveraging on its R&D strength in the area of Network Security Total Solutions throughout the years, NandaSoft strived to fulfill the increasing demand of customers and to provide them with high-quality technological service. For Security System Integration and Service, NandaSoft would attain a higher gross profit margin for its projects through enhancing technological content. The Company has signed contracts with the Administration for Industry and Commerce of Jiangsu Province for the second phase of network upgrading construction and the intelligentization construction project of Xianlin campus at the Nanjing University. The Company also undertook the first 10GE construction.

NandaSoft launched network security house-keeping service during the period, with the aim to provide comprehensive network security service to customers. A 7x24 service team was also established to provide solutions to various kinds of network problems faced by the customers around the clock.

During the period, NandaSoft strengthened the cooperation with Huawei 3COM, in an effort to turn the customers of system integration project into customers of future service projects through pushing on the service by system integration project.

## Development of the NandaSoft Group

With more than three years of experience in the industry, Suzhou Company developed the postgraduate recruitment software during the period. The software was targeted for gradual launch on the market with the goal to achieve a leading position in the industry.

The Beijing Company has signed new contracts during the period, including contracts with the Beijing Jinrong Road Subdistrict Office for technological service, China National Machinery Industry Corporation for network facility purchasing, China Water and Electric Corporation for facility purchasing, Summer Palace in Beijing for E-ticket system, Xiang Shan Park in Beijing for E-ticket system and Beijing Jinliufu for facility purchasing.

Changzhou Company entered into Mega Eyes terminal facility purchasing framework agreement with Jiangsu Telecom Company Limited Changzhou branch during the period. The project provided "Peaceful Changzhou" with facilities such as backstage data recording, which was the first time for NandaSoft to take part in China's Peaceful City project. This would build up experience for the development and implementation of various projects of China's 'peaceful city' in full scale in the future.

For the outsourcing targeted at Japan, Fuyue Technology Company Limited developed SmartDucware during the period, marking a brand new mode of cooperation with Mitsubishi MIDS in Japan. The product could work with the application of documents management for large scale enterprises such as manufacturing, and possessed a promising market prospect. The product also created a new cooperation mode for Fuyue's outsourcing targeted at Japan. During the period, Fuyue Technology has obtained the certificate for major enterprise of international service outsourcing in Jiangsu Province.

## Prospects

Focusing on the new trend of network security market development, NandaSoft will continue the R&D of USB Mobile Disk Management System in the area of network security, and at the same time the effort to launch the Network Security Integrated Protection System for Intranet on the market.

For software outsourcing, NandaSoft will further strengthen the exchange with manufacturers in Europe and the United States with the objective to tap into the market of outsourcing service in Europe and the United States.

To further enhance its profitability, NandaSoft will aggressively invest in high technology and move into the areas of biomedical and communication industries.

## Directors' and Supervisors' Service Contracts

All directors (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) and Supervisors have service contracts with the Company which will expire on 29 December 2008. The service contracts will be renewed for a service period of three years subject to the approval at the next annual general meeting of the Company.

Save as disclosed above, none of the directors nor the supervisors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## Directors', and Supervisors' Interests and Short Positions in Shares and Underlying Shares

At 31 March 2008, the interests and short positions of the directors in the share capital and underlying shares of the Company or 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 by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

### Long positions in shares

Name	Type of interests	Number of domestic shares held directly or indirectly		Number of H shares	Percentage of deemed beneficial interest in the Company's domestic share capital	Percentage of deemed beneficial interest in the Company's total share capital
		Direct	Indirect			
<b>Directors</b>						
Xie Li	Personal (Note 1)	11,900,000	—	—	1.70%	1.27%
Chen Dao Xu	Personal (Note 1)	500,000	—	—	0.07%	0.05%
<b>Supervisors</b>						
Zhou Ming Hai	Personal (Note 1)	5,000,000	—	—	0.71%	0.54%
Shi Jian Jun	Personal (Note 1)	500,000	—	—	0.07%	0.05%

Note:

(1) These shares are directly held by the individual directors and supervisors.

Save as disclosed above, as at 31 March 2008, none of the directors, chief executive or supervisors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

### **Directors' Rights to Acquire Shares or Debentures**

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

### **Share Option Scheme**

The Company has adopted a share option scheme. A summary of the principal terms and conditions of the share option scheme is set out in the section headed "Summary of the Terms of the Share Option Scheme" in Appendix VI of the prospectus issued by the Company dated 19 April 2001. Up to 31 March 2008, no option has been granted pursuant to such share option scheme.

### **Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

At 31 March 2008, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### **Long position in shares**

Shareholder	Capacity	Number of domestic shares	Percentage of domestic shares	Number of H shares	Percentage of H shares	Number of domestic and H shares	Percentage of domestic and H shares
Nanjing University Asset Administration Company Limited (Note 1)	Beneficial Owner	136,340,000	19.48%	–	–	136,340,000	14.60%
Jiangsu Furen Group Company Limited (Note 2)	Beneficial Owner	100,000,000	14.29%	–	–	100,000,000	10.71%

Shareholder	Capacity	Number of domestic shares	Percentage of domestic shares	Number of H shares	Percentage of H shares	Number of domestic and H shares	Percentage of domestic and H shares
Beijing MengHua Investment Co., Ltd	Beneficial Owner	100,000,000	14.29%	–	–	100,000,000	10.71%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") (Note 3)	Interest of a controlled corporation	89,750,000	12.82%	–	–	89,750,000	9.61%
Guangzhou DingXiang Trade Co., Ltd (Note 2)	Beneficial Owner	80,000,000	11.43%	–	–	80,000,000	8.57%
Liaoning Guotai Housing Development Company Limited (Note 3 and Note 4)	Beneficial Owner	75,000,000	10.71%	–	–	75,000,000	8.03%
Jiangsu Provincial IT Industrial Investment Company Limited (Note 5)	Beneficial Owner	46,850,000	6.69%	–	–	46,850,000	5.02%
Jiangsu Co – Creation (Note 4 and Note 6)	Beneficial Owner	89,750,000	12.82%	–	–	89,750,000	9.61%

## Notes:

- (1) On 24 December 2007, Nanjing University Asset Administration Company Limited entered into a Share Transfer Agreement with Beijing Menghua Investment Co., Ltd. for the transfer of 10.71% shares (100,000,000 shares) in the Company held by Nanjing University Asset Administration Company Limited to Beijing Menghua Investment Co., Ltd. The transfer is subject to the official approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "State Assets Commission").
- (2) On 7 December 2007, Jiangsu Furen Group Company Limited entered into a Share Transfer Agreement with Guangzhou DingXiang Trade Co., Ltd. for the transfer of 10.71% shares (100,000,000 shares) in Jiangsu Nandasoft Company Limited held by Jiangsu Furen Group Company Limited to Guangzhou DingXiang Trade Co., Ltd. (the "Guangzhou DingXiang"). On 12 March 2008, Guangzhou DingXiang entered into a share agreement with Mr. Zhang Bingyuan for the transfer of 2.14% shares (i.e. 20,000,000 domestic shares) in the Company to Mr. Zhang Bingyuan.

- (3) On 26 December 2007, Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School entered into a Share Transfer Agreement with Liaoning Guotai Housing Development Company Limited for the transfer of 6.42% shares (60,000,000 shares) in the Company held by Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School to Liaoning Guotai Housing Development Company Limited. The transfer is subject to the official approval by the State Assets Commission.
- (4) On 26 December 2007, Jiangsu Co-Creation entered into a Share Transfer Agreement with Liaoning Guotai Housing Development Company Limited for the transfer of 1.606% shares (15,000,000 shares) in the Company held by Jiangsu Co-Creation to Liaoning Guotai Housing Development Company Limited. The transfer is subject to the official approval by the State Assets Commission.
- (5) On 8 August 2007, Mr. Wang Dao Wu, a natural person, entered into a transfer agreement with Jiangsu Provincial IT Industrial Investment Company Limited for the transfer of 1,000,000 shares in the Company held by him to Jiangsu Provincial IT Industrial Investment Company Limited.
- (6) Jiangsu Management Centre is a professional unit entity established which changed its name from Jiangsu Educational Instrument Corporation on 1 July 2001. The interest of Jiangsu Management Centre comprises 89,750,000 domestic shares (100% deemed interests held by Jiangsu Management Centre representing approximately 9.61% of the Company's total issued share capital) held through Jiangsu Co-Creation, which is approximately 51% owned by Jiangsu Management Centre.

Save as disclosed above, as at 31 March 2008, no person, other than the directors, chief executive and supervisors of the Company, whose interests are set out in the section "Directors', chief executive's and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **Directors' Interests in Contracts**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period.

### **Directors' and Supervisors' Rights to Acquire H Share**

During the period ended 31 March 2008, none of the directors or supervisors was granted options to subscribe for H shares of the Company. As at 31 March 2008, none of the Directors or the Supervisors nor their spouses or children under the age of 18 had any rights to acquire H shares in the Company or had executed any such right during the period.

## 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.

## Corporate Governance and Audit Committee

The Company has complied with the Code of Best Practice as set out in Rules 5.34 to 5.45 of the GEM Listing Rules since its listing on 24 April 2001.

The Company established an audit committee on 8 December 2000 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting and internal control system of the Group. The audit committee has reviewed the first quarterly report for 2008 and conclude the meeting with agreement to the contents of the quarterly report. The audit committee comprises the three Independent Non-executive Directors, Mr. Xu Huan Liang, Mr. Yim Hing Wah and Professor Wang Zhi Jian.

For the three months ended 31 March 2008, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on the GEM.

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. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period ended 31 March 2008.

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

## 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 three months ended 31 March 2008.

On behalf of the Board  
**Jiangsu NandaSoft Company Limited**  
**Xie Li**  
*Chairman*

9 May 2008, Nanjing, the PRC