



NANDASOFT
南大苏富特

Jiangsu NandaSoft Technology Company Limited

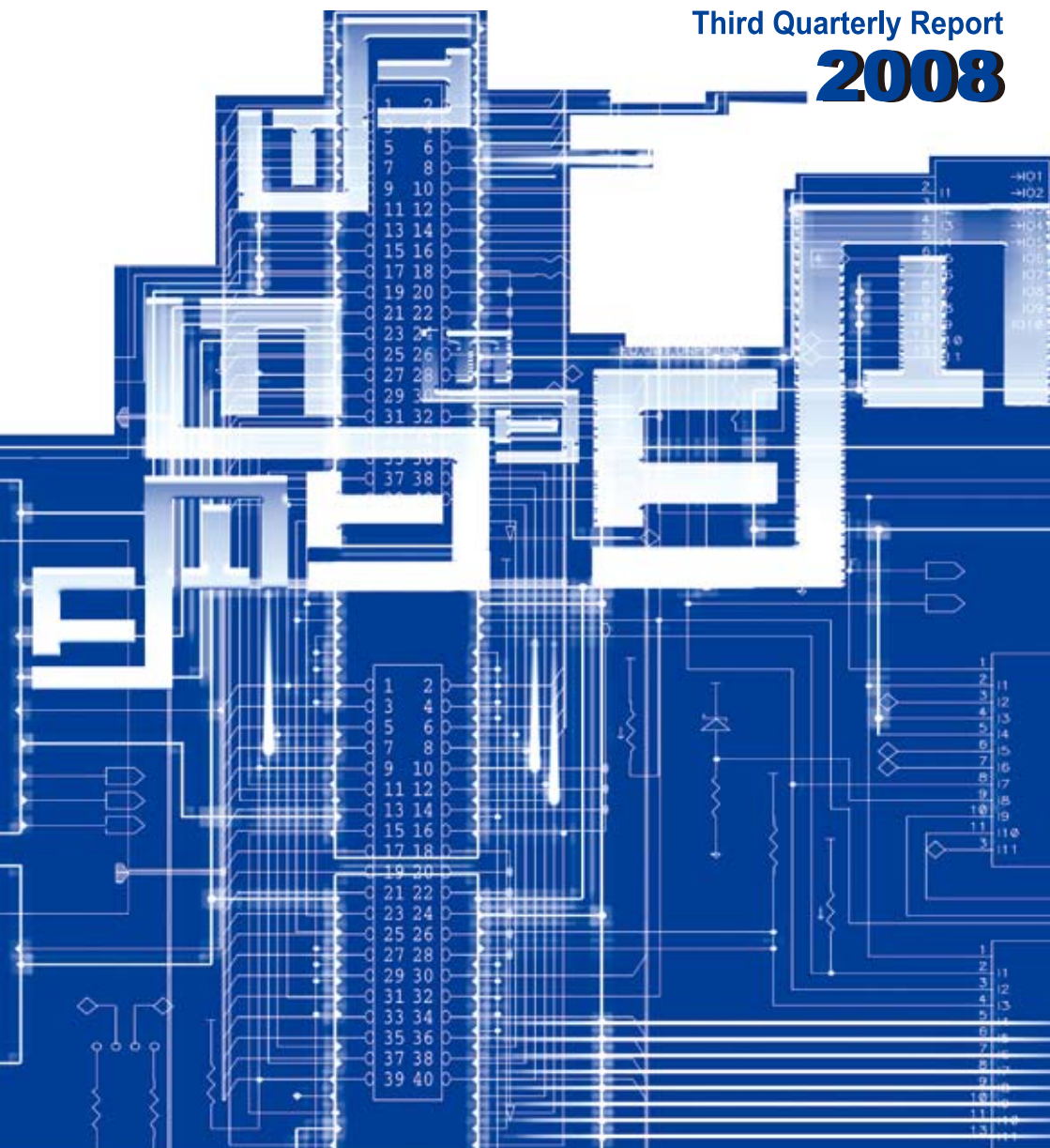
江蘇南大蘇富特科技股份有限公司

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

(Stock Code: 8045)

Third Quarterly Report

2008



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

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This report, for which the directors of Jiangsu NandaSoft Technology Company Limited (the “Directors”) 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 Technology 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 RMB185,533,000 for the nine months ended 30th September 2008, representing an approximately 13.5% decrease as compared with that of the corresponding period in 2007.
- Accomplished a net profit of approximately RMB10,270,000 for the nine months ended 30th September 2008.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30th September 2008.

THIRD QUARTERLY RESULTS

The board of Directors (“Board”) of Jiangsu Nandasoft Technology Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three and nine months ended 30th September 2008.

For the three months ended 30th September 2008, the unaudited turnover is approximately RMB67,161,000, representing a decrease of approximately RMB318,000, or approximately 0.5% in turnover as compared with that of the same period in 2007.

For the nine months ended 30th September 2008, the unaudited turnover is approximately RMB185,533,000, representing a decrease of approximately RMB28,846,000, or approximately 13.5% in turnover as compared with that of the same period in 2007.

The unaudited net profit of the Group for three months ended 30th September 2008 is approximately RMB3,686,000 and for the nine months ended 30th September 2008, the unaudited net profit of the Group is approximately RMB10,270,000, representing an increase of approximately RMB10,140,000, as compared with that of the same period in 2007.

The unaudited results of the Group for the three months and nine months ended 30th September 2008 together with the unaudited comparative figures for the corresponding period in 2007 are as follows:

	Notes	For the three months ended 30th September		For the nine months ended 30th September	
		2008 RMB	2007 RMB	2008 RMB	2007 RMB
Revenue	2	67,160,889	67,479,365	185,532,914	214,378,695
Cost of sales		(56,808,047)	(61,496,663)	(157,516,956)	(194,607,764)
Gross profit		10,352,842	5,982,702	28,015,958	19,770,931
Other income		2,544,534	4,198,736	9,326,010	11,258,059
Distribution costs		(4,525,805)	(4,188,475)	(11,949,622)	(13,865,551)
Research and development costs		(671,293)	(1,073,194)	(2,134,965)	(2,902,608)
Administrative expenses		(3,101,701)	(4,565,182)	(11,080,053)	(11,959,964)
Finance Costs		(204,202)	(378,893)	(589,842)	(2,149,183)
Profit/(loss) before tax		4,394,375	(24,306)	11,587,486	151,684
Income tax expense	3	(130,980)	45,459	(372,966)	(322,276)
Profit/(loss) for the period		4,263,395	21,153	11,214,520	(170,592)
Attributable to					
Equity holders of the parent		3,686,029	(61,459)	10,269,942	129,929
Minority interest		577,366	82,612	944,578	(300,521)
		4,263,395	21,153	11,214,520	(170,592)
Earnings/(loss) per share					
– basic	4	0.0039	(0.0001)	0.0110	0.0001

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 30th December 1999. The Company's predecessor, Jiangsu NandaSoft Limited Liability Company (the "Predecessor") was established on 18th September 1998. By way of transformation of the Predecessor (the "Transformation"), the Company was established on 30th December 1999. Upon its establishment, the Company assumed the subsidiary of the Predecessor, Nanjing NandaSoft System Integration Company Limited which is engaged in the sale of computer hardware and equipment, and continued 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, and sales of computer hardware products and equipment.

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. The Company's registered office and the places of business in Hong Kong is Room 08-09, 15/F., Trendy Centre, 682 Castle Peak Road, Lai Chi Kok, Kowloon, 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 24th April 2001. Details of the Transformation are set out in the prospectus issued by the Company dated 19th April 2001.

The name of the Company changed from "Jiangsu NandaSoft Company Limited" to "Jiangsu NandaSoft Technology Company Limited" with effect from 6 November 2008.

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.

	For the three months ended 30th September		For the nine months ended 30th September	
	2008 RMB	2007 RMB	2008 RMB	2007 RMB
Sale of goods:				
Computer software products	5,188,356	1,229,477	7,158,766	10,685,704
Import and Export of IT related products and equipment	—	4,998,379	195,210	15,393,770
Rendering of system integration services	61,972,533	61,251,509	178,178,938	188,299,221
	67,160,889	67,479,365	185,532,914	214,378,695

3. INCOME TAX EXPENSE

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.

	For the three months ended 30th September		For the nine months ended 30th September	
	2008 RMB	2007 RMB	2008 RMB	2007 RMB
The charge/(credit) comprises:				
PRC income tax	130,980	(45,459)	372,966	322,276

On 16th 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 1st January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1st January 2008 will decrease from 33% to 25% on 1st January 2008 and thereafter. This reduction in the income tax rate will directly reduce the Group effective tax rate prospectively from 2008.

4. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of approximately RMB3,686,000 and RMB10,270,000, respectively for the three months and nine months ended 30th September 2008 (2007: loss of RMB61,000 and profit RMB130,000) and on 934,000,000 (2007: 934,000,000) shares in issue during the periods.

Diluted earnings per share is not presented for the three months and nine months ended 30th September 2008 and 2007 as there were no potential dilutive securities in existence during the relevant periods.

5. RESERVES

Other than the profit/(loss) for the period as disclosed in the consolidated statement of changes in equity, there were no movements in reserves of the Group for the relevant periods in 2007 and 2008.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months period ended 30th September 2008. (2007: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results

For the three month and nine months ended 30th September 2008, the consolidated revenue of the Group was approximately RMB67,161,000 and RMB185,533,000, representing a decrease of approximately 0.5% and 13.5% as compared to the same period in the previous year. The Group realized that the unprecedented competition under the technology market leading the dropping of the consolidated revenue and thus manipulating a control system especially on cost of goods sold which stabilize the gross profit margin still at 15%.

In the mean time, the Group continued the strategies for keeping control on the distribution and administration expense which cause the consolidated operating profit attributable to shareholders of the Group for the three months change from loss to profit of approximately RMB3,686,000 and nine months ended 30th September 2008 was approximately RMB10,270,000, representing an increase of approximately RMB10,140,000.

Business Development Review

During the third quarter of 2008, various countries around the world experienced economic shrinks and economic crises of different levels. Influenced by such global economic trend, the strong momentum of the Chinese economy was harnessed to a certain extent. Nevertheless, NandaSoft Company timely and effectively adjusted its development strategy under such macroeconomic situation, and thereby successfully maintained a stable growth of its results during the period.

In respect of the network security total solutions, NandaSoft focused on the R&D of the network security integrated protection system for supporting IPv6 during the period. For marketing strategies, NandaSoft continued to strengthen the inputs on security services and security strategy consultation. At the same time, the development and maintenance for users from the government sector were reinforced with the aim to maintain business growth under a economic trend that is hinged on stimulations by internal demand growth.

During the period, the Company was awarded the “Second Class Emergency Service Certificate by the China Information Security Certification Center and participated in the Fourth China (Nanjing) International Software Products Expo.

Product Research and Development

Network security total solutions

In respect of the network security total solutions, NandaSoft focused on the R&D of the network security integrated protection system for supporting IPv6 during the period:

The system is centered on enabling the assimilation of heterogeneous systems IPv6 Network and IPv4 Network, and integrates the border visit control function with border visit control, intrusion detect protection and co-processing of intranet surveillance. Using the integrated use of identity identification technique, visit control technique, password technique, intrusion detect technique, security surveillance technique, co-processing technique, audit technique and intelligent management technique enabled by component technique, distribution technique and middleware technique, the system provides a protection system platform that is based on the comprehensive network information security protection under the support of IPv6 Network environment, including functions such as border protection, intrusion detect, in depth protection, intranet security surveillance, security management and audit analysis.

During the period, the IPv6 Network Security Protection System project sponsored by the Information Industry Department passed the checking process by the relevant departments successfully. The relevant product IPv6 Network Security Protection System developed in the project has been finalized and launched to the market in full scale. The product effectively solves the problem of border security protection in connecting IPv4 Network and IPv6 Network during the migration to IPv6, and strongly secures the information security of user units during the co-existing period of both networks.

Product Promotion and Marketing Activities

During the period, NandaSoft restructured its preceding marketing department in response to the company's market development strategy of strengthening security service, security strategy consultation and exploration of high-end customers. The restructuring resulted in the formation of three teams, namely Sale of Security Products, Security Consultation and Service, and Data Service.

Backed by its advantageous position in the R&D of network security products and its experience in practical security service, NandaSoft was awarded the "Second Class Emergency Service" Certificate by the China Information Security Certification Center. As one of the first 22 enterprise units that obtained the information security emergency service certificate, the creativity and authority of NandaSoft in integrated abilities for emergency service were fully testified by the authorities.

NandaSoft continued to strengthen the cooperation with the Jiangxu branch of China Telecom Corporation Limited, based on the pilot project of front-end customers marketing data mining, with the aim to achieve a good foundation for the full participation in the Network application service of "Best Tone" Directory Assistance in the future.

During the period, NandaSoft participated in the Fourth China (Nanjing) International Software Products Expo. At the Expo, NandaSoft focused on showcasing its security service and at the same time promoted new techniques in that the Company has participated in, successfully attracting the attention from the market.

Security System Integration and Service

NandaSoft continued to implement the strategy of driving the sale of software and security service with hardware system integration and achieved excellent results. During the period, NandaSoft entered into projects such as network reform project for Jiangsu Meteorological Bureau, network system maintenance and firewall maintenance projects for industrial and commercial sector of the whole Jiangsu Province, toll system network reform integration for expressway of Jiangsu Province, toll system network security service for expressway of Jiangsu Province, purchase of network exchange facilities of Nanjing General Hospital of Nanjing Military Command and isolation of INTER physics of Jiangsu Entry-Exit Inspection and Quarantine Bureau. These projects have further proved NandaSoft's edges in the area of governmental IT construction and service, and formed a solid foundation for expansion of customer base from the government sector.

With the long term cooperation with 3COM Company, NandaSoft obtained the Hauwei 3COM Company 2008-2009 Main Network 4-Star Service Certificate during the period, reflecting the recognition of the IT sales and service capabilities of our Company by the hardware manufacturers.

Development of the NandaSoft Group

The Suzhou Company continued to maintain its advantage in constructions intelligentization in Suzhou region and software R&D projects, entered into the projects such as intelligentization project of Lake shore Paradise City of Suzhou Industrial Zone Sunco Land Company Limited, purchase of network facilities for phase 5 of Suzhou Industrial Zone Technology Development Company Limited, website and business management and human resources management system of Suzhou Jin Ding Certified Public Accountants Co. Ltd, construction of OA Office network of Jianhu Province Rural Cooperative, environmental protection information management system for Computer Information Center of Suzhou Industrial Zone, convention and exhibition integrated information service management platform of Suzhou Foreign Trade and Economic Cooperation Bureau and intranet of Jinchang area and OA reform for information office of Jinchang area of Suzhou city.

The Beijing Company entered into new projects such as Beijing ZJS Express Co., Ltd., purchase of facilities for Beijing Summer Palace, purchase of facilities for Hubei Meteorological Bureau and purchase of facilities for China National Pharmaceutical Industry Group Corporation during the period.

For outsourcing works targeted at Japan, Fuyue Technology Company obtained Nanjing City Software Outsourcing Enterprise Recognition Certificate, and continued to expand the cooperation with SCC Company from Japan.

Construction of NandaSoft Technology and Innovation Park and Development of New Project

The NandaSoft Technology and Innovation Park was in progress according to schedule, and the planning license has been obtained for pile loading test. It is expected that construction will be carried out in November in full scale.

During the period the Company changed its name to “Jiangsu NandaSoft Technology Company Limited”, to reflect the Company’s further development in the area of high technology. Currently, the Company is aggressively exploring various projects of high technology, such as biomedics, communications and IT training.

Future Prospects

The directors of the Company believe that under the macroeconomic environment that is hinged on the stimulation of internal demand growth in China, NandaSoft will continue to leverage on its advantages in the government sector to further increase its operating revenues. For the R&D of new products, the Company plans to initiate the R&D and industrialization of system consolidation software based on internal core security. The project is aimed at developing a system consolidation software product based on internal core security, which can safeguard the security of the existing operation system and mobility environment. Meanwhile, the Company will actively cooperate with different departments of the Nanjing University, including the Department of Materials and the Department of Biology. With the edges in technology and talents of the Nanjing University, the R&D of new products in the area of biomedics has already created preliminary results. Once matured, the products will be launched to the market to increase our revenue points and to provide the Company with immense space for future business growth.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

At 30th September 2008, all directors (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) and Supervisors have service contracts with the Company will be renewed for a service period of three years subject to the approval at the 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 30th September 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			
Directors						
Xie Li	Personal (Note)	11,900,000	–	–	1.70%	1.27%
Chen Dao Xu	Personal (Note)	500,000	–	–	0.07%	0.05%
Supervisors						
Zhou Ming Hai	Personal (Note)	5,000,000	–	–	0.71%	0.54%
Shi Jian Jun	Personal (Note)	500,000	–	–	0.07%	0.05%

Note: These shares are directly held by the individual directors and supervisors.

Save as disclosed above, as at 30th September 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 19th April 2001. Up to 30th September 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 30th September 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%
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%

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
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 6)	Beneficial Owner	89,750,000	12.82%	–	–	89,750,000	9.61%

Notes:

- (1) On 24th 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.
- (2) On 7th 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 the Company held by Jiangsu Furen Group Company Limited to Guangzhou DingXiang Trade Co., Ltd. On 12th March 2008, Guangzhou DingXiang Trade Co., Ltd. entered into a share transfer 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 26th 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.

- (4) On 26th 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.
- (5) On 8th 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 1st 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 30th September 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 year.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE H SHARE

During the year ended 30th September 2008, none of the directors or supervisors was granted options to subscribe for H shares of the Company. As at 30th September 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 year.

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 24th April 2001.

The Company established an audit committee on 8th 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 third quarterly report for 2008 and concludes the meeting with agreement to the contents of the third 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 who was resigned at 7 November 2008 and Prof Daxi Li was appointed as Independent Non-Executive Director and audit committee member with effective from 7th November 2008.

For the nine months ended 30th September 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 30th September 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 nine months ended 30th September 2008.

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

10th November 2008, Nanjing, the PRC