



**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**  
**2010**



**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.*

## **Jiangsu NandaSoft Technology Company Limited**

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#### **HIGHLIGHTS**

- Achieved a turnover of approximately RMB252,429,000 for the nine months ended 30 September 2010, representing an approximately 16.9% increase as compared with that of the corresponding period in 2009.
- Accomplished a net profit of approximately RMB17,552,000 for the nine months ended 30 September 2010.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2010.

#### **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 30 September 2010.

For the three months and nine months ended 30 September 2010, the unaudited turnover is approximately RMB112,249,000 and RMB252,429,000, respectively representing an increase of approximately RMB21,177,000 and RMB36,568,000, or approximately 23.3% and 16.9% in turnover as compared with that of the same period in 2009.

The unaudited net profit of the Group for three months and nine months ended 30 September 2010 is approximately RMB8,484,000 and RMB17,552,000, respectively representing an increase of approximately RMB4,521,000 and RMB6,484,000, as compared with that of the same period in 2009.

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The unaudited results of the Group for the three months and nine months ended 30 September 2010 together with the unaudited comparative figures for the corresponding period in 2009 are as follows:

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2010	2009	2010	2009
		RMB	RMB	RMB	RMB
Revenue	2	112,249,035	91,072,215	252,428,635	215,860,660
Cost of sales		(86,830,100)	(76,543,054)	(201,277,481)	(172,406,747)
Gross profit		25,418,935	14,529,161	51,151,154	43,453,913
Other income and gains		1,956,666	2,487,828	10,228,240	5,640,244
Selling and distribution costs		(7,013,650)	(4,067,138)	(16,540,144)	(11,164,728)
Research and development costs		(881,980)	(369,016)	(1,833,462)	(491,391)
Administrative expenses		(11,259,281)	(7,132,603)	(23,393,247)	(21,917,915)
Finance Costs	3	(668,434)	(562,377)	(1,437,498)	(1,780,307)
Profit before tax	4	7,552,256	4,885,855	18,175,043	13,739,816
Income tax expense	5	(95,052)	(448,908)	(1,206,554)	(1,297,446)
Profit for the period		7,457,204	4,436,947	16,968,489	12,442,370
Attributable to:					
Owners of the Company		8,484,322	3,963,761	17,551,739	11,069,228
Minority interest		(1,027,118)	473,186	(583,250)	1,373,142
		7,457,204	4,436,947	16,968,489	12,442,370
Earnings per share attributable to ordinary equity holders of the Company — basic	6	0.0077	0.0042	0.0159	0.0119

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2010

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 RMB	2009 RMB	2010 RMB	2009 RMB
Profit for the period	7,457,204	4,436,947	16,968,489	12,442,370
Other Comprehensive Income				
Exchange differences on translation of foreign operation	(759)	—	7,395	—
Other comprehensive income for the period, net of tax	(759)	—	7,395	—
Total comprehensive income for the period, net of tax	7,456,445	4,436,947	16,975,884	12,442,370
Total comprehensive income attributable to:				
Owners of the Company	8,483,563	3,963,761	17,559,134	11,069,228
Minority interests	(1,027,118)	473,186	(583,250)	1,373,142
	7,456,445	4,436,947	16,975,884	12,442,370

## Jiangsu NandaSoft Technology Company Limited

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*Notes:*

### 1. BASIS OF PRESENTATION

Jiangsu NandaSoft Technology Company Limited (the “Company”, together with its subsidiaries, the “Group”) 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 Group 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, provides systems integration services and mobile phone repairing service which include the provision of information technology (“IT”) consulting.

The Company’s registered office in the PRC is located at NandaSoft Tower, 8, Jinyin Street, Shanghai Road, Nanjing, the PRC. The Company’s registered office in Hong Kong is located at 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 24 April 2001.

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

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#### 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 period.

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 RMB	2009 RMB	2010 RMB	2009 RMB
Sale of goods:				
Computer hardware and software products	76,121,221	57,057,759	160,836,338	141,460,544
Trading of IT related products and equipment, and mobile phones	6,589,984	5,340,867	19,439,108	21,827,318
Rendering of system integration services	28,925,815	28,673,589	71,009,711	52,572,798
Provision of IT training services	612,015	—	1,143,478	—
	112,249,035	91,072,215	252,428,635	215,860,660

#### 3. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 RMB	2009 RMB	2010 RMB	2009 RMB
Interest on bank loans wholly repayable within five years	517,695	551,783	1,190,048	1,486,185
Bank Charges	150,739	10,594	247,450	294,122
	668,434	562,377	1,437,498	1,780,307

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### 4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 RMB	2009 RMB	2010 RMB	2009 RMB
Depreciation and amortisation on:				
— property, plant and equipment	608,568	620,336	1,561,116	1,576,122
— intangible assets (included in research and development costs)	440,000	60,000	560,000	140,000
Cost of Sale	86,830,100	76,543,054	201,277,481	172,406,747

### 5. INCOME TAX EXPENSE

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

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% relief from the state corporate income tax rates of either 15% and 25% in the succeeding three years (the "Tax Holiday"), commencing from 1 January 2008. Upon the expiry of the Tax Holiday, the usual corporate income tax rate of 25% (2009: 25%) is applicable to these subsidiaries.

Hong Kong income tax has not been provided (2009: Nil) as Hong Kong subsidiaries has available tax losses brought forward from prior years to offset the assessable profits generated during the period.

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 RMB	2009 RMB	2010 RMB	2009 RMB
The charge comprises:				
PRC income tax	95,052	448,908	1,206,554	1,297,446



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#### 6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company of approximately RMB8,484,000 and RMB17,552,000 for the three and nine months ended 30 September 2010 (2009: RMB3,964,000 and RMB11,069,000) and on 1,104,000,000 (2009: 934,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and nine months ended 30 September 2010 and 2009 as there were no potential dilutive securities in existence during the relevant periods.

#### 7. RESERVES

	Share Capital	Share Premium	Capital Reserve	Statutory Surplus Reserve	Discretionary Surplus Reserve	Translation Reserve	Retained Earnings	Proposed Dividend	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
At 1 January 2009	93,400,000	48,868,818	—	4,494,493	76,000	(185,724)	25,070,631	—	171,724,418
Profit for the period	—	—	—	—	—	—	11,069,228	—	11,069,228
Appropriation	—	—	—	574,445	—	—	(574,445)	—	—
Exchange difference arising on translation of foreign operations	—	—	—	—	—	118,324	—	—	118,324
At 30 September 2009	93,400,000	48,868,818	—	5,068,938	76,000	(67,400)	35,565,614	—	182,911,970
At 1 January 2010	93,400,000	48,868,818	1,198,500	4,917,501	277,000	(186,070)	40,874,236	4,670,000	194,019,985
Profit for the period	—	—	—	—	—	—	17,551,739	—	17,551,739
2009 dividend paid	—	—	—	—	—	—	—	(4,670,000)	(4,670,000)
Issue of new shares on placing	18,700,000	39,081,504	—	—	—	—	—	—	57,781,504
Shares transfer to National Social Security Fund Council of PRC ("NSSF")	(1,700,000)	(3,531,270)	—	—	—	—	—	—	(5,231,270)
Share issue expenses	—	(5,836,559)	—	—	—	—	—	—	(5,836,559)
Exchange difference arising on translation of foreign operations	—	—	—	—	—	3,427	—	—	3,427
At 30 September 2010	110,400,000	78,582,493	1,198,500	4,917,501	277,000	(182,643)	58,425,975	—	253,618,826

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the nine months period ended 30 September 2010 (2009: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

#### ***Results***

For the three months and nine months ended 30 September 2010, the revenue of the Group was approximately RMB112,249,000 and RMB252,429,000 respectively, representing an increase of approximately 23.3% and 16.9% as compared to the same period in the previous year. The improvement in the revenue of the Group was mainly due to the diversification of sales network and successful marketing efforts, which provided the Company with good business development and market recognition.

The research and development subsidise granted from PRC government and the refund of VAT caused the profit attributable to equity holders of the Parents for the three months and nine months ended 30th September, 2010 was approximately RMB8,484,000 and RMB17,552,000, representing an increase of approximately 114.1% and 58.6% when compared to the same period in the previous year.

### **Business Development Review**

With the Chinese government committed to economic restructuring, signs of revitalization were generally seen in the market in the PRC. In the post-financial crisis era, the government was placing unprecedented emphases on areas of high technology and the new economy, and promulgating various preferential policies to high technology enterprises aimed at promoting their rapid development.

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During the period, the Group signed the strategic co-operation agreement with the Jiangsu branch of China Unicom for the joint development of the businesses of Intelligent Elderly Service and Intelligent Home. The Group also introduced intelligent medical service and intelligent public transportation on its exhibition at the 6th Software Product Expo, which captured considerable attention.

The Jiangsu Province has held numerous meetings for the promotion of modern services, followed by the introduction of a series of preferential measures. All these will provide the Group with new opportunities in its security service, applications for the internet of things, software service outsourcing and training businesses.

During the period, the Group was engaged as the executive member of the council unit of the Jiangsu Information Security and Confidentiality Association and the vice chief committee member of the Professional Committee of Computer Security of the Association of Computing Machinery of the Jiangsu Province.

During the period, the Company had successfully launched an additional of 0.187 billion H shares in the GEM of the Hong Kong Stock Exchange.

### **Network security total solutions**

During the period, NandaSoft achieved new breakthroughs in the research and development of security service products, with various products included in the “2010 Jiangsu Province List of Recommended Security and Confidentiality Products for Scientific Research and Production Units of Weapon Equipments” (《2010年度江蘇省武器裝備科研生產單位安全保密產品推薦目錄》) and the “2010 Jiangsu Province List of Recommended Security and Confidentiality Products for E-Government Intranet” (《2010年度江蘇省電子政務內網安全保密產品推薦目錄》). NandaSoft also passed the standards of the Certificate of Quality Management System ISO9001:2008 for the development of information security software. Host Monitor and Audit System has obtained the Certificate of the Confidential Information System Products Testing issued by National Administration for the Protection of State Secrets (國家保密局涉密信息系統產品檢測證書).

## **Security service and system integration**

During the period, the Group continued to increase the depth and coverage of its security service by extending both the service chain and service versatility, laying a favorable foundation for a better and faster business expansion in the future. In particular, the Group has signed the contracts for the construction project with Lianyungang City Road Management Services and Contingency Control Centre and the equipment purchase and integration contract with Sanhome Pharmaceutical, which signifies the success of the Company's transformation into a service-oriented integrator. The successful securing of the Lianyungang Road weak electric project has fostered satisfactory results of the weak electric business after the adjustment period, which in turn marked the initial realization of the critical effect of the attainment of second grade qualification of Intelligent Building Design and Construction on the further development of the weak electric business by the Company. Successful bids of industrial and commercial projects and provincial government projects have fully demonstrated the recognition of NandaSoft's technical and service capacity from governmental users, which further consolidated NandaSoft's status among governmental users and laid a solid foundation for future co-operation with governmental clients. Meanwhile, the Employment Service platform will be promoted throughout the entire Jiangsu Province, offering brilliant business prospects.

## **Applications for the internet of things**

As a breakthrough of the Group's applications for the internet of things, NandaSoft has jointly implemented the "Demonstration Project of the Instant Health Services on the Internet of Things Provided for the Elderly (面向老年人实时健康服务的物联网示范工程项目)" with the government of Gulou District. The project covers elderly communities of tens of thousands people and various elderly institutions and resident communities. A medical system based on wireless sensor devices and a 3G network has significantly improved the health management ability of patients with chronic illnesses, which raises the efficiency of medical consultations, lowers the medical expense in general and enhances the living quality.

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# **DEVELOPMENT OF THE NANDASOFT GROUP AND DEVELOPMENT OF NEW PROJECTS**

## **Construction of NandaSoft Software City**

The checking process of the main building of Phase 1 of NandaSoft Software City is approaching the end. It is expected to commence service by the end of the year.

## **Development of the NandaSoft Group**

During the period, Botong Technology Company (博同科技公司) reached an intent of co-operation with several provincial units of Guizhou and the municipal unit of Guiyang municipal. The GIS-based wireless video monitoring system developed by the Communication Subsidiary has integrated the original core technologies while extending greater functional enhancement. The co-operation with the Administration of Work Safety of Jiangsu Province and the Wuxi Municipal Public Security Bureau has laid a foundation for expanding the public security industry and securing a share in the safety monitoring system of the whole province. The Suzhou Company has recorded outstanding results in the real estate industry and made significant breakthroughs in the core technology of software development.

## **IBM-ETP training**

The IBM-ETP Co-operation Project was highly concerned by the Nanjing Municipal Committee. The Nanjing training centre signed the training base co-operative agreement with the computer software faculty of Nanjing University of Posts and Telecommunications in July. The training base has served the NTT exchange group from Japan.

## **Bio-medicine**

At the 6th China (Nanjing) Software Product Expo this year, the Group entered into the strategic co-operation project of intelligent medical service with MedImpact of the United States.

## **FUTURE PROSPECTS**

The management of NandaSoft will focus its effort on brand-developing strategies. With the Convention on the Development of Modern Service Industry to the Full Extent (全力發展現代服務業會議) to be held in the Jiangsu Province, the Group intends to leverage on this opportunity after taking into its own actual situation, to build the image of a modern service brand equipped with strong strength by taking technology enhancement as the spearhead, resources integration as the foundation and brand building as the measure.

NandaSoft targets at the field of logistics and is preparing to develop FRID-based security products and a corporation informatization platform. The logistics industry has been a key supported industry of the government in recent years, recording immense rapid development, generating a great demand for informatization platform. In view of these, NandaSoft proactively reacts to the market demand and strives to explore more potential business opportunities.

### ***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. The service 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 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.

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

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

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

At no time during the period 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 30 September 2010, no option has been granted pursuant to such share option scheme.

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

At 30 September 2010, 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 ordinary shares of the Company:*

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
		<i>Direct</i>	<i>Indirect</i>			
<b>Directors</b>						
Xie Li	Personal (Note 1)	11,900,000	—	—	1.74%	1.08%

#### *Notes:*

- (1) These shares are directly held by the individual director and supervisor.

Save as disclosed above, as at 30 September 2010, 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.



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

At 30 September 2010, 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 positions:*

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	127,848,097	18.72%	—	—	127,848,097	11.58%
Jiangsu Furen Group Company Limited	Beneficial Owner	100,000,000	14.64%	—	—	100,000,000	9.06%
Beijing MengHua Investment Co., Ltd	Beneficial Owner	100,000,000	14.64%	—	—	100,000,000	9.06%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") (Note 1 and Note 2)	Interest of a controlled corporation	84,159,944	12.32%	—	—	84,159,944	7.62%
Shenyang Cheng Fa Commercial Software Company Limited	Beneficial Owner	85,000,000	12.45%	—	—	85,000,000	7.70%
Guangzhou DingXiang Trade Co., Ltd	Beneficial Owner	55,000,000	8.05%	—	—	55,000,000	4.98%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial Owner	43,931,959	6.43%	—	—	43,931,959	3.98%

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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
Jiangsu Co-Creation (Note 2)	Beneficial Owner	84,159,944	12.32%	—	—	84,159,944	7.62%
Para Benit Limited (Note 3)	Beneficial Owner	—	—	30,000,000	7.13%	30,000,000	2.72%
Noble Fund Limited (Note 4)	Interest of a controlled corporation	—	—	30,000,000	7.13%	30,000,000	2.72%
Polar Height Limited (Note 5)	Interest of a controlled corporation	—	—	30,000,000	7.13%	30,000,000	2.72%
Leung Chiu Fun (Note 6)	Interest of a controlled corporation	—	—	30,000,000	7.13%	30,000,000	2.72%
Leung Chiu Fun (Note 6)	Beneficial Owner	—	—	66,000	0.02%	66,000	0.01%
Yap Siew Chin (Note 7)	Beneficial Owner	—	—	30,000,000	7.13%	30,000,000	2.72%
Low Hin Choong (Note 7)	Family Interest	—	—	30,000,000	7.13%	30,000,000	2.72%
Cam Global Funds SPC	Beneficial Owner	—	—	30,000,000	7.13%	30,000,000	2.72%

**Notes:**

- (1) On 31 August 2010, 187,000,000 H shares (the “New H Shares”) has been issued and allotted which comprise of (i) 170,000,000 New H Shares and (ii) 17,000,000 H Shares converted from the same number of Domestic Shares transferred from each of the State Shareholders on a pro rata basis to NSSF Council (全國社會保障基金理事會), which is in aggregate equivalent to 10% of New H Shares issued pursuant to the New Issue.

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- (2) 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 84,159,944 domestic shares (100% deemed interests held by Jiangsu Management Centre representing approximately 7.62% of the Company's total issued share capital) held through Jiangsu Co-Creation, which is approximately 51% owned by Jiangsu Management Centre.
- (3) Para-Benefit Limited is legally and beneficially owned as to 50% by Ms. Leung Chiu Fan (the "Ms. Leung") and 50% by Noble Fund Limited. It directly held 30,000,000 H shares, representing approximately 2.72% of the Company's total issued share capital.
- (4) Noble Fund Limited is legally and beneficially owned as to 99% by Polar Height Limited. It indirectly held 30,000,000 H shares, representing approximately 2.72% of the Company's total issued share capital through Para-Benefit Limited.
- (5) Polar Height Limited is legally and beneficially owned as to 100% by Ms. Leung. It indirectly held 30,000,000 H shares, representing approximately 2.72% of the Company's total issued share capital through Para-Benefit Limited.
- (6) Ms. Leung directly held 66,000 H shares, representing approximately 0.006% of the Company's total issued share capital and she also indirectly held 30,000,000 H shares, representing approximately 2.72% of the Company's total issued share capital through Para-Benefit Limited.
- (7) Low Hin Choong is the spouse of Yap Siew Chin and is deemed to held 30,000,000 H shares representing 2.72% of the Company's total issued share capital.

Save as disclosed above, as at 30 September 2010, 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.

## **DIRECTOR'S INTERESTS IN A 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 adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all directors of the company has complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the nine months ended 30 September 2010.

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.

The Company has 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 Board has adopted the Corporate Governance Code, ensuring greater transparency and quality of disclosure as well as more effective risk control.

## **Jiangsu NandaSoft Technology Company Limited**

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### **AUDIT COMMITTEE**

The Company established an audit committee on 8 December 2000, it comprises three Independent Non-Executive Directors, Mr. Xu Huan Liang, Dr. Daxi Li and Ms. Xie Hong. 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 the period ended 30 September 2010 and concludes the meeting with agreement to the contents of the third quarterly report. The committee also oversees the audit process and performs other duties as assigned by the Board. Terms of reference of the Audit Committee which have been adopted by the Board and posted on the Company's website. All the members of our Audit Committee are Independent Non-Executive Directors.

### **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 30 September 2010.

On behalf of the Board

**Jiangsu NandaSoft Technology Company Limited**

**Xie Li**

*Chairman*

10 November 2010, Nanjing, the PRC