



2011

Third Quarterly Report



NANDA
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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)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONGKONG 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 RMB302,925,000 for the nine months ended 30th September 2011, representing an approximately 20.0% increase as compared with that of the corresponding period in 2010.
- Accomplished a net profit of approximately RMB18,416,000 for the nine months ended 30th September 2011.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30th September 2011.

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 2011.

For the three and nine months ended 30th September 2011, the unaudited turnover is approximately RMB140,560,000 and RMB302,925,000, respectively representing an increase of approximately RMB28,311,000 and RMB50,496,000, or approximately 25.2% and 20.0% in turnover as compared with that of the same period in 2010.

The unaudited net profit of the Group for three months ended 30th September 2011 is approximately RMB7,024,000 representing a decrease of approximately RMB1,461,000, as compared with that of the same period in 2010. The unaudited net profit of the Group for the nine months ended 30th September 2011 is approximately RMB18,416,000, representing an increase of approximately RMB864,000.

The unaudited results of the Group for the three months and nine months ended 30th September 2011 together with the unaudited comparative figures for the corresponding periods in 2010 are as follows:

	Notes	For the three months ended 30th September,		For the nine months ended 30th September,	
		2011 RMB	2010 RMB	2011 RMB	2010 RMB
Revenue	2	140,559,621	112,249,035	302,924,955	252,428,635
Cost of sales		(118,480,951)	(86,830,100)	(251,268,821)	(201,277,481)
Gross profit		22,078,670	25,418,935	51,656,134	51,151,154
Other income and gains		11,599,817	1,956,666	23,721,889	10,228,240
Selling and distribution costs		(7,806,562)	(7,013,650)	(18,776,758)	(16,540,144)
Research and development costs		(874,153)	(881,980)	(2,179,237)	(1,833,462)
Administrative expenses		(14,431,875)	(11,259,281)	(29,943,612)	(23,393,247)
Finance costs	3	(2,766,285)	(668,434)	(5,277,835)	(1,437,498)
Profit before tax	4	7,799,612	7,552,256	19,200,581	18,175,043
Income tax expense	5	(967,707)	(95,052)	(1,229,127)	(1,206,554)
Profit for the period		6,831,905	7,457,204	17,971,454	16,968,489
Attributable to					
Owners of the Company		7,023,662	8,484,322	18,415,919	17,551,739
Non-controlling interests		(191,757)	(1,027,118)	(444,465)	(583,250)
		6,831,905	7,457,204	17,971,454	16,968,489
Earnings per share attributable to ordinary equity holders of the Company – basic	6	0.0064	0.0077	0.0170	0.0159

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30th September 2011

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
Profit for the period	6,831,905	7,457,204	17,971,454	16,968,489
Other Comprehensive Income				
Exchange differences on translation of foreign operation	(98,456)	(759)	(47,332)	7,395
Other comprehensive income for the period, net of tax	(98,456)	(759)	(47,332)	7,395
Total comprehensive income for the period, net of tax	6,733,449	7,456,445	17,924,122	16,975,884
Total comprehensive income attributable to:				
Owners of the Company	6,925,206	8,483,563	18,368,587	17,559,134
Non-controlling interests	(191,757)	(1,027,118)	(444,465)	(583,250)
	6,733,449	7,456,445	17,924,122	16,975,884

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 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 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 which include the provision of information technology consulting, and providing IT training services.

The Company’s registered office in the PRC is located at NandaSoft Tower, 8 Jinyin Street, Shanghai Road, Nanjing, Jiangsu, 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 (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24th April 2001.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional 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 period.

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
Sale of goods:				
Computer hardware and software products	89,932,763	76,121,221	199,284,573	160,836,338
Trading of IT related products and equipment, and mobile phones	3,714,410	6,589,984	22,133,187	19,439,108
Rendering of system integration services	42,054,457	28,925,815	75,387,077	71,009,711
Provision of IT training services	4,857,991	612,015	6,120,118	1,143,478
	140,559,621	112,249,035	302,924,955	252,428,635

3. FINANCE COSTS

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Interest on bank loans wholly repayable within five years	2,516,607	517,695	4,910,560	1,190,048
Bank charges	249,678	150,739	367,275	247,450
	2,766,285	668,434	5,277,835	1,437,498

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Depreciation and amortisation on:				
– property, plant and equipment	544,488	608,568	1,351,181	1,561,116
– intangible assets (included in research and development costs)	275,031	440,000	605,889	560,000
Cost of sale	118,480,951	86,830,100	251,268,821	201,277,481

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%.

PRC corporate income tax has been provided at the rate of either 15% and 25% on the Company's subsidiaries assessable profits arising in PRC.

No provision for Hong Kong profits tax has been provided as the Hong Kong subsidiaries have available tax losses brought forward from prior years to offset the assessable profits generated during the year (2010: No assessable profit arised).

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
The charge comprises:				
PRC income tax	967,707	95,052	1,229,127	1,206,554

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 RMB7,024,000 and RMB18,416,000 for the three and nine months ended 30th September 2011 (2010: approximately RMB8,484,000 and RMB17,552,000) and on 1,104,000,000 (2010: 1,104,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and nine months ended 30th September 2011 and 2010 as there were no potential dilutive securities in existence during the relevant periods.

7. RESERVES

	Share Capital RMB	Share Premium RMB	Capital Reserve RMB	Statutory Surplus Reserve RMB	Discretionary Surplus Reserve RMB	Translation Reserve RMB	Retained Earnings RMB	Proposed Final Dividend RMB	Total RMB
At 1st 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
Total comprehensive income for the period	-	-	-	-	-	3,427	17,551,739	-	17,555,166
Final 2009 dividend declared	-	-	-	-	-	-	-	(4,670,000)	(4,670,000)
Issue of new shares on placing	18,700,000	39,081,504	-	-	-	-	-	-	57,781,504
Shares transfer to NSSF	(1,700,000)	(3,531,270)	-	-	-	-	-	-	(5,231,270)
Share issue expenses	-	(5,836,559)	-	-	-	-	-	-	(5,836,559)
At 30th September 2010	110,400,000	78,582,493	1,198,500	4,917,501	277,000	(182,643)	58,425,975	-	253,618,826
At 1st January 2011	110,400,000	78,634,414	5,796,509	6,933,787	277,000	(133,952)	74,035,937	7,728,000	283,671,695
Total comprehensive income for the period	-	-	-	-	-	(47,332)	18,415,919	-	18,368,587
Final 2010 dividend declared	-	-	-	-	-	-	-	(7,728,000)	(7,728,000)
At 30th September 2011	110,400,000	78,634,414	5,796,509	6,933,787	277,000	(181,284)	92,451,856	-	294,312,282

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months period ended 30th September 2011. (2010: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW


Results

For the three months and nine months ended 30th September 2011, the consolidated revenue of the Group was approximately RMB140,560,000 and RMB302,925,000, respectively representing an increase of approximately 25.2% and 20.0% as compared with the same period in the previous year. The improvement in the turnover of the Group was due to a successful marketing effort and sales network applied on combination of IT business and the medical and healthcare.

During the period, the consolidated operating profit attributable to shareholders of the Group for the three months and nine months ended 30th September, 2011 was approximately RMB7,024,000 and RMB18,416,000, representing a decrease of approximately 17.2% and an increase of 4.9% when compared with the same period in the previous year. There were six more subsidiaries setting up during the period and increasing of bank loan for construction of Phase II of the office building leading the administration expense and finance expense increased for approximately 28.0% and 2.67 times, respectively and it directly reflected in the decline of operating profit attributable to shareholders of the Group.

BUSINESS DEVELOPMENT REVIEW

During the third quarter of 2011, the software industry was driven by the increase in domestic informatization investment. Information technology service sector was still the fastest-growing sector among the industry. Focus of the industry has been shifted to servicing with increasing market share month by month. With the support of government purchases of domestic software, the turnover of software products and informatization integrated system services grew at different pace, facilitating the growth of the entire industry.

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During the period, Nandasoft focused on the consolidation of internal resources with an aim to improve the operation efficiency and the R&D of innovative software through internal business consolidation and rationalization. During the period, Nandasoft won the R&D and industrialization project of cloud computing support software (platform security software) from the Ministry of Industry and Information Technology of the PRC, which laid the foundation for the Company to gain access into cloud computing.

During the period, Nandasoft participated in the 7th China (Nanjing) International Software Product and Information Service Expo 2011, in which the Group showcased the portable medical box, the key product of Jiangsu intelligent medical project, and gained wide attention.

The first-phase project of Nandasoft Student Innovation Fund for Nanjing University funded by Nandasoft was identified during the period. The Fund will make investment in three projects at the initial stage.

R&D of Software

During the period, the Company won the R&D and industrialization project of cloud computing support software (platform security software) from the Ministry of Industry and Information Technology of the PRC. The objective of the project is to develop a cloud computing platform security software with its own intellectual property rights, making a breakthrough on the critical security technology of supporting system on cloud computing and establish a security system applicable to the cloud environment, through which to promote the healthy growth of cloud computing technology, further strengthens domestic information security and facilitates the healthy and stable growth of domestic informatization.

During the period, the Company developed a mobile data exchange platform based on Android system for the purpose of establishing an exchange platform for news and media based on multi networks on Android platform, which laid the foundation for mobile phone to get rid of the restraint on browser.

During the period, the Group also developed guidance and delivery system for computers for Guiyang Secrecy Bureau.

Software Technology Services and System Integration

During the period, the Company won various projects for Highway Technology Services, including technology service contracts for Changzhou Ring Expressway, Nanjing-Jingjiang-Yancheng Expressway, Coastal Expressway, Lianyungang-Xuzhou Expressway, the toll system of Jiangsu Nanjing-Hangzhou Expressway, the toll system of Suzhou Sujiahang Expressway and the toll system of Suzhou Ring Expressway. This strengthened the Company's position in the information technology industry for expressway.

During the period, the Company undertook the project of anti-artificial-pricing system for purchasing electronic items for Wuxi government, which can effectively avoid artificial pricing for items supplied in government purchase agreements through the way of informationalization which integrates all purchasers, suppliers and regulatory authorities under the same platform.

Application of Internet of Things and Medical Informationization

During the period, Nandasoft established Nandasoft Health Technology (Jiangsu) Co. Ltd., which acts as the major entity for the Company's intelligent elderly care service. After a long period of R&D and market research, packages for intelligent elderly care service have been developed, which are targeted on four sorts of elderly, namely those with high blood pressure, those with coronary heart disease, those with diabetes and the sub-healthy elderly population. All of the design, consolidation and application details for the products and services targeted on the above elderlies have been completed. Currently, our products have been installed in the residence of 30 elderlies living in the community of Mofan West Road, Gulou District, Nanjing. General practitioners from community hospital have been engaged to look after them and monitor their chronic diseases all the time. Experts from the People's Hospital of Jiangsu Province provided remote guidance to patients and answered their enquiries through the remote medical service centre. Experts on nutrition, exercise and metal health from Nandasoft customer service centre set up health management programme for the elderly, reminded them in daily life and paid regular visits to them. With those services, procedures and standards have been formed. Currently, the application result is satisfactory and well recognized by the government, community residents and experts. To make it more convenient for the residents to have better health management, Nandasoft has established a "Nandasoft Health Management Centre" jointly with the Community Hygiene Services Centre of Mofan West Road, which is a comprehensive health management centre involving human biology, social behavior and mental health to provide better medical services to the residents by combing virtual technology with physical assistance.

DEVELOPMENT AND NEW PROJECTS OF NANDASOFT GROUP

Development of Nandasoft Group

During the period, Jiangsu Hanwin Technology Company Ltd. was qualified as a first class security engineering corporation and selected into the planning outline of Jiangsu Province as a core software corporation. During the period, Jiangsu Hanwin Technology Company Ltd. undertook the construction project of community comprehensive platform for Social Affair Bureau of Suzhou Industry Park, which will further perfect the community informationalization industrial software to provide service to community software and improve related technology in the future.

Mailunsi Company developed Mailunsi coal power management system for coal mine which enables the users to monitor the power consumption during coal or gold mining process in real time, to collect the power consumption data scattered during the mining process, to provide on-line and historical data analysis and comparison, and identify the problems during the power consumption process as well as the power structure. With this system, users can raise the entire power efficiency of the corporation by optimizing the operation method and power consumption structure as well as establishing a power consumption review and management system for the corporation.

During the period, the Communication Company won a R&D contract of RFID intelligent license plate management system from the Police Station of Liuhe District, Nanjing, which laid a foundation for the Company to further apply RFID technology on traffic industry in the future.

Training for Outsourcing Service Staff

During the period, approximately 800 trainees started their training in Nanjing, Gaochun and Changshu training base for 4 – 9 months. Trainees enrolled for the first phase Android course have completed their training and have been recruited by relevant departments.

Prospects

As for the intelligent medical sector, Nandasoft will develop a series of elderly health management systems, including cloud-based healthcare platform, chronic diseases management system, expert diagnosis analysis system and health status assessing system, as models for intelligent elderly healthcare sector to continuously perfect the platform construction for intelligent elderly care service.

Meanwhile, the Company will consolidate and establish a portable system department to develop an application system based on mobile internet in order to drive the Company's development in mobile internet industry.

As for the training of outsourcing service staff, the Group planned to cooperate with Oracle to introduce relevant practical training and courses to enhance the level and scale of the Group's training for outsourcing service staff.

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.

Directors' Remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

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 19th April 2001. Up to 30th September 2011, no option has been granted pursuant to such share option scheme.

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

At 30th September 2011, 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 X V 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 H share Capital	Percentage of deemed beneficial interest in the total share capital
		Direct	Indirect				
Directors							
Liu Winson Wing Sun	Personal (Note 1)	-	-	558,000	-	0.13%	0.05%
Wong Wei Khin	Personal (Note 1)	-	-	3,000,000	-	0.71%	0.27%

Notes:

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

Save as disclosed above, as at 30th September 2011, 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30th September 2011, 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%
Beijing MengHua Investment Co., Ltd	Beneficial Owner	100,000,000	14.64%	-	-	100,000,000	9.06%
Shenyang Cheng Fa Commercial Software Company Limited	Beneficial Owner	85,000,000	12.45%	-	-	85,000,000	7.70%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") (Note 1 & Note 2)	Interest of a controlled corporation	84,159,944	12.32%	-	-	84,159,944	7.62%
Shanghai Shiyuan Network Technology Company Limited ("Shiyuan") (Note 3)	Beneficial Owner	55,000,000	8.05%	-	-	55,000,000	4.98%
Guangzhou DingXiang Trade Co., Ltd ("GZ DingXiang")	Beneficial Owner	50,000,000	7.32%	-	-	50,000,000	4.53%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial Owner	43,931,959	6.43%	-	-	43,931,959	3.98%
Jiangsu Co-Creation (Note 1 & 2)	Beneficial Owner	84,159,944	12.32%	-	-	84,159,944	7.62%
Leung Chiu Fun (Note 4)	Beneficial Owner	-	-	21,224,000	5.05%	21,224,000	1.92%
Yap Siew Chin (Note 5)	Beneficial Owner	-	-	35,000,000	8.31%	35,000,000	3.17%
Cam Global Funds SPC	Beneficial Owner	-	-	30,000,000	7.13%	30,000,000	2.72%

Notes:

- (1) On 31st 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 the National Social Security Fund Council of PRC (the "NSSF Council") (National Social Security Fund Council of PRC), which is in aggregate equivalent to 10% of New H Shares issued pursuant to the New Issue.
- (2) 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 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) On 8th November 2010, Shiyuan entered into a Share Transfer Agreement with GZ DingXiang for the transfer of 8.05% domestic shares (55,000,000 domestic shares) in the Company held by GZ DingXiang.
- (4) Ms. Leung directly held 66,000 H shares, representing approximately 0.02% of the Company's total issued H 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.

As at 25th February 2011, Para-Benefit Limited transferred 30,000,000 H shares to Ms Leung and at the same date she further purchased 648,000 H shares. As a result, she directly held 30,714,000 H shares, representing approximately 7.30% of the Company's issued H share capital and 2.78% of the Company's total issued share capital.

As at 4th March 2011, Ms. Leung disposed of 3,800,000 H shares and she directly held 26,914,000 H shares, representing approximately 6.39% of the Company's issued H share capital and 2.44% of the Company's total issued share capital.

As at 11th April 2011, Ms. Leung disposed of 5,690,000 H shares and she directly held 21,224,000 H shares, representing approximately 5.05% of the Company's issued H shares capital and 1.92% of the Company's total issued share capital.

- (5) These shares are also directly held by Low Hin Choong who is also the spouse of Yap Siew Chin.

Save as disclosed above, as at 30th September 2011, 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 30th September 2011.

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.

AUDIT COMMITTEE

The Company established an audit committee on 8th December 2000, it comprises three Independent Non-Executive Directors, Dr. Daxi Li, Ms. Xie Hong and Mr. Xie Man Lin. 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 30th September 2011 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 30th September 2011.

On behalf of the Board
Jiangsu NandaSoft Technology Company Limited
Liu Jian alias Liu Jian Bang
Chairman

4th November 2011, Nanjing, the PRC