



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 RESULTS ANNOUNCEMENT

(For the nine months ended 30th September 2012)

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 announcement, 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 announcement.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only



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HIGHLIGHTS

- Achieved a turnover of approximately RMB404,115,000 for the nine months ended 30th September 2012, representing an approximately 33.4% increase as compared with that of the corresponding period in 2011.
- Accomplished a net profit of approximately RMB14,749,000 for the nine months ended 30th September 2012.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30th September 2012.

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 2012.

For the three months and nine months ended 30th September 2012, the unaudited turnover is approximately RMB164,668,000 and RMB404,115,000, respectively representing an increase of approximately RMB24,108,000 and RMB101,190,000, or approximately 17.2% and 33.4% in turnover as compared with that of the same period in 2011.

The unaudited net profit of the Group for three months and nine months ended 30th September 2012 is approximately RMB6,654,000 and RMB14,749,000, respectively representing a decrease of approximately RMB370,000 and RMB3,667,000, as compared with that of the same period in 2011.

The unaudited results of the Group for the three months and nine months ended 30th September 2012 together with the unaudited comparative figures for the corresponding period in 2011 are as follows:

	<i>Notes</i>	For the three months ended 30th September		For the nine months ended 30th September	
		2012	2011	2012	2011
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Revenue	2	164,667,748	140,559,621	404,114,516	302,924,955
Cost of sales		(136,788,186)	(118,480,951)	(334,247,908)	(251,268,821)
Gross profit		27,879,562	22,078,670	69,866,608	51,656,134
Other income		7,154,851	11,599,817	17,466,381	23,721,889
Distribution costs		(6,619,696)	(7,806,562)	(20,869,992)	(18,776,758)
Research and development costs		(4,385,148)	(874,153)	(7,907,968)	(2,179,237)
Administrative expenses		(9,310,802)	(14,431,875)	(29,709,154)	(29,943,612)
Finance costs	3	(7,057,804)	(2,766,285)	(13,864,518)	(5,277,835)
Profit before tax	4	7,660,963	7,799,612	14,981,357	19,200,581
Income tax expense	5	(2,638,585)	(967,707)	(3,375,023)	(1,229,127)
Profit for the period		5,022,378	6,831,905	11,606,334	17,971,454
Attributable to					
Equity holders of the parent		6,653,863	7,023,662	14,749,189	18,415,919
Minority interest		(1,631,485)	(191,757)	(3,142,855)	(444,465)
		5,022,378	6,831,905	11,606,334	17,971,454
Earnings per share – basic	6	0.0060	0.0064	0.0134	0.0167

Consolidated Statement of Comprehensive Income
Period ended 30th September 2012

	For the three months		For the nine months	
	ended 30th September		ended 30th September	
	2012	2011	2012	2011
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Profit for the period	<u>5,022,378</u>	<u>6,831,905</u>	<u>11,606,334</u>	<u>17,971,454</u>
Other Comprehensive Income				
Exchange differences on translation of foreign operation	<u>–</u>	<u>(98,456)</u>	<u>(75,010)</u>	<u>(47,332)</u>
Other comprehensive income for the period, net of tax	<u>–</u>	<u>(98,456)</u>	<u>(75,010)</u>	<u>(47,332)</u>
Total comprehensive income for the period, net of tax	<u>5,022,378</u>	<u>6,733,449</u>	<u>11,531,324</u>	<u>17,924,122</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>6,653,863</u>	<u>6,925,206</u>	<u>14,674,179</u>	<u>18,368,587</u>
Non-controlling interests	<u>(1,631,485)</u>	<u>(191,757)</u>	<u>(3,142,855)</u>	<u>(444,465)</u>
	<u>5,022,378</u>	<u>6,733,449</u>	<u>11,531,324</u>	<u>17,924,122</u>

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 Company’s predecessor, Jiangsu NandaSoft Limited Liability Company (the “Predecessor”) was established on 18 September 1998. By way of transformation of the Predecessor (the “Transformation”), the Company was established on 30 December 1999. Upon its establishment, the Company is engaged in the sales of computer hardware and equipment, and continues to develop, manufacture and market network security software, Internet application software, education software and business application software, and provides systems integration services which include the provision of information technology consulting.

The Company’s registered office 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 24 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	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Sale of goods:				
Computer hardware and software products	100,468,080	89,932,763	236,156,444	199,284,573
Trading of IT related products and equipment, and mobile phones	4,859,967	3,714,410	6,147,546	22,133,187
Pharmaceutical products	29,382,488	–	81,023,959	–
Rendering of system integration services	29,957,213	42,054,457	80,782,599	75,387,077
Provision of IT training services	–	4,857,991	3,968	6,120,118
	<u>164,667,748</u>	<u>140,559,621</u>	<u>404,114,516</u>	<u>302,924,955</u>

3. FINANCE COSTS

	For the three months ended 30th September		For the nine months ended 30th September	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Interest on bank loans wholly repayable within five years	6,641,422	2,516,607	13,312,106	4,910,560
Bank charges	416,382	249,678	552,412	367,275
	<u>7,057,804</u>	<u>2,766,285</u>	<u>13,864,518</u>	<u>5,277,835</u>

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	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Depreciation and amortisation on:				
– property, plant and equipment	3,028,826	544,488	5,954,530	1,351,181
– intangible assets (included in research and development costs)	1,225,868	275,031	1,921,212	605,889
Cost of sale	<u>136,788,186</u>	<u>118,480,951</u>	<u>334,247,908</u>	<u>251,268,821</u>

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% is applicable to these PRC subsidiaries.

As one of the Company's subsidiaries is newly incorporated systems integration enterprise, after obtaining authorisation from respective tax authority, this subsidiary is 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 25% in the succeeding three years, commencing from 1 January 2011. Upon the expiry of the tax exemption, the usual corporate income tax rate of 25% is applicable to this PRC subsidiary.

No provision for Hong Kong profits tax has been provided as the Hong Kong subsidiaries did not generate any assessable profits arising in Hong Kong during the year (2011: No assessable profit arised).

For the three months ended 30th September		For the nine months ended 30th September	
2012	2011	2012	2011
RMB	RMB	RMB	RMB

The charge comprises:

PRC income tax	<u>2,638,585</u>	<u>967,707</u>	<u>3,375,023</u>	<u>1,229,127</u>
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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 RMB6,654,000 and RMB14,749,000 for the three and nine months ended 30th September 2012 (2011: RMB7,024,000 and RMB18,416,000) and on 1,104,000,000 (2011: 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 2012 and 2011 as there were no potential dilutive securities in existence during the relevant periods.

7. RESERVES

	Share Capital	Share Premium	Capital Reserve	Surplus Reserve	Statutory Surplus Reserve	Discretionary Translation Reserve	Retained Earnings	Proposed final dividend	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
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
Profit 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	<u>110,400,000</u>	<u>78,634,414</u>	<u>5,796,509</u>	<u>6,933,787</u>	<u>277,000</u>	<u>(181,284)</u>	<u>92,451,856</u>	<u>-</u>	<u>294,312,282</u>
At 1st January 2012	110,400,000	78,634,414	6,017,592	12,014,086	277,000	(694,640)	127,012,140	8,832,000	342,492,592
Profit for the period	-	-	-	-	-	(75,010)	14,749,189	-	14,674,179
Appropriations	-	-	-	4,922,682	-	-	(4,922,682)	-	-
Final 2011 dividend declared	-	-	-	-	-	-	-	(8,832,000)	(8,832,000)
At 30th September 2012	<u>110,400,000</u>	<u>78,634,414</u>	<u>6,017,592</u>	<u>16,936,768</u>	<u>277,000</u>	<u>(769,650)</u>	<u>136,838,647</u>	<u>-</u>	<u>348,334,771</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months period ended 30th September 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results

During the period, the consolidated revenue of the Group for the three month and nine months ended 30th September 2012, was approximately RMB164,668,000 and RMB404,115,000, respectively representing an increase of approximately 17.2% and 33.4% as compared to the same period in the previous year. The increase in the turnover of the Group was mainly due to an acquisition of Nanda Pharmaceutical Company Limited.

The consolidated operating profit attributable to shareholders of the Group for the three months and nine months ended 30th September 2012 was approximately RMB6,654,000 and RMB14,749,000, representing a decrease of approximately 5.3% and 19.9% when compared to the same period in the previous year which is because the finance expense for the period increasing of 1.6 times and it caused the decline of operating profit attributable to shareholders of the Group.

BUSINESS DEVELOPMENT REVIEW

Business review

The growth of demand of IT industry was affected by the increase of labor cost and slowdown in macroeconomic growth in the third quarter of 2012. Under the impact of the overall economic downturn, NandaSoft placed its focus on the research and development of mobile communication application with relatively better market prospects and the application of the Internet of Things, i.e. the intelligent elderly care and intelligent monitoring related products, to lay the foundation for the future market expansion of the Company.

During the Period, the Company participated in the 8th China (Nanjing) International Software Product and Information Service Expo. In this Expo, NandaSoft showcased the major achievements of its intelligent elderly care, mobile operating system and intelligent monitoring projects, further enhanced the influence of the Company in the world of the Internet of Things.

Research and Development of Software

During the Period, in the research and development of mobile communication application, the Company not only continued to research and develop the electronic government procurement system based on android tablet PC, but also conducted the research and development on Mobile Virtual Desktop. Such product could achieve the synchronous operation of the desktops of desktop computers, tablet computers and mobile phones.

During the Period, the Company conducted the research and development of Smart Home based on the Internet of Things, aiming at the expeditious introduction of the Internet of Things of household appliances platform software, mainly to achieve the control of household appliances through client application of PC, mobile phone or IPAD.

During the Period, the Company continued to research and develop on the secured electronic document management system based on domestically produced hardware and software and research and development and industrialization of mobile terminal operating system, the Company also preliminary developed related products, of which the secured electronic document is expected to be on pilot testing in certain cities of Jiangsu Province.

Software Technology Services and System Integration

During the Period, the Company signed technology service contracts with various authorities including the toll system internet safety technology service for the Four Bridges across Yangtze River, 2012 database upgrade, migration and service for the General Hospital Tangshan Sanatorium of Nanjing military base, technology service for Yanjiang Expressway, toll system internet safety technology service for Suxin Expressway, which further demonstrated the advantage of the Company in IT services.

Application of the Internet of Things and Medical Informationalization

During the Period, the Company obtained the product registration certificates of NandaSoft health expert remote diagnosis system software (蘇富特健康專家遠程診斷系統軟件), NandaSoft emergency tracking systems software (蘇富特急救全程跟蹤系統軟件), NandaSoft chronic diseases remote management system software (蘇富特慢病遠程管理系統軟件) and NandaSoft health management system software (蘇富特健康管理系統軟件). The Company also entered into remote health equipment contract with Landseed Hospital Management (Shanghai) Co. Ltd. (聯新醫院管理(上海)有限公司), which will become a new service model of the Company with medical institutions and pave way for the Company's development in remote medical health management in the future.

During the Period, the Company developed a health management system used in smartphone application, Aiande (愛安德), which enables instant monitoring of the health status of elderly parents by their children and instant on-line consultation by health practitioners.

DEVELOPMENT AND NEW PROJECT EXPANSION OF NANDASOFT GROUP

Development of Nandasoft Group

During the Period, Jiangsu Hanwin Technology Company Ltd. undertook the public rental management system of Jiading, Shanghai and Zhangjiagang. The promotion of public rental software achieved early results during the Period, signifying that Hanwin Technology has become a mature software provider in this area. In the aspect of buildings intellectualization, Hanwin Technology signed a number of contracts on intellectualization projects with various communities and became a leading provider of buildings intellectualization in the Suzhou region.

During the Period, Mailunsi Company undertook the projects of energy consumption statistics analysis system for Nanchang public institutions, and video surveillance system for Mayi coal mine, taking up of these projects further enhanced the development of Mailunsi Company in the energy saving and surveillance sector.

During the Period, the Beijing Company researched and developed the statistics direct reporting system, local government capital budget and management system and entered into a number of technology service contracts with various authorities including technology services for National Bureau of Statistics, China National Machinery Industry Corporation Limited and China Automobile Trading Co. Ltd. and capital budget and management system for Haidian District Government.

Training for Outsourcing Service Staff

During the Period, Jiangsu NandaSoft Institute of Service Outsourcing jointly established the NSI Education Center with Suqian College, Jiangsu University, Sanjiang University and Xiaozhuang Normal College. The Education Center brought the training of NSI-ETP project into campus. Running the school in collaboration with these academic institutions makes recruitment and training more convenient and closer to the students.

The Center cooperates with Siemens Automation and Drive Technology Training Center (西門子自動化與驅動技術培訓中心) (the only professional technical training center of Siemens in China) directly under Siemens (China) Co., Ltd., which provides Siemens with professional technical personnel training projects covering the main technological areas and products of Siemens Automation and Drive Technologies.

Prospects

Looking forward, Nandasoft will echo the strategy of building an innovative nation and give full play to its innovative capability. It will increase investment in the research and development of cloud computing and internet of things and actively participate in the building of cloud computing platforms in various places. Meanwhile, it will apply advance energy saving and environmental friendly technology in the area of intelligent buildings and conduct R&D of related products.

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 2012, 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 2012, 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 of Interests	Type of Interest	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 Company's total share capital
		Directly	Indirectly				
Directors							
Liu Winson Wing Sun	(Note 1)	–	–	558,000	–	0.13%	0.05%
Wong Wei Khin	(Note 2)	–	–	3,000,000	–	0.71%	0.27%

Notes:

- (1) These shares are directly held by the individual director.
- (2) These shares are directly held by the individual director and his sister.

Save as disclosed above, as at 30th September 2012, 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 2012, 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 <i>(Note 1)</i>	Beneficial Owner	127,848,097	18.72%	–	–	127,848,097	11.58%
Beijing Chang Tian Guosheng 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”) <i>(Note 1 & Note 2)</i>	Interest of a controlled corporation	84,159,944	12.32%	–	–	84,159,944	7.62%
Shanghai Shiyuan Network Technology Company Limited	Beneficial Owner	55,000,000	8.05%	–	–	55,000,000	4.98%
Guangzhou DingXiang Trade Co., Ltd	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 <i>(Note 1 & 2)</i>	Beneficial Owner	84,159,944	12.32%	–	–	84,159,944	7.62%
Yap Siew Chin <i>(Note 3)</i>	Beneficial Owner	–	–	35,000,000	8.31%	35,000,000	3.17%

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) 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 2012, 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 2012.

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 2012 and concludes the meeting with agreement to the contents of the 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 2012.

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

2nd November 2012, Nanjing, the PRC

As at the date thereof, the Board comprises:

Executive Directors: *Mr. LIU Jian (alias LIU Jian Bang), Mr. PAN Jian Xiang and Mr. CHEN Zheng Rong*

Non-Executive Directors: *Mr. LIU Winson Wing Sun, Mr. WONG Wei Khin and Mr. LI Cheng*

Independent Non-Executive Directors: *Dr. LI Daxi, Ms. XIE Hong and Mr Xie Man Lin*

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