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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)



Interim Report 2015



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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 GEM 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 or deceptive; (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 RMB176,947,023 for the six months ended 30 June 2015, representing an approximately 5.33% decrease as compared with that of the corresponding period in 2014.
- Accomplished a net loss of RMB16,040,506 for the six months ended 30 June 2015.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

INTERIM 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 six months ended 30 June 2015.

For the three months and six months ended 30 June 2015, the unaudited turnover is RMB100,565,866 and RMB176,947,023, representing a decrease of RMB10,458,929 and RMB9,954,139, or approximately 9.42% and 5.33%, respectively in turnover as compared with that of the corresponding period in 2014.

The unaudited net profit of the Group for three months and six months ended 30 June 2015 is RMB-8,019,324 and RMB-16,040,506 respectively, representing a decrease in the results of RMB8,093,787 and RMB17,121,597, respectively as compared with the corresponding period in 2014.

The unaudited results of the Group for the three months and six months ended 30 June 2015 together with the unaudited comparative figures for the corresponding period in 2014 are as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Periods for three months and six months ended 30 June 2015

Unit: RMB

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015	2014	2015	2014
I. Total operating revenue	2	100,565,866	111,024,796	176,947,023	186,901,162
Including: Operating costs		89,803,110	89,289,980	152,872,224	149,516,115
Business tax and surcharges		480,083	181,698	1,237,715	947,153
Selling expenses		3,775,411	6,036,570	7,189,219	10,510,654
Administrative expenses		11,428,435	13,675,484	21,314,736	23,608,809
Finance expenses	3	5,394,556	3,899,820	11,133,546	7,498,635
Impairment losses on assets		15,660	51,958	15,660	51,958
Add: Profit arising from changes in fair value (loss stated with "-")					
Investment income (loss stated with "-")					
Including: Investment income from associates and joint ventures					
Exchange income (loss stated with "-")					
II. Operating profit		-10,331,389	-2,110,715	-16,816,077	-5,232,163
(loss stated with "-")					
Add: Non-operating income		3,038,086	3,190,203	3,242,001	9,276,430
Including: gain on disposal of non-current assets					
Less: Non-operating expenses		274,946	-	301,246	25,440
Including: Loss on disposal of non-current assets					

Unit: RMB

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015	2014	2015	2014
III. Total profit (total loss stated with “-”)		-7,568,249	1,079,488	-13,875,322	4,018,827
Less: Income tax expenses	5	132,276	905,975	696,326	1,898,655
IV. Net profit (net loss stated with “-”)		-7,700,525	173,513	-14,571,648	2,120,172
Including: Net profit attributable to the owners of the Parent Company		-8,019,324	74,463	-16,040,506	1,081,091
Minority interests		318,799	99,050	1,468,858	1,039,081
V. Earnings per share					
(I) Basic earnings per share	6	-0.0065	0.0001	-0.0129	0.0010
(II) Diluted earnings per share		-0.0065	0.0001	-0.0129	0.0010
VI. Other comprehensive income		96,113	-	1,305,779	267,890
VII. Total comprehensive income		-7,604,412	173,513	-13,265,869	2,388,062
Including: Total comprehensive income attributable to owners of the Parent Company		-7,923,211	74,463	-14,734,727	1,348,981
Total comprehensive income attributable to minority shareholders		318,799	99,050	1,468,858	1,039,081

CONSOLIDATED BALANCE SHEET

30 June 2015

Unit: RMB

Items	Note	Unaudited 30 June 2015	Audited 31 December 2014
Current assets:			
Cash and bank balances		35,180,772	124,914,894
Trading financial assets			
Bills receivable			
Accounts receivables	7	191,021,252	236,187,474
Prepayments		38,256,622	32,056,058
Interest receivable			453,750
Dividends receivable			
Other receivables		136,113,038	121,222,265
Inventories		158,802,497	98,014,761
Non-current assets due within one year			
Other current assets		606,562	90,568
Total current assets		559,980,742	612,939,771
Non-current assets:			
Available-for-sale financial assets		8,658,654	9,827,764
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment		74,282,654	85,332,654
Investment properties		506,300,000	511,800,000
Fixed assets		91,127,659	87,791,190
Construction in progress		2,194,803	120,912,536
Construction supplies			
Clearance of fixed asset			
Biological assets for production			
Fuel assets			
Intangible assets		6,698,800	7,536,754
Development expenses			
Goodwill		23,408,369	23,408,369
Long-term deferred expenses		183,935	572,349
Deferred income tax assets		7,040,296	6,867,013
Other non-current assets		3,690,000	3,500,000
Total non-current assets		723,585,171	857,548,629
Total assets		1,283,565,913	1,470,488,400

Items	Note	Unit: RMB	
		Unaudited 30 June 2015	Audited 31 December 2014
Current liabilities:			
Short-term loans		139,250,000	162,000,000
Trading financial liabilities			
Bills payable			55,580,000
Accounts payables	8	198,414,265	225,590,647
Advances from customers		61,644,636	63,550,968
Salaries payable		1,721,790	1,610,592
Taxes payable		7,851,208	23,658,606
Interest payable			
Dividends payable		10,425,311	6,020,918
Other payables		272,783,832	331,017,183
Non-current liabilities due within one year		8,000,000	8,000,000
Other current liabilities		8,469,671	8,469,671
Total current liabilities		708,560,712	885,498,585
Non-current liabilities:			
Long-term loans		44,800,000	44,800,000
Bonds payable			
Long-term payables		82,354,404	79,169,065
Specific payables			
Accrued liabilities			
Deferred income tax liabilities		50,807,816	51,423,455
Other non-current liabilities			
Total non-current liabilities		177,962,220	175,392,521
Total liabilities		886,522,932	1,060,891,105
Shareholders' equity:			
Share capital		124,000,000	124,000,000
Capital reserve		167,755,384	166,449,605
Less: treasury stock			
Surplus reserve		20,674,018	19,962,462
Undistributed profits		43,702,886	59,743,392
Total owners' equity attributable to the parent company		356,132,288	370,155,459
Minority interests		40,910,693	39,441,835
Total shareholders' equity		397,042,981	409,597,294
Total liabilities and shareholders' equity		1,283,565,913	1,470,488,400

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Period for six months ended 30 June 2015

Unit: RMB

Items	For the six months ended 30 June	
	2015	2014
Cash flows from operating activities	-51,411,637	-3,434,059
Cash flows from investing activities	3,348,211	-5,865,417
Cash flows from financial activities	-41,465,771	-31,777,708
Net increase in cash and cash equivalent	-89,529,197	-41,077,184
Cash and cash equivalents at the beginning of the period	124,709,969	108,594,354
Cash and cash equivalents at the end of the period	35,180,772	67,517,170

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period for six months ended 30 June 2015

Unit: RMB

Items	Other equity instruments			Equity attributable to shareholders of the Parent Company							Total		
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserve	Treasury share	Less: Other comprehensive income	Special reserve	Surplus reserve	Reserve for general risk		Unallocated profit	Minority shareholder's interests
At 1 January 2014	110,400,000				78,634,414		54,359,271		19,962,462		138,601,336	38,922,719	440,880,202
Change for the current period							267,890		4,922,682		-3,841,591	1,039,081	2,388,062
At 30 June 2014	110,400,000				78,634,414		54,627,161		24,885,144		134,759,745	39,961,800	443,268,264
At 1 January 2015	124,000,000				92,234,414		74,215,190		19,962,462		59,743,392	39,441,835	409,597,294
Change for the current period							1,305,779		711,555		-16,040,506	1,468,858	-12,554,314
At 30 June 2015	124,000,000				92,234,414		75,520,969		20,674,018		43,702,886	40,910,693	397,042,981

1. CORPORATE INFORMATION

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 Company was established on 30 December 1999.

During the period, the Group was engaged in the development, production and promotion of network security software, internet application software, education software and business application software, and provided systems integration services which include the provision of information technology consulting.

The Company’s registered office in the PRC is located at Block 01, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC. The Company’s principal place of business in Hong Kong is located at 18/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, 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.

Notes

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

Items	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Computer hardware and software products	69,965,503	84,030,906	130,655,153	136,204,620
Provision of system integration service	26,309,154	18,615,706	40,863,077	39,828,280
Other business	4,291,210	8,378,184	5,428,793	10,868,262
Total	100,565,867	111,024,796	176,947,023	186,901,162

3. FINANCE COST

Items	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Interest on bank loans wholly repayable within five years	5,371,306	3,860,469	11,040,477	7,411,285
Bank charges	23,250	39,351	93,069	87,350
Total	5,394,556	3,899,820	11,133,546	7,498,635

4. DEPRECIATION AND AMORTISATION

Items	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Depreciation and amortisation on:				
– Property, plant and equipment	1,502,294	1,535,996	3,420,293	3,216,533
– Intangible assets (included in research and development costs)	201,324	157,550	432,673	315,000

5. INCOME TAX EXPENSE

Taxes on profits assessable in the PRC have been calculated at 25%. Pursuant to an approval document issued by the Science and Technology Committee of Nanjing Municipality, the Company and one of the Company's subsidiaries had been designated as a new and high technology entity and were subject to the concessionary tax rate of 15%.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising.

Items	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
The charge comprises:				
PRC income tax	132,276	905,975	696,326	1,898,655

Notes

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 RMB-8,019,324 and RMB-16,040,506 for the three and six months ended 30 June 2015 (2014: RMB74,463 and RMB1,081,091) and on 1,240,000,000 (2014: 1,104,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 30 June 2015 and 2014 as there were no potential dilutive securities in existence during the relevant periods.

7. TRADE RECEIVABLES

Items	(Unaudited)	(Audited)
	30 June 2015 RMB	31 December 2014 RMB
Trade receivables	232,637,487	279,449,382
Less: accumulated impairment	41,616,235	43,261,908
Net amount	191,021,252	236,187,474

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The aged analysis of trade debtors, based on the invoice date and net of provisions for bad debts, is stated as follows:

Notes

Items	(Unaudited)	(Audited)
	30 June	31 December
	2015	2014
	RMB	RMB
Within 3 months (inclusive)	130,754,047	159,653,520
3 to 6 months (inclusive)	11,671,398	11,296,681
7 to 12 months (inclusive)	13,791,734	13,125,666
Over 1 year	34,804,073	52,111,607
Net amount	191,021,252	236,187,474

8. TRADE PAYABLES

Aged analysis of trade payables are as follows:–

Items	(Unaudited)	(Audited)
	30 June	31 December
	2015	2014
	RMB	RMB
Within 1 year	155,798,651	185,107,123
Over 1 year	42,615,614	40,483,524
Total	198,414,265	225,590,647

Notes

9. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the computer hardware and software products segment;
- (b) the system integration service segment;
- (c) other business.

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from sales of goods and rendering of services in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no further disclosures by the reportable segments based on geographical segment were made.

Items	Sales of computer software and hardware products		Provision of system integration service		Other business		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Segment operation income	130,655,153	136,204,620	40,863,077	39,828,280	5,428,793	10,868,262	176,947,023	186,901,162
Segment gross profit	14,099,290	24,789,240	5,807,392	8,459,527	4,168,117	4,136,279	24,074,799	37,385,046
Business tax and surcharges							1,237,715	947,153
Expense for the period							39,637,500	41,618,098
Non-operation income and expense							2,940,755	9,250,990
Profit before tax							-13,875,322	4,018,827
Income tax expense							696,326	1,898,655
Net profit							-14,571,648	2,120,172

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015. (2014: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

During the period, the turnover of the Group for the three months and six months ended 30 June 2015 were RMB100,565,866 and RMB176,947,023, representing a decrease of approximately 9.42% and 5.33% as compared to the same period in the previous year. The decrease of turnover was mainly due to the rapid development in technology market where the unprecedented competition directly affects the market share. The management will make use of the strength of consolidated resources to enhance the proprietary innovation capability and enlarge the sales network and its product market.

The profit attributable to shareholders of the Group for the three and six months ended 30 June 2015 were RMB-8,019,324 and RMB-16,040,506 representing a decrease of RMB8,093,787 and RMB17,121,597 as compared to the same period in the previous year. The decrease in the profit attributable to shareholders was mainly due to the decreased of turnover during the period.

Financial Resources and liquidity

As at 30 June 2015, shareholders' funds of the Group amounted to RMB356,132,288.

As at 30 June 2015, current assets amounted to RMB559,980,742, of which RMB35,180,772 were cash and bank deposits. The Group had its current liabilities amounted to RMB708,560,712, which were mainly short-term loans, accounts payables, advances from customers and other payables.

As at 30 June 2015, the net asset value per share was RMB0.29.

As at 30 June 2015, the gearing ratio was 69.07%.

Charge on group assets

As at 30 June 2015, the land use right of the land located at the Jiangdong Software City of Gulou District, Nanjing City, the PRC was pledged as security for bank loans granted to the Group (2014: RMB52,800,000)

Capital commitments

As at 30 June 2015, the Group had contracted but not provided for capital commitment for the construction costs of RMB70,848,000.

FOREIGN CURRENCY RISK

During the six months ended 30 June 2015, all the Group's sales and purchases were substantially denominated in Renminbi, the Board considers that the potential foreign exchange exposure of the Group is limited.

During the six months ended 30 June 2015, the Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2015, total remuneration cost for the Group was RMB15,891,253 (2014: RMB14,626,000) and the Group had 394 employees (2014: 458 employees). Remuneration is determined by reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contribution to retirement scheme, medical scheme, unemployment insurance and housing fund.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For the six months ended 30 June 2015, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.



CONTINGENT LIABILITIES

1. On 23 September 2014, the Company received a civil claim which was filed to the Higher People's Court of Jiangsu Province by China Nuclear Industry Huaxing Construction Company Limited (as the plaintiff).


According to the civil claim, it was claimed that the Company failed to pay for construction project. The payment was approximately RMB175,400,000.00 in total, payable for certain contracts entered into by the Company and the plaintiff for engaging the plaintiff (as a contractor) for the construction of Phase II of New NandaSoft Technology and Innovation Park. The court ruled to temporarily frozen assets of the Company of RMB150,000,000.00.

The main reason for the delay in payment was that the audit on the related construction work cannot be completed by the agreed time and is still incomplete. Therefore, the actual amount of construction payable by the Company is still uncertain.

The Company considered the amount claimed by the plaintiff was contentious and doubtful. Based on the advice of the legal counsel of the Company, the Company should apply to the court for an appraisal of the cost of construction and adopt the appraisal outcome as the basis of settling the construction cost for fairness and legitimacy.

As Phase II of New NandaSoft Technology and Innovation Park constructed by the Company was in use since 2013, the time of conversion into fixed assets referred to the estimated price from the consultation of construction costs in the "report on the consultation of construction costs" issued by Teamo Sukung Investment Project Management Limited, which is significantly different from the payment for the construction part of the above case. Therefore, the final price ordered in the above case will cause a significant difference in the estimated amount at the time of conversion into fixed assets, which will in turn have a material impact on the financial data of the Company.

As at 30 June 2015, the litigation was still ongoing. The Company's bank deposit frozen amounted to RMB5,393,022.

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2. The Group had contingent liabilities in respect of financial guarantees to the extent of RMB13,000,000 in total (2014: RMB13,000,000) given to financial institutions in respect of borrowings and other banking facilities granted by these financial institutions to Nanjing Nanda Pharmaceutical Company Limited, which is a subsidiary of the Group. The banking facilities were fully utilized as at 30 June 2015.

Save for the above, the Company was also involved in the contingent liabilities in respect of guarantees to the extent of RMB23,440,000 in total (2014: RMB93,940,000) in respect of banking facilities granted to certain subsidiaries. At the end of reporting period, the subsidiaries have fully utilized such facilities.

BUSINESS REVIEW

In the coming three years, the State will continue to increase investment in the construction of smart cities and urbanization construction, and the information technology sector featuring “wide broadband, large storage, big data” will have its golden age for 5 to 10 years. As a leading enterprise in the IT industry in Jiangsu area, the Company will further cultivate its business in smart city construction. The Company has undergone an organizational structure reform centred on profitability enhancement. Through concerted efforts of the management, it will make use of the strength of consolidated resources to enhance the proprietary innovation capability and create core competitiveness of the Group amid the IT reformation trend.

R&D of Information Technology

During the period, the Company continued the R&D of domestic cloud platform and electronic document system. The R&D of document type segment and metadata elements maintenance, which belong to electronic document project, were completed, and the editing function of special document types (combined documents and compound documents) were perfected, new basic table elements and special document types module integration were perfected, and a series of basic R&D work such as workflow, full-text search, webservice technology preview were completed.

In respect of cloud computing project, the Company completed the design and R&D of NANDASOFT desktop cloud related communication management components, analysis and optimization of open source agreement of SPICE during the period. During that period, testing on X86 version of NANDASOFT desktop cloud products was continued.



IT Services

As for system integration, the Company, during the period, took up the information training classroom project of provincial military training center, the cooperative purchasing agreement for DAP software project with ZTE Corporation, the third package of mobile cloud terminal system project of network infrastructure of Electronic Engineering Institute of the Chinese People's Liberation Army, government with procurement contracts under the IT project of Yancheng City Intermediate People's Court which worth one million. At the same time, several hundred projects of medium to large-scale such as bandwidth expansion project for gigabit ethernet of Jiangsu Beijing-Shanghai Expressway, Nanjing Government purchase order, OA System of Financial and Economic Committee of Shenzhen, Nanjing bus depot parking lot video monitoring system, core network and server maintenance of Suzuki Motor Corp at Changhe, Jiangxi were undergoing. During the period, the Company continued to carry out large-scale IT projects such as core delivery facility upgrade and expansion project of Provincial industrial and commercial specific network of Jiangsu Province Administration of Industry and Commerce, the experimental school intelligence engineering project of Yancheng Environmental Protection Science and Technology City and the data center procurement project of Anhui Province Public Security Bureau.

As for the marketing of cloud platform and electronic documents project, the Company participated and followed the electronic document management project of Nanjing Municipal Committee Office, and will cooperate in this respect in the future. Beijing Guodiantong desktop virtualization project has entered into the second phase of testing, X86 version of desktop cloud products of the Company will be sent to Beijing for testing.

In the intelligent transportation aspect, during the period, Jiangsu Changtian Zhi Yuan Transportation Company Limited entered into the construction project of electronic toll collection (ETC) lanes for toll station of Sanming Expressway and two bidding contracts, monitoring communication system construction project contract of Lianyungang main port and Beishugang highway, construction project contract of weighing equipment of Ningsuxu Expressway toll station, weighing equipment upgrade project of Shuhuaiyan Expressway toll station, engineering contract of electronic toll collection (ETC) system for Henan Provincial Toll of Debt-repaying Expressway Management Center, which worth one million or above each, expanded the significant customers and market area, which strengthened the integral capabilities of the Company.



Future Prospects

In the future, the Group will cooperate to concentrate in the development of core business, and strengthen the professional, systematic competitiveness, and to further optimize the business development structure, and to lower the operation cost reasonably, raising the capital utilization rate, and gradually implement the operation plan for the year. The Group will continue to increase the investment in respect of technology innovation and own research, actively promote the cloud platform business of the Group. The Group will follow the government's industry guidelines strictly, and seize market condition, and follow the market pace, and operate based on the system requirements of modern enterprise and active scientific standardized market, to construct a dual-core driver of service model of "products + services". Also, basing on the integral capabilities of Nanjing University and social influence, the integrated development of products research of the Group can be promoted so as to make further contributions in the field of R&D and practice of IT industry.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2015, the interests and short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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 Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Type of Interest	Number of domestic shares	Number of H shares	Percentage of deemed beneficial interest in the Company's domestic share capital (Note 1)	Percentage of deemed beneficial interest in the Company's H share capital (Note 1)	Percentage of deemed beneficial interest in the Company's total share capital (Note 1)
Mr. Zhu Yong Ning	Interest of a controlled corporation	163,800,000 (Note 2)	-	20%	-	13.21%

Notes:

- (1) As at 30 June 2015, the Company issued 819,000,00 domestic shares and 421,000,000 H shares, resulting 1,240,000,000 shares in total.
- (2) Such 163,800,000 domestic shares are held by Jiangsu Keneng Electricity Technology Co., Ltd. ("Jiangsu Keneng Electricity"), Mr. Zhu Yong Ning holding 90% shareholding in Jiangsu Keneng Electricity. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholding. Approval had been obtained from the shareholders of the Company on 10 April 2015 in respect of the issue of 163,000,000 domestic shares. As at 30 June 2015, the relevant capital verification procedures and securities registration were still pending.

Save as disclosed above, as at 30 June 2015, none of the directors, supervisors or chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company 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.

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

At 30 June 2015, the following interests and short positions of 5% or more of the shares and underlying shares of the shareholders (excluding directors, supervisors and chief executives of the Company) were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Shareholder	Capacity	Number of domestic shares	Percentage of domestic shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic and H shares	Percentage of domestic and H shares (Note 1)
Nanjing University Asset Administration Company Limited (Note 2)	Beneficial Owner	127,848,097	15.61%	-	-	127,848,097	10.31%
Zhong Chuang BaoYing (Beijing) Investment Fund Management Co., Ltd.	Beneficial Owner	121,000,000	14.77%	-	-	121,000,000	9.76%
Beijing Chang Tian Guosheng Investment Co., Ltd.	Beneficial Owner	100,000,000	12.21%	-	-	100,000,000	8.06%
Shenyang Cheng Fa Commercial Software Company Limited	Beneficial Owner	85,000,000	10.38%	-	-	85,000,000	6.86%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") (Notes 2 & Note 3)	Interest of a controlled corporation	84,159,944	10.28%	-	-	84,159,944	6.79%
Shanghai Shiyuan Network Technology Company Limited	Beneficial Owner	55,000,000	6.72%	-	-	55,000,000	4.44%
Guangzhou DingXiang Trade Co., Ltd	Beneficial Owner	50,000,000	6.11%	-	-	50,000,000	4.03%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial Owner	43,931,959	5.36%	-	-	43,931,959	3.54%
Jiangsu Co-Creation (Notes 2 & 3)	Beneficial Owner	84,159,944	10.28%	-	-	84,159,944	6.79%
Jiangsu Keneng Electricity (Note 4)	Beneficial Owner	163,800,000	20%	-	-	163,800,000	13.21%



Notes:

- (1) As at 30 June 2015, the Company issued 819,000,000 domestic shares and 421,000,000 H shares, resulting 1,240,000,000 shares in total.
- (2) On 31 August 2010, 187,000,000 H shares (the “New H Shares”) have been allotted and issued 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.
- (3) Jiangsu Management Centre is a business 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.
- (4) Approval had been obtained from the shareholders of the Company on 10 April 2015 in respect of the issue of 163,000,000 domestic shares. As at 30 June 2015, the relevant capital verification procedures and securities registration were still pending.

Save as disclosed above, as at 30 June 2015, no person, other than the directors, supervisors and chief executive of the Company, whose interests are set out in the section “Directors’, Supervisors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” 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.

COMPETING INTERESTS

None of the directors or controlling 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.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding directors’ and supervisors’ 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 and supervisors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors and supervisors adopted by the Company throughout the six months ended 30 June 2015.



CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “Corporate Governance Code”) contained in the Appendix 15 of the GEM Listing Rules. The Board has adopted the Corporate Governance Code to ensure greater transparency and quality of disclosure as well as more effective risk control. We believe that adopting the highest corporate governance code will bring long-term value, and finally will create the biggest return for shareholders and equity holders. The management is committed to maximize the long-term interest for shareholders and carries out business with an attitude of honesty. Meanwhile, we bear the social responsibility and therefore, we have all along been recognized by the market.

AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000, it currently comprises three independent non executive directors, namely, 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 interim results announcement and interim report for the six months ended 30 June 2015 and agreed to the contents of such.

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 six months ended 30 June 2015.

On behalf of the Board
Jiangsu NandaSoft Technology Company Limited*
Zhu Yong Ning
Chairman

Nanjing, the PRC, 14 August 2015

* For identification purpose only