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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 2016



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

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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 RMB238,982,815 for the six months ended 30 June 2016, representing an approximately 35.06% increase as compared with that of the corresponding period in 2015.
- Accomplished a net loss of RMB25,428,189 for the six months ended 30 June 2016.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

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 2016.

For the three months and six months ended 30 June 2016, the unaudited turnovers are RMB96,348,916 and RMB238,982,815, representing a decrease of RMB4,216,950 and an increase of RMB62,035,792, or a decrease of approximately 4.19% and an increase of 35.06%, respectively in turnover as compared with those of the corresponding period in 2015.

The unaudited net loss of the Group for three months and six months ended 30 June 2016 are RMB12,862,430 and RMB25,428,189 respectively, representing increases of 60.39% and 58.52%, respectively as compared with the corresponding period in 2015.

The unaudited results of the Group for the three months and six months ended 30 June 2016, together with the unaudited comparative figures for the corresponding period in 2015 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Periods for three months and six months ended 30 June 2016

Unit: RMB

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
I. Total operating revenue	2	96,348,916	100,565,866	238,982,815	176,947,023
Including: Operating costs		77,944,094	89,803,110	214,453,181	152,872,224
Business tax and surcharges		854,317	480,083	1,395,791	1,237,715
Selling expenses		3,604,686	3,775,411	7,461,485	7,189,219
Administrative expenses		13,019,851	11,428,435	21,999,072	21,314,736
Finance expenses	3	11,378,561	5,394,556	15,595,012	11,133,546
Impairment losses on assets		-	15,660	-	15,660
Add: Profit arising from changes in fair value (loss stated with "-")					
Investment income (loss stated with "-")		-	-	68,027	-
Including: Investment income from associates and joint ventures					
Exchange income (loss stated with "-")					
II. Operating profit (loss stated with "-")		-10,452,593	-10,331,389	-21,853,699	-16,816,077
Add: Non-operating income		86,619	3,038,086	88,119	3,242,001
Including: gain on disposal of non-current assets					
Less: Non-operating expenses		-151,787	274,946	48,603	301,246
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	
		2016	2015	2016	2015
III. Total profit (total loss stated with “-”)		-10,214,187	-7,568,249	-21,814,183	-13,875,322
Less: Income tax expenses	5	14,415	132,276	291,158	696,326
IV. Net profit (net loss stated with “-”)		-10,228,602	-7,700,525	-22,105,341	-14,571,648
Including: Net loss attributable to the owners of the Parent Company		-12,862,430	-8,019,324	-25,428,189	-16,040,506
Minority interests		2,633,828	318,799	3,322,848	1,468,858
V. Earnings per share					
(I) Basic earnings per share	6	-0.0092	-0.0065	-0.0181	-0.0129
(II) Diluted earnings per share		-0.0092	-0.0065	-0.0181	-0.0129
VI. Other comprehensive income		-	96,113	-	1,305,779
VII. Total comprehensive income		-10,228,602	-7,604,412	-22,105,341	-13,265,869
Including: Total comprehensive income attributable to owners of the Parent Company		-12,862,430	-7,923,211	-25,428,189	-14,734,727
Total comprehensive income attributable to minority shareholders		2,633,828	318,799	3,322,848	1,468,858

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

Unit: RMB

Items	Notes	Unaudited 30 June 2016	Audited 31 December 2015
Current assets:			
Cash and bank balances		35,666,851	90,723,556
Trade receivables	7	263,756,933	262,069,200
Prepayments		57,687,759	22,483,393
Other receivables		150,240,805	126,149,946
Inventories		87,188,799	77,699,106
Other current assets		75,722	63,127
Total current assets		594,616,869	579,188,328
Non-current assets:			
Available-for-sale financial assets		8,219,110	8,219,110
Long-term equity investment		78,477,632	79,429,412
Investment properties		529,730,893	529,730,893
Fixed assets		101,059,186	86,775,630
Construction in progress		1,114,000	–
Intangible assets		6,269,506	6,269,506
Goodwill		23,408,369	23,408,369
Long-term deferred expenses		306,847	371,517
Deferred income tax assets		203,448	1,573,955
Other non-current assets		1,846,937	476,429
Total non-current assets		750,635,928	736,254,821
Total assets		1,345,252,797	1,315,443,149

Unit: RMB

Items	Notes	Unaudited 30 June 2016	Audited 31 December 2015
Current liabilities:			
Short-term loans		177,471,000	164,471,000
Bills payable		–	12,500,000
Trade payables	8	247,218,745	251,271,180
Advances from customers		75,194,218	64,975,916
Salaries payable		1,967,714	2,206,840
Tax payable		18,759,872	22,867,188
Interest payable		20,002,759	9,055,684
Dividends payable		6,003,968	6,003,968
Other payables		278,235,726	328,301,347
Non-current liabilities due within one year		5,600,000	11,200,000
Other current liabilities		11,078,008	10,881,977
Total current liabilities		841,532,010	883,735,100
Non-current liabilities:			
Long-term loans		33,600,000	33,600,000
Long-term payables		115,096,965	72,914,886
Specific payables		6,072,000	–
Deferred income tax liabilities		54,923,564	54,923,564
Total non-current liabilities		209,692,529	161,438,450
Total liabilities		1,051,224,539	1,045,173,550
Shareholders' equity:			
Share capital		140,380,000	124,000,000
Capital reserve		205,638,040	176,154,040
Surplus reserve		19,962,462	19,962,462
Accumulated losses		-126,077,624	-100,649,435
Total owners' equity attributable to the parent company		239,902,878	219,467,067
Minority interests		54,125,380	50,802,532
Total shareholders' equity		294,028,258	270,269,599
Total liabilities and shareholders' equity		1,345,252,797	1,315,443,149

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Period for six months ended 30 June 2016

Unit: RMB

Items	For the six months ended 30 June	
	2016	2015
Net cash flows from operating activities	-103,387,477	-51,411,637
Net cash flows from investing activities	6,429,044	3,348,211
Net cash flows from financial activities	41,901,728	-41,465,771
Net decrease in cash and cash equivalents	-55,056,705	-89,529,197
Cash and cash equivalents at the beginning of the period	90,723,556	124,709,969
Cash and cash equivalents at the end of the period	35,666,851	35,180,772

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period for six months ended 30 June 2016

Unit: RMB

Items	Equity attributable to shareholders of the Parent Company						Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unallocated profit	Minority shareholder's interests	
At 1 January 2015	124,000,000	92,234,414	74,215,191	19,962,463	59,743,392	39,441,835	409,597,295
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	75,520,970	20,674,018	43,702,886	40,910,693	397,042,981
At 1 January 2016	124,000,000	93,873,332	82,280,708	19,962,462	-100,649,435	50,802,532	270,269,599
Change for the current period	16,380,000*	29,484,000*	-	-	-25,428,189	3,322,848	23,758,659
At 30 June 2016	140,380,000	123,357,332	82,280,708	19,962,462	-126,077,624	54,125,380	294,028,258

* The Company and Jiangsu Keneng Electricity Technology Co., Ltd. (the "Subscriber") entered into the conditional Share Subscription Agreement on 16 January 2015, pursuant to which the Company has conditionally agreed to allot and issue 163,800,000 Domestic Shares to the Subscriber at a price of RMB0.28 per Domestic Share. Such share subscription was approved by the shareholders at the extraordinary general meeting and shareholders class meetings held on 10 April 2015.

On 29 June 2016, all conditions precedent of the Share Subscription Agreement was satisfied and the share subscription was completed. The Company has allotted and issued 163,800,000 Domestic Shares to the Subscriber, and registered it with relevant authorities of China. The proceeds raised from the issue of Domestic Shares were RMB45,864,000, of which RMB16,380,000 were accounted for as share capital and the remaining RMB29,484,000 were accounted for as capital reserve.

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (hereinafter referred to as the “Company; or the “Group” when subsidiaries are included) was established on 30 December 1999 in the People’s Republic of China (the “PRC”) pursuant to the PRC Company Law as a joint stock limited liability company. The predecessor of the Company, Jiangsu Nandasoft Software Co., Ltd. (the “Predecessor Company”) was established on 18 September 1998. By way of transformation of the Predecessor Company, the Company was established on 30 December 1999.

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

The Company’s registered location in the PRC is located at Block 1, No. 19 South Qingjiang Road, Gulou District, Nanjing, Jiangsu, the PRC. The Company’s principal place of business in Hong Kong is located at 14/F, St. John’s Building, 33 Garden Road, Central, 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	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Computer hardware and software products	66,527,938	69,965,503	163,217,359	130,655,153
Provision of system integration service	26,582,347	26,309,153	69,641,504	40,863,077
Other business	3,238,631	4,291,210	6,123,952	5,428,793
Total	96,348,916	100,565,866	238,982,815	176,947,023

3. FINANCE COST

Items	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Interest on bank loans wholly repayable within five years	10,171,074	5,371,306	14,459,807	11,040,477
Bank charges	1,207,487	23,250	1,135,205	93,069
Total	11,378,561	5,394,556	15,595,012	11,133,546

4. DEPRECIATION AND AMORTISATION

Items	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Depreciation and amortisation on:				
– Property, plant and equipment	1,814,371	1,417,999	3,567,156	2,507,554
– Intangible assets (included in research and development costs)	–	201,324	–	432,673

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 during the period.

Items	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
The charge comprises:				
PRC income tax	14,415	132,276	291,158	696,326

Notes

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

The calculation of basic earnings per share amounts is based on the loss attributable to ordinary equity holders of the Company of RMB12,862,430 and RMB25,428,189 for the three and six months ended 30 June 2016 (2015: loss of RMB8,019,324 and RMB16,040,506) and on 1,403,800,000 (2015: 1,240,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2016 and 2015 as there were no potential dilutive securities in existence during the relevant periods.

7. TRADE RECEIVABLES

Items	Unaudited	Audited
	30 June 2016 RMB	31 December 2015 RMB
Trade receivables	324,382,956	310,800,962
Less: accumulated impairment	(60,626,023)	(48,731,762)
Net amount	<u>263,756,933</u>	<u>262,069,200</u>

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
	2016	2015
	RMB	RMB
Within 3 months (inclusive)	94,784,957	187,252,970
3 to 6 months (inclusive)	33,902,338	12,009,484
7 to 12 months (inclusive)	62,255,892	8,295,373
Over 1 year	72,813,746	54,511,373
Net amount	263,756,933	262,069,200

8. TRADE PAYABLES

Aged analysis of trade payables are as follows:

Items	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB	RMB
Within 1 year	173,017,520	193,884,876
Over 1 year	74,201,225	57,386,304
Total	247,218,745	251,271,180

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 IT 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 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB
Segment operation income	163,217,359	130,655,153	69,641,504	40,863,077	6,123,952	5,428,793	238,982,815	176,947,023
Segment gross profit	13,165,344	14,099,290	6,393,916	5,807,392	4,970,374	4,168,117	24,529,634	24,074,799
Business tax and surcharges							1,395,791	1,237,715
Expense for the period							45,055,569	39,637,500
Non-operating income and expense							39,516	2,940,755
Investment income							68,027	-
Loss before tax							-21,814,183	-13,875,322
Income tax expense							291,158	696,326
Net loss							-22,105,341	-14,571,648

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend during the period (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period, due to the fact that the management adopted various sales strategies, the turnover of the Group for the three months and six months ended 30 June 2016 were RMB96,348,916 and RMB238,982,815, representing a decrease of 4.19% and an increase of 35.06% as compared to the same period in the previous year.

The loss attributable to shareholders of the Group for the three and six months ended 30 June 2016 were RMB12,862,430 and RMB25,428,189 representing increases of 60.39% and 58.52% as compared to the same period in the previous year. The increase in the loss attributable to shareholders of the Company was mainly due to the market competition and a decrease in gross profit margin of the Group during the period.

Financial Resources and liquidity

As at 30 June 2016, shareholders' funds of the Group amounted to RMB239,902,878.

As at 30 June 2016, current assets amounted to RMB594,616,869, of which RMB35,666,851 were cash and bank deposits. The Group had current liabilities amounting to RMB841,532,010, which were mainly short-term loans, accounts payables, advances from customers, salaries payable, interest payables, dividend payables and other payables.

As at 30 June 2016, the net asset value per share of the Group was RMB0.17.

As at 30 June 2016, the gearing ratio of the Group was 78.14%.

Material Acquisition and Disposal

There is no material acquisition or disposal by the Group during the period.

Charge on group assets

As at 30 June 2016, the land use right of the land located at Jiangdong Software City of Gulou District, Nanjing City was pledged as security for bank loans of RMB39,200,000 granted to the Group (2015: RMB44,800,000).

Capital commitments

As at 30 June 2016, 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 2016, 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.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, total remuneration cost for the Group was RMB11,557,833 (2015: RMB15,891,253) and the Group had 322 employees (2015: 394 employees). Remuneration is determined by reference to market rates and performance, qualifications and experience of individual employees. 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.

BUSINESS REVIEW

In the coming five years, the State will continue to speed up the construction progress of smart cities and stimulate the market demand on software and systems in the Internet. Also, the Company will develop in different sectors including informationalization of government administration, smart transport, smart medical care and smart education in due course, achieving transformation and upgrading of its original businesses and forming a business structure that adapts to both government policies and market demands. The Company will encourage and promote new business implementation and expand new markets; and improve its basic management system and strengthen the systemization and standardization of its management to enhance the efficiency of its operation, management and control. Through these efforts, Nandasoft can have a clear vision of its development direction, enhance its own innovative ability and its core competitiveness in the trend of IT reformation.

R&D of Information Technology

During the reporting period, the Group continued to develop and improve the “electronic document management system”. Such system, together with the long-term storage system of front-end business system and back-end electronic documents, achieved the complete life cycle management of electronic documents. Currently, pilot scheme of such system has been implemented by the Municipal Committee Office of Nanjing. The development of “Cloud Desktop System” has also had steady progress. During the reporting period, the Group started to develop the version 2.0 of Web cloud management system. Such development will highly enhance the aesthetics of the system interface and the ease of operation. The Cloud storage solution will be adopted in the version 2.0 for solving storage bottleneck and accuracy and efficiency of search engine will be optimized for handling massive data. Currently, the pilot scheme has been launched by various customers including the Nanhu Community Hospital.

During the reporting period, the Group has carried out a Big Data based research project of transportation monitoring, alerting and decision-making system. With building transportation data channels and the intelligent application of Big Data as its main concerns, the Company made full use of urban passenger transport data, highways transport data, waterborne transport data and transport monitoring videos from the transportation industry, so as to establish a transportation monitoring and alerting system with three functions namely “transportation monitoring and alert, public service and support to decisions-making”.

During the reporting period, the Group obtained two Software Copyrights in respect of its “electronic document management system” and “Cloud Desktop System” respectively. Meanwhile, the two patent applications of the Group were in evaluation process in the first half of this year. Jiangsu Changtian Zhi Yuan Transportation Company Limited (“Changtian Zhiyuan”), a subsidiary of the Company, obtained level-two qualification of its information system integration and service.

Software Services and System Integration

“暢行江蘇APP (Jiangsu Transportation App)”, jointly developed by the Group and the Transportation Administration Authority of Jiangsu Province, was put online on 9 May. In accordance with the needs of the users, this App contains 31 functions such as enquiry of bus, railway and public bike information, ticket booking for flights, trains and buses, real-time traffic information, information of driving schools, information of charter car service for travel and search engine for nearby car parks, offering the users convenient transport experience.

“智雅在線教育雲平臺 (Zhiya Online Education Cloud System)” was officially put online in the Science and Education Department of Changzhou in May. Such system provides internet educational cloud service for vocational education based on OTO and digitized school service of informationization of high schools based on Cloud Computing to 5 vocational schools in the Science and Education Town through the Internet. Once the system is put online, it symbolizes that the first “high vocational education themed educational cloud system” is officially in operation.

During the reporting period, the Group undertook the data collection and service system project of national road network traffic conditions survey in Ningxia Hui Autonomous Region (寧夏回族自治區國家公路網交通情況調查數據採集與服務系統工程), the electromechanical construction project of Taizhou toll station of the expansion project of the Jiangdu to Guangling highway section in Jiangsu Province (江蘇省江都至廣陵高速公路改擴建工程泰州收費站機電施工項目), the electromechanical construction project of toll, monitoring and communication system of the Jiangsu section of the Xuzhou to Mingguang highway (徐州至明光高速公路江蘇段收費、監控、通信系統機電工程施工項目) and the procurement of safety supervision display equipment of “one car monitored by three parties” launched by the Transportation Administration Department of the Transportation Authority of Jiangsu Province (江蘇省交通運輸廳運輸管理局「一車三方」安全監管平臺顯示設備系統採購).

Future Prospects

According to the “13th Five-Year Plan” promulgated by the State in 2016, the new information technology including the Internet of Things (IOT) and Cloud Computing will become the target of the State for development in the future. Rapid development of Big Data, mobile Internet, Cloud Computing and IOT will bring huge changes to the traditional business models and stimulate market demand on smart cities, smart transport, smart medical care and informationalization of government documents, which provides the Group with opportunities of further development.

The Group will specify its development trend on its dominant aspects including e-government, education, smart transport and smart medical care according to the policy direction, market demand and developing tendency of new technologies. It will also strengthen its technology innovation in mobile Internet, Cloud Computing and Big Data based on the users’ needs, so as to develop certain software based on the Internet platform and with its own intellectual property rights in China. The Group will take advantage of its technology and brand image and reputation of Nanjing University to further capture the market potential and increase its market share through expanding the customer base and enhancing products. The Group will give full play to the advantages of the integration of production, academic and research, so as to seize opportunities of policies, technologies and market, striving to become a well-known data service supplier with advanced technology in China’s smart cities within three to five years.

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

At 30 June 2016, 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	178,800,000 (Note 2)	-	18.19%	-	12.74%

Notes:

- (1) As at 30 June 2016, the Company had 982,800,000 domestic shares and 421,000,000 H shares in issue, totalling 1,403,800,000 shares.
- (2) Such 178,800,000 domestic shares were held by Jiangsu Keneng Electricity Technology Co., Ltd. ("Jiangsu Keneng Electricity"), and Mr. Zhu Yong Ning held 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 of Jiangsu Keneng Electricity.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2016 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 which enabled 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 2016, the following interests and short positions were held by shareholders interested in 5% or more of the shares and underlying shares of the company (excluding directors, supervisors and chief executives of the Company) which 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 Vegetables & Subsidiary Food Co., Ltd.	Beneficial owner	263,661,016	26.83%	-	-	263,661,016	18.78%
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 2)	Beneficial owner	178,800,000	18.19%	-	-	178,800,000	12.74%
Nanjing University Asset Administration Company Limited (Note 3)	Beneficial Owner	127,848,097	13.01%			127,848,097	9.11%
Zhong Chuang BaoYing (Beijing) Investment Fund Management Co., Ltd.	Beneficial Owner	121,000,000	12.31%			121,000,000	8.62%
Jiangsu Co-Creation (Notes 3)	Beneficial Owner	84,159,944	8.56%			84,159,944	6%
Shanghai Shiyuan Network Technology Company Limited	Beneficial Owner	55,000,000	5.60%			55,000,000	3.92%

Notes:

- (1) As at 30 June 2016, the Company had 982,800,000 domestic shares and 421,000,000 H shares in issue, totalling 1,403,800,000 shares.
- (2) Jiangsu Keneng Electricity had obtained the approval from the shareholders of the Company on 10 April 2015 in respect of the issue of 163,800,000 domestic shares. As at 29 June 2016, the capital verification procedures and securities registration of some shares were completed.
- (3) 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 to be allotted and issued by the Company; 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.

Save as disclosed above, as at 30 June 2016, 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 2016.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in 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. The Company believes that adopting the highest corporate governance standards 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 gained recognition from 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, risk management 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 2016 and agreed to their contents.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2016.

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

12 August 2016, Nanjing, the PRC

* For identification purpose only