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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 2017



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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Jiangsu NandaSoft Technology Company Limited 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 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 that the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; and there are no other matters the omission of which would make this report or any statement herein misleading.

HIGHLIGHTS

- Achieved a turnover of RMB183,860,280 for the six months ended 30 June 2017, representing an approximately 23.07% decrease as compared with that of the corresponding period in 2016.
- Recorded a loss of RMB24,109,394 for the six months ended 30 June 2017.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

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 2017.

For the three and six months ended 30 June 2017, the unaudited turnover of the Group were RMB89,555,896 and RMB183,860,280 respectively, representing a decrease of RMB6,793,020 and RMB55,122,535, or a decrease of approximately 7.05% and 23.07% respectively in turnover as compared with those of the corresponding period in 2016.

The unaudited loss of the Group for the three and six months ended 30 June 2017 were RMB11,965,434 and RMB24,109,394 respectively, representing a decrease of approximately 6.97% and 5.19% respectively as compared with the corresponding period in 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three and six months ended 30 June 2017

The unaudited results of the Group for the three months and six months ended 30 June 2017, together with the unaudited comparative figures for the corresponding period in 2016 are as follows:

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
I. Total operating revenue	2	89,555,896	96,348,916	183,860,280	238,982,815
Including: Operating costs		78,010,060	77,944,094	159,732,217	214,453,181
Tax and surcharges		539,037	854,317	1,467,337	1,395,791
Selling expenses		2,485,690	3,604,686	5,027,449	7,461,485
Administrative expenses		10,827,419	13,019,851	23,189,600	21,999,072
Finance expenses	3	8,749,056	11,378,561	16,647,348	15,595,012
Impairment losses on assets					
Add: Profit arising from changes in fair value (loss stated with “-”)					
Investment income (loss stated with “-”)				195,050	68,027
Including: Investment income from associates and joint ventures					
Exchange income (loss stated with “-”)					

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
II. Operating profit					
(loss stated with “-”)		-11,055,366	-10,452,593	-22,008,621	-21,853,699
Add: Non-operating income		27,591	86,619	70,177	88,119
Including: Gain on disposal of non-current assets					
Less: Non-operating expenses		54,003	-151,787	56,823	48,603
Including: Loss on disposal of non-current assets					
III. Total profit (total loss stated with “-”)		-11,081,778	-10,214,187	-21,995,267	-21,814,183
Less: Income tax expenses	5	626,232	14,415	693,761	291,158
IV. Net profit (net loss stated with “-”)		-11,708,010	-10,228,602	-22,689,028	-22,105,341
Including: Net profit attributable to the owners of the Parent Company		-11,965,434	-12,862,430	-24,109,394	-25,428,189
Minority interests		257,424	2,633,828	1,420,366	3,322,848
V. Earnings per share	6				
(I) Basic earnings per share		-0.0085	-0.0092	-0.0172	-0.0181
(II) Diluted earnings per share		-0.0085	-0.0092	-0.0172	-0.0181
VI. Other comprehensive income					

Items	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
VII. Total comprehensive income		-11,708,010	-10,228,602	-22,689,028	-22,105,341
Including: Total					
comprehensive income attributable to owners of the Parent Company		-11,965,434	-12,862,430	-24,109,394	-25,428,189
Total					
comprehensive income attributable to minority shareholders		257,424	2,633,828	1,420,366	3,322,848

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Unaudited	Audited
	30 June	31 December
<i>Notes</i>	2017	2016
	RMB	RMB
Current assets:		
Cash and bank balances	35,934,709	49,652,041
Financial assets for trading	10,000,000	10,000,000
Trade receivables	189,190,860	180,068,219
Prepayments	62,122,028	4,736,069
Other receivables	109,252,717	93,462,937
Inventories	96,228,635	80,773,744
Other current assets	375,107	388,079
Total current assets	503,104,056	419,081,089
Non-current assets:		
Available-for-sale financial assets	8,219,110	8,219,110
Long-term equity investment	74,227,353	81,480,567
Investment properties	537,898,537	537,898,537
Fixed assets	79,705,924	83,160,428
Construction in progress	796,198	–
Intangible assets	5,707,641	5,717,075
Goodwill	23,408,369	23,408,369
Long-term deferred expenses	730,806	790,760
Deferred income tax assets	2,967,770	2,967,770
Other non-current assets	10,550,261	10,550,261
Total non-current assets	744,211,969	754,192,877
Total assets	1,247,316,025	1,173,273,966

	<i>Notes</i>	Unaudited 30 June 2017 RMB	Audited 31 December 2016 RMB
Current liabilities:			
Short-term loans		118,549,583	132,109,583
Bills payable		1,401,804	1,090,000
Trade payables	8	274,759,136	216,083,687
Advances from customers		44,507,508	35,261,568
Salaries payable		3,192,159	3,175,569
Tax payable		14,575,113	16,612,745
Interest payable		32,855,804	19,837,615
Dividends payable		6,003,968	6,003,968
Other payables		349,591,144	299,179,231
Non-current liabilities due within one year		12,000,000	12,000,000
Other current liabilities		11,735,499	11,735,499
Total current liabilities		869,171,718	753,089,465
Non-current liabilities:			
Long-term loans		15,600,000	21,600,000
Long-term payables		114,091,233	127,442,399
Deferred income tax liabilities		59,068,595	59,068,595
Total non-current liabilities		188,759,828	208,110,994
Total liabilities		1,057,931,546	961,200,459

	Unaudited 30 June 2017 RMB	Audited 31 December 2016 RMB
	<i>Notes</i>	
Shareholders' equity:		
Share capital	140,380,000	140,380,000
Capital reserve	205,958,255	205,958,255
Surplus reserve	19,962,462	19,962,462
Undistributed profits	-234,368,152	-210,258,758
Subtotal – Owners' equity attributable to the parent company	131,932,565	156,041,959
Minority interests	57,451,914	56,031,548
Total shareholders' equity	189,384,479	212,073,507
Total liabilities and shareholders' equity	1,247,316,025	1,173,273,966

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2017

Items	For the six months ended 30 June	
	2017 RMB	2016 RMB
Net cash flow from operating activities	-4,764,507	-103,387,477
Net cash flow from investing activities	7,293,278	6,429,044
Net cash flow from financing activities	-16,246,103	41,901,728
Net decrease in cash and cash equivalents	-13,717,332	-55,056,705
Cash and cash equivalents at the beginning of the period	49,652,041	90,723,556
Cash and cash equivalents at the end of the period	35,934,709	35,666,851

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

Items	Equity attributable to shareholders of the Parent Company						Total shareholder's equity RMB
	Share capital RMB	Capital reserve RMB	Other comprehensive income RMB	Surplus reserve RMB	Undistributed profit RMB	Minority interests RMB	
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
At 1 January 2017	140,380,000	121,718,414	84,239,841	19,962,462	-210,258,758	56,031,548	212,073,507
Change for the current period	-	-	-	-	-24,109,394	1,420,366	-22,689,028
At 30 June 2017	140,380,000	121,718,414	84,239,841	19,962,462	-234,368,152	57,451,914	189,384,479

1. COMPANY INFORMATION

Jiangsu NandaSoft Technology Company Limited (hereinafter referred to as the "Company" or the "Group" when the subsidiaries are included) is a stock limited liability company jointly established by Nanjing University Asset Administration Company Limited, Jiangsu Zongyi Co., Ltd., Work Union of Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Co-Creation Education Development Company Limited, Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Information Construction Investment Limited, and Jiangsu High-Ti Investment Group based on the entire conversion of Jiangsu NandaSoft Software Co., Ltd. on 30 December 1999.

As at 30 June 2017, total equity of the Company was RMB140.38 million, represented by the total number of 1,403.8 million shares with a par value of RMB0.1 per share, which include 982.8 million unlisted shares, representing 70.01% of total equity, and 421 million outstanding public H shares, representing 29.99% of total equity.

The registered address of the Company is: Block 01, No. 19 South Qingjiang Road, Gulou District, Nanjing. The Company's principal place of business in Hong Kong is located at Unit 01-05, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and its legal representative is Zhu Yong Ning.

The Company's business scope mainly includes: research and development, production, manufacture, sales and maintenance of computer software and hardware, network communications equipment, multi-media, electronic products, instruments and apparatuses and information industry related products; technical services, transfer, training and consultancy in relation to computer system integration, sales of office automatic equipment, proprietary operation and agency for imports and exports of commodities and technologies, research and development of medical materials and medical equipment products, provision of services in relation to building installation and information system integration (projects are subject to approval by laws, operating activities shall be carried out after obtaining the approval by related departments).

The Group is mainly engaged in the sales of computer hardware and software products, trading business of IT related products and equipment, provision of IT training services, develop, manufacture and marketing of network security software, internet application software, education software and business application software, and provision of system integration services, research and development of medicine and pharmaceutical equipment, provision of services in relation to building installation and information system integration etc.

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	
	2017	2016	2017	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Computer hardware and software products	65,223,560	66,527,938	117,743,981	163,217,359
Provision of system integration services	20,148,946	26,582,347	58,903,934	69,641,504
Other business	4,183,390	3,238,631	7,212,365	6,123,952
Total	89,555,896	96,348,916	183,860,280	238,982,815

3. FINANCE COST

Items	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Interest on bank loans wholly repayable within five years	8,703,591	10,171,074	16,570,819	14,459,807
Bank charges	45,465	1,207,487	76,529	1,135,205
Total	8,749,056	11,378,561	16,647,348	15,595,012

4. DEPRECIATION AND AMORTISATION

Items	For the three months ended 30 June		For the six months ended 30 June	
	2017 RMB	2016 RMB	2017 RMB	2016 RMB
Depreciation and amortisation on:				
– Property, plant and equipment	1,701,689	1,814,371	3,620,953	3,567,156
– Intangible assets (included in research and development costs)	–	–	–	–

5. INCOME TAX EXPENSE

Taxes on profits assessable in the PRC have been calculated at 25%. Pursuant to an approval document issued by 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 are 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 during the period.

Items	For the three months ended 30 June		For the six months ended 30 June	
	2017 RMB	2016 RMB	2017 RMB	2016 RMB
Tax charges comprise:				
PRC income tax	626,232	14,415	693,761	291,158

Notes

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

The calculation of basic earnings per share is based on the loss attributable to shareholders of the Company of RMB11,965,434 and RMB24,109,394 for the three and six months ended 30 June 2017 (2016: RMB-12,862,430 and RMB-25,428,189) and the 1,403,800,000 (2016: 1,403,800,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2017 and 2016 as there were no potential dilutive securities in existence during the relevant periods.

7. TRADE RECEIVABLES

Items	Unaudited	Audited
	30 June 2017 RMB	31 December 2016 RMB
Trade receivables	268,319,034	259,196,393
Less: Allowance for impairment	-79,128,174	-79,128,174
Net amount	189,190,860	180,068,219

The Group set up the responsible team for confirming the credit terms, reviewing the credit policy in order to reduce credit risk, and executing supervisory procedures to ensure that measures have been taken to retrieve expired claims. In addition, the Group has reviewed the recoverability ability for every outstanding receivable at each balance sheet date, ensuring sufficient bad-debt provisions have been made for unrecoverable amounts. Trade receivables that are past due but not impaired are related to a number of independent customers having a good track record with the Group. Based on past experience, the directors of the Company believe that no impairment allowance is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable. Therefore, the Management reckons that the credit risks exposure of the Group have been reduced significantly.

Notes

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:

Items	Unaudited 30 June 2017 RMB	Audited 31 December 2016 RMB
Within 3 months (inclusive)	53,771,946	72,980,146
3 to 6 months (inclusive)	11,089,785	5,288,332
7 to 12 months (inclusive)	45,236,795	21,110,149
Over 1 year	79,092,334	80,689,592
Net amount	189,190,860	180,068,219

8. TRADE PAYABLES

Aged analysis of trade payables are as follows:

Items	Unaudited 30 June 2017 RMB	Audited 31 December 2016 RMB
Within 1 year	169,909,898	112,128,537
Over 1 year	104,849,238	103,955,150
Total	274,759,136	216,083,687

Notes

9. SEGMENT INFORMATION

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

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

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from the 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 hardware and software products		Provision of system integration service		Other business		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Segment operating revenue	117,743,981	163,217,359	58,903,934	69,641,504	7,212,365	6,123,952	183,860,280	238,982,815
Segment gross profit	2,106,007	13,165,344	16,810,079	6,393,916	5,211,977	4,970,374	24,128,063	24,529,634
Tax and surcharges							1,467,337	1,395,791
Expenses for the period							44,864,397	45,055,569
Non-operating income and expense							13,354	39,516
Investment income							195,050	68,027
Profit before tax							-21,995,267	-21,814,183
Income tax expense							693,761	291,158
Net profit							-22,689,028	-22,105,341

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend during the period (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period, as mainly affected by the IT economic environment and the policies on tender, bidding and tax, there was a decrease in development projects from Changtian Zhi Yuan and a drop in orders contracted from Computer Fixtures, both of which are our subsidiaries. At the same time, the Group made the strategic adjustment on its parent company and the system integration company, and controlled the development of trade project businesses that have very low gross profit margin and require capital advances, the turnover of the Group for the three months and six months ended 30 June 2017 were RMB89,555,896 and RMB183,860,280, representing a decrease of 7.05% and 23.07% as compared to the same period in the previous year respectively.

As the Group achieved a certain effect in strengthening its cost control, the loss attributable to shareholders of the Group for the three and six months ended 30 June 2017 were RMB11,965,434 and RMB24,109,394, representing a decrease in loss of RMB896,996 or approximately 6.97% and a decrease in loss of RMB1,318,795 or approximately 5.19% as compared with the same period in last year.

Financial Resources and liquidity

As at 30 June 2017, shareholders' funds of the Group amounted to RMB131,932,565.

As at 30 June 2017, current assets amounted to RMB503,104,056, of which RMB35,934,709 were cash and bank deposits. The Group had current liabilities amounting to RMB869,171,718, which were mainly short-term loans, trade payables, advances from customers, salaries payable, interest payables, dividend payables and other payables.

As at 30 June 2017, the net asset value per share of the Group was RMB0.094.

As at 30 June 2017, the gearing ratio of the Group was 84.82%.

Material Acquisition and Disposal

In February 2017, the Group transferred its 20% equity interests in Shandong Blue Innovation Co., Ltd. (山東藍海恆創科技開發有限公司) to an independent third party, Yantai Niu Hua Network Technology Company Limited (煙台市紐華網絡科技有限公司).

Charge on group assets

As at 30 June 2017, the land use right of the land located at Jiangdong Software City of Gulou District, Nanjing City was pledged as security for the bank loans of RMB27,600,000 granted to the Group (2016: RMB39,200,000).

Capital commitments

As at 30 June 2017, the Group did not have any contracted for but not yet provided for capital commitment.

Foreign Currency Risk

During the six months period ended 30 June 2017, as substantially over 90% of the Group's sales and purchases were 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 2017, total remuneration cost for the Group was RMB14,315,369 (2016: RMB11,557,833) and the Group had 323 employees (2016: 322 employees). Remuneration is determined by reference to market rates and the 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 DEVELOPMENT REVIEW

R&D of Information Technology

During the period, the Company continued to carry out the research and development of ERMS electronic file management system, the product that is currently under R&D is the model version of V2.0. During the period, the Company developed new customers including the Archive of Nanjing Tech University and the Archive of Nanjing Normal University, achieved a new breakthrough in the sales of electronic file products. The R&D works of Soft cloud computing management system was also in progress, the virtual machine localization deployment technology was currently under R&D. The cloud computing products of the Company have been currently deployed in Nanhu Community Hospital of Jianye District, laying the foundation for the subsequent development in the medical market.

For remote medical service, the Company conducted in-depth research on the needs of the comprehensive central hospitals and community hospitals, and according to the national hierarchical diagnosis and treatment requirements, developed the “chronic disease management system” through integrating and connecting the quality hardware equipment to provide professional, highly-efficient and comprehensive mobile medical treatment services for chronic disease patients. At the same time, the Company continued to maintain a sound cooperation relationship with Jiangsu Nursing Association, and developed the “Clinical Nurse Specialists Improvement Platform” for it to carry out the online trainings under the existing knowledge and skill training system for the clinical nurse specialists in the whole province. Such platform is the domestic’s first online training products targeting at nurses, providing basic courses, case studies and other contents to more clinical specialized nurses in a convenient and fast way through the internet platform and formulating the continuing education plan and courses for them in assisting them to plan their career life. At present, such products have been widely applied in the provincial nursing team, which further explored the Company’s market in the medical software development sector, formed effective correlation with the Company’s existing remote medical treatment system, chronic disease management and coronary heart disease simple inquiry, building up a professional image of the Company in the aspect of medical software development.

During the period, the Company completed the trial operation of the high-tech enterprises re-examination project and the “Intellectual Property Standard” project.

IT Services

For system integration, the Company continued to facilitate the network reform project of Health Bureau of Jianye District, Nanjing city, and developed new customers, such as Nantong Transportation Bureau (南通市交通局) and Yancheng Transportation Bureau (鹽城市交通局), and expanded the businesses in the government, transportation and other sectors.

For intelligent transportation, the Company undertook several important projects, such as the section YQLYLJX-GZGL of the construction project of perceptual highway project for urban highway of Taizhou city (泰州市市區公路工程感知公路項目 YQLYLJX-GZGL 標段施工項目), the section TZGHTLJX-GZGL of the construction project of perceptual highway project for urban highway of Taizhou city (泰州市市區公路工程感知公路項目 TZGHTLJX-GZGL 標段施工項目), the comprehensive emergency command system project for the transportation of Nanjing (the section NJ-JT-YJXT) (南京市交通運輸綜合應急指揮系統項目 (NJ-JT-YJXT 標段)) and the section BHTJD-1 of interchange transportation construction of northern part of Zhumadian for Beijing-Hong Kong-Macau expressway (京港澳高速公路駐馬店北互通式立交工程 BHTJD-1 標段項目).

For online education, the Company is currently designing two common knowledge courses, namely Military Theory (《軍事理論》) and Lecture on Legal knowledge of Innovation and Entrepreneurship (《創新創業法律知識講座》), four online video courses of four Top-up, and undertaking the video courses production projects for Department of Tourism of Changzhou Vocational Institute of Light Industry. During the period, the Company developed new customers, namely Changzhou Textile Garment Institute, Changzhou Vocational Institute of Mechatronic Technology and Changzhou College of Information Technology, which laid a foundation for realizing the integrating use of Zhiya Online Cloud System in the five vocational schools in the Science and Education Town of Changzhou.

FUTURE PROSPECTS

The transformation of national development strategy is from factor-driven towards innovation-driven. Looking forward, the Company will conduct an intensive research in market demand according to the policy direction, follow the technological development trend, rely on the technology and talent strengths of Nanjing University, consolidate and ascend the market positions in traditional strong business of companies in terms of government, education, software development, energy, intelligent transportation, finance and medical care. At the same time, the Company will continue to research and develop and provide IT technology and service with innovative concept, advanced technology and stable operation which meets the market demand, develop new customers and increase its market share.

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

As at 30 June 2017, 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register referred to therein 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 ("GEM Listing Rules"), were as follows:

Long positions

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)
Zhu Yong Ning	Interest of controlled corporation	178,800,000 (Note 2)	-	18.19%	-	12.74%

Notes:

- (1) As of 30 June 2017, the Company issued 982,800,000 domestic shares and 421,000,000 H shares, i.e. 1,403,800,000 shares in total.
- (2) 178,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd ("Jiangsu Keneng Electricity") and Mr. Zhu Yong Ning held 90% equity interest of Jiangsu Keneng Electricity. Pursuant to Section XV of the SFO, Mr. Zhu Yong Ning was deemed as holding the above interests of shares of Jiangsu Keneng Electricity. Among which, 163,800,000 domestic shares were approved by the shareholders of the Company on 10 April 2015 and issued; and the relevant verification process and securities registration were completed on 29 June 2016.

Save as disclosed above, as at 30 June 2017, none of the directors, supervisors or chief executives of the Company had 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 period ended 30 June 2017 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

As at 30 June 2017, the following interests and short positions of 5% or more of the share capital and underlying shares of the Company held by shareholders (excluding directors, supervisors and chief executive 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	Type of interest	Number of domestic shares (Note 1)	Percentage of domestic shares	Number of H shares (Note 1)	Percentage of H shares	Number of domestic shares and H shares (Note 1)	Percentage of domestic shares and H shares
Nanjing Vegetables & Subsidiary Food Co., Ltd. (南京市蔬菜副食品集團有限公司)	Beneficial Owner	263,661,016	26.83%	-	-	263,661,016	18.78%
Jiangsu Keneng Electricity Technology Co., Ltd.	Beneficial Owner	178,800,000	18.19%	-	-	178,800,000	12.74%
Nanjing University Asset Administration Company Limited	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 Education Development Company Limited	Beneficial Owner	84,159,944	8.56%	-	-	84,159,944	6%
Shanghai Shiyuen Network Technology Company Limited	Beneficial Owner	55,000,000	5.60%	-	-	55,000,000	3.92%

Notes:

- (1) As at 30 June 2017, the Company had 982,800,000 domestic shares and 421,000,000 H shares in issue, a total of 1,403,800,000 shares.

Save as disclosed above, as at 30 June 2017, 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 2017.

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 maximizing the long-term interest for shareholders and carrying 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 four independent non-executive directors, namely, Dr. Li Daxi, Mr. Xie Man Lin, Ms. Xu Xiao Qin and Mr. Shi Zhong Hua. The primary duties of the audit committee are to review and 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 2017 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 2017.

By order of the Board
Jiangsu NandaSoft Technology Company Limited*
Zhu Yong Ning
Chairman

11 August 2017, Nanjing, the PRC

* *For identification purpose only*