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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 2018

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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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 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 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 approximately RMB189,419,000 for the six months ended 30 June 2018, representing an approximately 3.0% increase as compared with that of the corresponding period in 2017.
- The net loss attributable to the owners of the Company is RMB19,673,000 for the six months ended 30 June 2018.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

INTERIM RESULTS

The board of directors (the “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 months and six months ended 30 June 2018.

For the three months and six months ended 30 June 2018, the unaudited turnover of the Group were RMB96,369,000 and RMB189,419,000 respectively, representing an increase of approximately RMB6,813,000 and RMB5,559,000 or an increase of approximately 7.6% and 3.0% respectively in turnover as compared with those of the corresponding period in 2017.

The unaudited net loss attributable to the owners of the Company for the three months and six months ended 30 June 2018 were RMB12,741,000 and RMB19,673,000 respectively, representing an increase of approximately 6.5% and a decrease of 18.4% respectively as compared with the corresponding period in 2017.

The unaudited results of the Group for the three months and six months ended 30 June 2018, together with the unaudited comparative figures for the corresponding period in 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2018

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2018 RMB'000	2017 RMB'000 (Restated)	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	2	96,369	89,556	189,419	183,860
Cost of sales		(89,130)	(78,549)	(168,846)	(161,200)
Gross profit		7,239	11,007	20,573	22,660
Other income		133	97	199	180
Selling and distribution expenses		(2,583)	(2,540)	(5,125)	(5,084)
Administrative expenses		(12,700)	(10,873)	(22,614)	(23,266)
Finance costs	3	(4,284)	(8,773)	(10,322)	(16,680)
Sharing result of associated companies		500	–	500	195
Loss before income tax	4	(11,695)	(11,082)	(16,789)	(21,995)
Income tax expense	5	(395)	(626)	(625)	(694)
Loss for the period		(12,090)	(11,708)	(17,414)	(22,689)
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of financial statement of foreign operations		1,740	–	344	–
Total comprehensive loss for the period		(10,350)	(11,708)	(17,070)	(22,689)

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
Notes	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)
Loss for the period attributable to:				
– Owners of the Company	(12,741)	(11,965)	(19,673)	(24,109)
– Non-controlling interests	651	257	2,259	1,420
Loss for the period	(12,090)	(11,708)	(17,414)	(22,689)
Total comprehensive loss for the period attributable to:				
– Owners of the Company	(11,001)	(11,965)	(19,329)	(24,109)
– Non-controlling interests	651	257	2,259	1,420
	(10,350)	(11,708)	(17,070)	(22,689)
Loss per share				
– Basic and diluted (RMB cents)	6	(0.85)	(1.32)	(1.72)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
ASSETS AND LIABILITIES			
Other current assets			
Property, plant and equipment		79,176	81,782
Prepaid land lease premium		4,477	4,533
Intangible assets		440	426
Investment properties		553,840	553,840
Interest in associated companies		79,473	77,689
Goodwill		23,408	23,408
Available-for-sale financial assets		10,782	10,782
Deferred tax assets		2,968	2,968
Total non-current assets		754,564	755,428
Current assets			
Inventories		59,262	59,282
Trade receivables	7	104,418	72,901
Prepayment, deposit and other receivables		199,837	194,119
Financial assets at fair value through profit or loss		14,700	–
Cash and cash equivalents		59,704	75,151
Total current assets		437,921	401,453
Total assets		1,192,485	1,156,881
Current liabilities			
Trade payables	8	194,155	187,444
Amount due to related parties		719	749
Advance from customers		134,422	111,707
Accrual and other payables		494,351	370,907
Dividend payables		6,004	6,004
Bank and other borrowings		12,975	45,619
Obligation under finance lease		326	326
Tax payables		15,237	17,131
Total current liabilities		858,189	739,887

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
<i>Notes</i>		
Net current liabilities	(420,268)	(338,434)
Total assets less current liabilities	334,296	416,994
Non-current liabilities		
Bank and other borrowings	119,359	184,987
Deferred tax liabilities	63,054	63,054
Total non-current liabilities	182,413	248,041
Total liabilities	1,040,602	987,928
NET ASSETS	151,883	168,953
CAPITAL AND RESERVE		
Share capital	148,800	148,800
Reserves	(49,844)	(30,515)
Equity attributable to owners of the Company	98,956	118,285
Non-controlling interests	52,927	50,668
TOTAL EQUITY	151,883	168,953

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Cash flows from operating activities	(264,043)	(4,764)
Cash flows from investing activities	(16,823)	7,293
Cash flows from financing activities	265,419	(16,246)
Net decrease in cash and cash equivalents	(15,447)	(13,717)
Cash and cash equivalents at the beginning of the period	75,151	49,652
Cash and cash equivalents at the end of the period	59,704	35,935

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2018

	Share capital	Capital reserve	Equity attributable to owners of the Company				Total	Non-controlling interests	Total equity
			Revaluation reserve	Surplus reserve	Translation reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2017	140,380	121,718	81,862	19,962	2,378	(210,258)	156,042	56,032	212,074
Total comprehensive loss for the period	-	-	-	-	-	(24,109)	(24,109)	1,420	(22,689)
At 30 June 2017	140,380	121,718	81,862	19,962	2,378	(234,367)	131,933	57,452	189,385
At 1 January 2018	148,800	129,469	81,862	20,020	2,285	(264,151)	118,285	50,668	168,953
Total comprehensive loss for the period	-	-	-	-	344	(19,673)	(19,329)	2,259	(17,070)
Transfer to surplus reserve	-	-	-	1,030	-	(1,030)	-	-	-
At 30 June 2018	148,800	129,469	81,862	21,050	2,629	(284,854)	98,956	52,927	151,883

1. COMPANY INFORMATION

Jiangsu NandaSoft Technology Company Limited (the “Company”) was incorporated as a company with limited liability in the People’s Republic of China (the “PRC”) on 18 September 1999. The Company’s shares have been listed on the GEM (“GEM”) of The Stock Exchange of Hong Kong Limited since 24 April 2001.

The principal place of business and registered office of the Company and its subsidiaries (collectively, the “Group”) is located at SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China. 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 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 (a) the net invoiced value of goods sold, net of value-added tax and after allowances for returns and trade discounts; (b) the value of services rendered, net of value-added tax; and (c) gross rental income and properties management service income received and receivable from investment properties during the period.

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Computer hardware and software products	40,986	65,224	72,768	117,744
Provision of system integration services	51,701	20,149	109,262	58,904
Rental and properties management service income	3,593	4,183	7,284	7,187
Other business	89	–	105	25
Total	96,369	89,556	189,419	183,860

3. FINANCE COST

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	4,284	8,773	9,902	16,628
Interest on finance lease	–	–	420	52
Total	4,284	8,773	10,322	16,680

4. LOSS BEFORE INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation:				
– Property, plant and equipment	1,873	1,702	3,615	3,621

5. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. No Hong Kong profits tax was provided as the Group did not have assessable profit arising or derived from Hong Kong during both periods. Enterprise income tax arising from subsidiary operating in the PRC was calculated at either 15% or 25% (2017: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

On 30 November 2016, one of the subsidiaries of the Group obtained a China High-Tech Enterprise Certificate which is valid for three years. The entities qualifying for the Hi-Tech status could enjoy a PRC Enterprise Income Tax preferential treatment starting from the year of obtaining the Hi-Tech certificate. As a result, this subsidiary was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2016.

On 27 December 2017, the Company obtained a China High-Tech Enterprise Certificate again which is valid for three years. The entities qualifying for the Hi-tech status could enjoy a PRC Enterprise Income Tax preferential treatment starting from the year obtaining the Hi-tech certificate. As a result, the Company was continuously subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2017.

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Tax charges comprise:				
PRC income tax	395	626	625	694

Notes

6. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the loss attributable to the owners of the Company of RMB12,741,000 and RMB19,673,000 for the three months and six months ended 30 June 2018 (2017: RMB11,965,000 and RMB24,109,000) and the 1,488,000,000 (2017: 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 2018 and 2017 as there were no potential dilutive securities during the relevant periods.

7. TRADE RECEIVABLES

	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Trade receivables	214,369	182,852
Less: Allowance for impairment loss of trade receivables	(109,951)	(109,951)
Net amount	104,418	72,901

Notes

The Group did not hold any collateral as security or other credit enhancements over the trade receivables. The credit period on sales of goods for recurring customers is 30 to 90 days from invoice date. The ageing analysis of trade receivables based on the invoice date and net of impairment loss allowance at the reporting date is as follows:

Items	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Within 3 months	50,179	20,489
3 to 6 months	40,899	39,073
7 to 12 months	7,384	1,046
Over 1 year	5,956	3,293
Net amount	104,418	72,901

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. Trade receivables are interest-free.

Notes

8. TRADE PAYABLES

The ageing analysis of the trade payables of the Group based on the invoice date at the reporting date is as follows:

Items	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000
Within 3 months	27,474	28,263
Over 3 months	166,681	159,181
	194,155	187,444

9. SEGMENT REPORTING

According to the internal organizational structure of the Group, requirement for managements and internal reporting system, the operating business is classified into three reporting segments:

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

The unreported operating segments including business aggregated as "others". The management of the Group will evaluate the results of these report segments to determine the distribution of resources and evaluation on its results. 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.

Segment results represent the gross profits earned by each segment.

Notes

The following is an analysis of the Group's revenue and results by reportable segment:

Items	Computer hardware and software products		System integration service		Property investment		Others		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		For the six months ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	72,768	117,744	109,262	58,904	7,284	7,187	105	25	189,419	183,860
Reportable segment profit	4,512	3,826	11,648	13,638	4,336	5,180	77	16	20,573	22,660
Government grants									44	55
Interest income									135	110
Other income									20	15
Share of results of associated companies									500	195
Finance costs									(10,322)	(16,680)
Unallocated corporate expenses									(27,739)	(28,350)
Loss before income tax									(16,789)	(21,995)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend during the period (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period, some of the work-in-progress projects of one of the subsidiaries of the Group has reached the settlement stage and thus RMB33,823,000 was recognized as revenue during the period. At the same time, the Group made the strategic changes by rejecting the development of business projects with relatively low gross profit margin. Thus, the turnover of the Group for the three months and six months ended 30 June 2018 were RMB96,369,000 and RMB189,419,000, respectively, representing an increase of approximately 7.6% and 3.0% as compared with the same periods in the previous year, respectively.

For the three months ended 30 June 2018, the administrative expense has increased since the Company has to pay settlement sum regarding the transfer of the Settlement Properties from Nanjing Pengda Technology Development Co., Ltd. (“Pengda”) to 中國核工業華興建設有限公司 (“Huaxing”) in order to release of the freezing order, thus the loss attributable to owners of the Group were RMB12,741,000 representing an increase of RMB776,000 or approximately 6.5% when compared with the same period of last year.

For the six months ended 30 June 2018, the finance cost was decreased by RMB6,358,000 and thus the loss attributable to owners of the Group were RMB19,673,000, representing a decrease of RMB4,436,000 or approximately 18.4% when compared with the same period of last year.

Financial Resources and Liquidity

As at 30 June 2018, equity attributable to owners of the Company of the Group amounted to approximately RMB98,956,000.

As at 30 June 2018, current assets amounted to approximately RMB437,921,000, of which RMB59,704,000 were cash and cash equivalents. The Group had current liabilities amounting to approximately RMB858,189,000, which were mainly trade payables, advances from customers, accrued expenses and other payables.

As at 30 June 2018, the net asset value per share of the Group was RMB0.067.

As at 30 June 2018, the gearing ratio of the Group was 87.3%.

Material Investment, Acquisition and Disposal

During the period, the Group had no material investment, acquisition and disposal.

Charge on Group Assets

As at 30 June 2018, the Group had no charge on group assets (2017: RMB27,600,000).

Capital Commitments

As at 30 June 2018, 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 2018, 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 2018, total remuneration cost for the Group was approximately RMB15,001,000 (2017: RMB14,315,000) and the Group had 317 employees (2017: 323 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 REVIEW

In the first half of the year, the Chinese economy was stable and grew moderately. Scientific and technological innovation was the main driver for economic development, and the high and new-technology industry developed at a significantly faster pace. Constantly adapting itself to economic development environment, the Company seized the market development opportunities in “Internet +” and leveraged the Big Data technology to continuously explore innovative businesses in Internet-related fields, thereby stably advancing the development of the Company as an Internet platform enterprise.

During the period, the Company actively planned and methodically implemented the placing plan for the year. The Company planned to issue a total of 4.5 billion shares in this placing, of which 4 billion are domestic shares, issued through private placement, and 500 million are H shares, issued through placing. The placing is priced at HK\$0.184/share, being the closing price on 11 April 2018 (translated to approximately RMB0.147/share as per the exchange rate of the date), and is aimed to raise a total proceed of approximately HK\$827 million, which will be used to repay company debts and for the construction of the Nandasoft Park Phase III. The private placement of domestic shares will be carried out in two Tranches. In the first Tranche, a total of 1.8 billion domestic shares will be issued to subscribers, and the remaining 2.2 billion domestic shares will be issued in the second Tranche after the placing of the 500 million H shares is completed. For details, please refer to the announcements dated on 11 April 2018 and 20 June 2018. The Company has received the deposit for the first phase from subscribers, and the placement circular has been submitted to the Stock Exchange for approval.

During the period, the Company proactively expanded its businesses with respect to existing segments including intelligent medical service, intellectual property trading platform of Chinese universities and colleges, smart education and intelligent transportation, and strengthened communication with strategic partners in each business segments to explore more potential cooperation opportunities in order to create new growth points for the Company’s future development.

Intelligent transportation

During the period, the intelligent transportation segment continued to maintain the steady development momentum. The Company undertook the project of “Equipment Procurement and Installation for Hardware Upgrade of the Networked Toll Collection System in Issuance Work (Phase I) of VAT Invoices for Tolls on Toll Roads (收費公路通行費增值稅發票開具工作（第一階段）聯網收費系統硬件升級設備採購及安裝)” of Guizhou Highway Development Co. Ltd. and the project of “Construction for High-Definition Renovation of the WuXi-Zhang Jiagang Highway Monitoring System (錫張高速公路監控系統高清化改造施工)” of Jiangsu Yangtze Bridge Co., Ltd., and developed new business with Jiangsu Provincial Transportation Engineering Construction Bureau where the Company undertook the business of tender section ZD-92 of the electromechanical engineering of the toll collection, communication, and monitoring systems of Taizhou-Zhenjiang Highway (from Zhenjiang New Area to Danyang).

Smart education

During the period, the Company continued to cooperate with Changzhou Vocational Institute of Engineering (常州工程職業技術學院) by developing online quality courses for it, thereby making inroads into the market for liberal study courses in universities and colleges in Changzhou Science and Education City. Meanwhile, the Company proactively developed the Education Cloud Platform for Training Bases and Online Training Courses, and used this as an entry point to vigorously develop a series of practical online courses suitable for universities and colleges in the park and promoted the said courses to vocational colleges outside the park through the Intelligent Online Cloud Platform and Education Cloud Platform for Training Base of the Science and Education City. Meanwhile, the Company and the Changzhou municipal government have established preliminary strategic cooperation intention to jointly build the concerted creation center for digital learning at the earlier stage and build trade platform for science and technology results of the Science and Education City at the later stage.

Intelligent medical service

During the period, the Company continued to ramp up its efforts in promoting remote medical information services to further expand the service coverage and beneficiary regions of the business. The Company proactively promoted the application of the “Information System for Remote and Emergency Diagnosis, Treatment and Cure of Critical and Major Illness under Jiangsu Province Whole-People Smart Medical Services” (“Information System for Remote and Emergency Diagnosis, Treatment and Cure of Critical and Major Illness”) and built a new service platform for remote imaging procedures in Yancheng City which enabled centralized storage, centralized management and interaction of images of patients with coronary heart disease, electrocardiogram monitoring data, and videos and text from communication with doctors. The Company has developed new business with Sihong Central Hospital and Suqian Zhongwu Hospital where the Company ensured their connection to the entire Information System for Remote and Emergency Diagnosis, Treatment and Cure of Critical and Major Illness.

Intellectual property trading platform of Chinese universities and colleges

During the period, the intellectual property trading platform of Chinese universities and colleges achieved positive progress in product operation, product research and development, and construction of branch centers. As of the first half of the year, the platform has posted 300 articles cumulatively, garnered 600,000 views across the channel cumulatively, completed traffic transformation of over 1,000 cumulatively, and completed registration for a total of 28 colleges and universities. With respect to product research and development, the new web versions of “Patentpal” and “Patent Bag” and the App version of “Patent Bag” were developed and launched during the period. With respect to construction of branch centers, the Company completed plans for constructing branch centers in Tianjin, Changshu, and Baoji.

PROSPECTS

Looking ahead, scientific and technological innovation will continue to advance in long strides, facilitating the strong recovery of the Chinese economy. The Company will continue to rely on the talent advantages and scientific and technological strength of Nanjing University at home and abroad, aim at building a smart platform enterprise in the long run, tap into the current favorable development environment, develop businesses in a market-oriented manner, and prioritize value creation for shareholders, clients and partners.

Oriented towards market demands, the Company will continue to leverage its brand advantages to expand and strengthen the Company's main smart segments, and ramp up its efforts in innovation and cooperation to develop new business development models, thereby building its image as a benchmark innovative company in the "Internet +" industry.

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

As at 30 June 2018, the interests and short positions of the directors, supervisors and chief executives 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 Rules Governing the Listing of Securities on the GEM ("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 controlled corporation	358,800,000 (Note 2)	-	36.51%	-	24.11%

Notes:

- As of 30 June 2018, the Company issued 982,800,000 domestic shares and 505,200,000 H shares, i.e. 1,488,000,000 shares in total.
- 358,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. ("Jiangsu Keneng Electricity") which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Section XV of the SFO, Mr. Zhu Yong Ning was deemed as holding the above interests of shares.
- Individual shareholders Ms. Liang Bei (梁蓓) and Mr. Xie Li (謝立) transferred 5,354,921 and 6,628,814 domestic shares, respectively, totaling 11,983,735 domestic shares, in the Company that they held to Jiangsu Jintao Investment Holding Co., Ltd. (江蘇金濤投資控股有限公司). The agreements were executed in May 2018, and the share transfer registration is scheduled to be completed soon. Mr. Zhu Yong Ning held 90% of shares in Jiangsu Jintao Investment Holding Co., Ltd.

Save as disclosed above, as at 30 June 2018, 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 six months ended 30 June 2018 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 2018, the following interests and short positions of 5% or more of the shares and underlying shares of the Company held by shareholders (excluding directors, supervisors and chief executives 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 in ordinary shares of the Company

Shareholder	Type of interest	Number of domestic shares	Percentage of domestic shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic shares and H shares	Percentage of domestic shares and H shares (Note 1)
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 2)	Beneficial Owner	358,800,000	36.51%	-	-	358,800,000	24.11%
Nanjing University Asset Administration Company Limited	Beneficial Owner	127,848,097	13.01%	-	-	127,848,097	8.59%
Zhong Chuang BaoYing (Beijing) Investment Fund Management Co., Ltd	Beneficial Owner	121,000,000	12.31%	-	-	121,000,000	8.13%
Oriental Petroleum (Yangtze) Limited	Beneficial Owner	-	-	84,200,000	16.67%	84,200,000	5.66%

Shareholder	Type of interest	Number of domestic shares	Percentage of domestic shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic shares and H shares	Percentage of domestic shares and H shares (Note 1)
Jiangsu Education Development Company Limited	Beneficial Owner	84,159,944	8.56%	-	-	84,159,944	5.66%
Anhui Jiuxi Property Investment Co., Ltd	Beneficial Owner	83,661,016	8.51%	-	-	83,661,106	5.62%
Shanghai Shiyuen Network Technology Company Limited	Beneficial Owner	55,000,000	5.60%	-	-	55,000,000	3.70%

Notes:

- (1) As of 30 June 2018, the Company issued 982,800,000 domestic shares and 505,200,000 H shares, i.e. 1,488,000,000 shares in total.
- (2) 358,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. (“Jiangsu Keneng Electricity”) which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Section XV of the SFO, Mr. Zhu Yong Ning was deemed as holding the above interests of shares.
- (3) Individual shareholders Ms. Liang Bei (梁蓓) and Mr. Xie Li (謝立) transferred 5,354,921 and 6,628,814 domestic shares, respectively, totaling 11,983,735 domestic shares, in the Company that they held to Jiangsu Jintao Investment Holding Co., Ltd. (江蘇金濤投資控股有限公司). The agreements were executed in May 2018, and the share transfer registration is scheduled to be completed soon. Mr. Zhu Yong Ning held 90% of shares in Jiangsu Jintao Investment Holding Co., Ltd.

Save as disclosed above, as at 30 June 2018, no person, other than the directors, supervisors and chief executives 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 close 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 2018.

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 three independent non-executive directors, namely, 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 2018 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 2018.

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

Nanjing, the PRC, 10 August 2018

* For identification purpose only