NANDA SOFTECH
南大苏富特科技

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)

ANNUAL RESULTS ANNOUNCEMENT
(Year ended 31 December 2013)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("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 Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

This announcement, 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 of Hong Kong Limited for the purpose of giving information with regard to Jiangsu NandaSoft Technology Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

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)

HIGHLIGHTS

- Recorded a net profit attributable to owners of the Company of approximately RMB2,176,000 for the year ended 31 December 2013.
- Recorded a turnover of approximately RMB602,525,000 for the year ended 31 December 2013.
- The Directors do not recommend final dividend for the year ended 31 December 2013 (2012: RMB0.8 cent per share).

ANNUAL RESULTS

The board of Directors (the "Board") of Jiangsu NandaSoft Technology Company Limited (the "Company"), is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

For the year ended 31 December 2013, the audited turnover is approximately RMB602,525,000 representing a drop of approximately 6.3% as compared with that for the year 2012. The audited net profit attributable to owners of the Company for the year ended 31 December 2013 is approximately RMB2,176,000 representing a drop of approximately 92.2% as compared with that for the year 2012.

* *For identification purpose only*

The audited results of the Group for the year ended 31 December 2013 together with the comparative figures for the corresponding period in 2012 are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2013

	Notes	**2013** *RMB*	2012 *RMB*
REVENUE	*3*	**602,525,445**	643,001,427
Cost of sales	*5*	**(503,311,385)**	(523,156,836)
Gross profit		**99,214,060**	119,844,591
Other income and gains	*3*	**71,975,401**	17,135,272
Selling and distribution expenses		**(26,744,805)**	(27,247,158)
Research and development costs	*5*	**(9,596,083)**	(5,222,011)
Administrative expenses		**(96,371,427)**	(57,421,602)
Finance costs	*4*	**(13,477,524)**	(10,586,360)
Share of profits/(losses) of associates		**2,507,795**	(1,200,930)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**27,507,417**	35,301,802
Income tax expense	*6*	**(20,711,875)**	(4,000,002)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**6,795,542**	31,301,800
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	*10*	**–**	5,113,474
PROFIT FOR THE YEAR		**6,795,542**	36,415,274
Profit attributable to:			
Owners of the Company		**2,176,371**	28,089,862
Non-controlling interests		**4,619,171**	8,325,412
		6,795,542	36,415,274
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic – For profit for the year		**0.20 cents**	2.54 cents
– For profit from continuing operations		**0.20 cents**	2.30 cents
Diluted – For profit for the year		**0.20 cents**	2.54 cents
– For profit from continuing operations		**0.20 cents**	2.30 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	RMB	*RMB*
PROFIT FOR THE YEAR	**6,795,542**	36,415,274
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(450,120)**	(225,098)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(450,120)**	(225,098)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation upon transfer from property, plant and equipment to investment properties	**–**	73,451,966
Income tax effect	**–**	(18,362,992)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**–**	55,088,974
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(450,120)**	54,863,876
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**6,345,422**	91,279,150
Total comprehensive income attributable to:		
Owners of the Company	**1,726,251**	82,953,738
Non-controlling interests	**4,619,171**	8,325,412
	6,345,422	91,279,150

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013	2012
		RMB	*RMB*
NON-CURRENT ASSETS			
Property, plant and equipment		**108,191,755**	66,635,602
Investment properties		**440,390,000**	186,450,000
Prepaid land leases payments		**6,373,373**	4,151,593
Goodwill		**23,408,369**	22,877,035
Intangible assets		**9,182,886**	21,150,198
Interests in associates		**93,833,495**	81,207,073
Available-for-sale investments		**9,827,764**	7,804,310
Construction in progress		**115,328,851**	140,238,855
Deposits paid		**13,410,000**	13,410,000
Deferred tax assets		**8,785,954**	7,067,728
Total non-current assets		**828,732,447**	550,992,394
CURRENT ASSETS			
Inventories		**68,601,457**	79,618,482
Trade and bills receivables	*11*	**217,831,627**	276,345,048
Prepayments, deposits and other receivables		**163,455,341**	173,269,957
Due from shareholders		**5,872,970**	5,542,218
Financial assets at fair value through profit or loss		–	27,000,000
Pledged deposits		**23,889,210**	17,000,000
Restricted bank balances		**3,650,000**	3,950,000
Cash and cash equivalents		**81,055,144**	72,781,833
		564,355,749	655,507,538
Non-current assets held for sale		–	4,979,004
Total current assets		**564,355,749**	660,486,542

	Notes	2013 RMB	2012 RMB
CURRENT LIABILITIES			
Trade and bill payables	12	**193,179,209**	252,071,892
Receipts in advance, other payables, accruals and deposits received		**416,612,607**	142,442,730
Due to shareholders		**520,000**	115,297
Dividend payables		**7,583,625**	6,069,557
Interest-bearing bank and other borrowings		**163,450,000**	203,500,000
Finance lease payables		**48,449**	54,295
Tax payables		**6,425,364**	11,355,658
Total current liabilities		**787,819,254**	615,609,429
NET CURRENT (LIABILITIES)/ASSETS		**(223,463,505)**	44,877,113
TOTAL ASSETS LESS CURRENT LIABILITIES		**605,268,942**	595,869,507
NON-CURRENT LIABILITIES			
Deposits received		**51,906,640**	24,124,190
Long term payables		**22,879,740**	26,397,257
Interest-bearing bank and other borrowings		**52,800,000**	60,800,000
Finance lease payables		–	49,771
Deferred tax liabilities		**36,802,360**	22,101,533
Total non-current liabilities		**164,388,740**	133,472,751
Net assets		**440,880,202**	462,396,756
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**110,400,000**	110,400,000
Reserves	13	**291,557,483**	297,382,330
Proposed final dividend	7	–	8,832,000
		401,957,483	416,614,330
Non-controlling interests		**38,922,719**	45,782,426
Total equity		**440,880,202**	462,396,756

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (the "Company", together with its subsidiaries, the "Group") was established in the People's Republic of China (the "PRC") under the Company Law of the PRC as a joint stock limited company on 30 December 1999. The Company's predecessor, Jiangsu NandaSoft Limited Liability Company (the "Predecessor") was established on 18 September 1998. By way of transformation of the Predecessor, the Company was established on 30 December 1999.

During the year, the Group was engaged in the sales of computer hardware and software products, trading of IT related products and equipment and mobile phones, and provision of IT training services, and continues to develop, manufacture and market network security software, Internet application software, education software and business application software, and provides systems integration services which include the provision of information technology consulting services. In addition, the Group commenced its business to encompass research and development of medicine and medical equipment during the year ended 31 December 2013.

The Company's registered office in the PRC is located at NandaSoft Tower, 8 Jinyin Street, Shanghai Road, Nanjing, Jiangsu, the PRC. The Company's registered office in Hong Kong is located at Room 212, Photonics Centre, No.2 Science Park East Avenue, Hong Kong Science Park, Shatin, 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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). They have been prepared under the historical cost convention, except for investments properties and financial assets at fair value through profit or loss classify as current assets which have been measured at fair value. These financial statements are presented in RMB, which is also the functional currency of the Company.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Basis of presentation

In preparing these financial statements, the board of directors (the "Board") has considered the future liquidity of the Group. As at 31 December 2013, the Group had net current liabilities of RMB223,463,505. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on the assumption that the Group will be able to operate as a going concern in the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next twelve months from the date of approving these consolidated financial statements after having taken into consideration the continuing availability of the banking facilities provided by its banks and other measures to improve its working capital position and net financial position, including but not limited to the formulation of plans to dispose of certain investment properties.

The consolidated financial statements do not include any adjustments that would result from a failure to obtain such funding which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the values of assets to their recoverable amounts and to provide for further liabilities which might arise.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, which are applicable to the Group, for the first time for the current year's financial statements.

HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statement
HKFRS 11	Joint Arrangement
HKFRS 12	Disclosure of Interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12-Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statement
HKAS 28 (2011)	Investments in Associate and Joint Ventures
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKAS 1, HKFRS 10, HKFRS 12, HKFRS 13 and HKFRS 10, HKFRS 11 and HKFRS 12 Amendments, the adoption of these new and revised HKFRSs had not had any significant financial effect on the financial statements of the Group.

The principal effects of adopting these new and revised HKFRSs are as follows:

i) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and had no impact on the Group's financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

ii) HKFRS 10 replaces the portion of HKAS 27 "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor mush have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

    The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

iii) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 "Consolidated and Separate Financial Statements", HKAS 31 "Interests in Joint Ventures" and HKAS 28 "Investments in Associates". It also introduces a number of new disclosure requirements for these entities.

iv) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

v) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

vi) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	Financial Instruments [3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 [3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities [1]
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions [2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [1]
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting [1]
HK(IFRIC) – Int 21	Levies [1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE, OTHER INCOME AND GAINS

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 year.

An analysis of revenue, other income and gains is as follows:

	2013	2012
	RMB	*RMB*
Revenue		
Sale of goods:		
Computer hardware and software products	**542,944,883**	587,735,926
IT related products and equipment, and mobile phones	**–**	3,569,519
Rendering of system integration services	**59,580,562**	49,033,818
Provision of IT training services	**–**	2,662,164
	602,525,445	643,001,427
Other income and gains		
Bank interest income	**616,048**	564,566
PRC value added tax refunded	**1,587,712**	2,942,968
Government grants	**4,535,863**	7,185,085
Gross rental income	**1,144,759**	1,650,474
Fair value gains on investment properties	**62,212,730**	2,900,000
Others	**1,878,289**	1,892,179
	71,975,401	17,135,272
Total revenue, other income and gains	**674,500,846**	660,136,699

4. FINANCE COSTS

	2013	2012
	RMB	*RMB*
Interest on bank and other loans wholly repayable within five years	**20,567,454**	18,258,082
Bank charges	**1,321,790**	495,289
	21,889,244	18,753,371
Less: Interest capitalised	**(8,411,720)**	(8,167,011)
	13,477,524	10,586,360

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2013	2012
	RMB	*RMB*
Cost of sales:		
Cost of computer hardware and software products sold	**467,057,729**	503,257,305
Cost of IT relate products and equipment, and mobile phones sold	**–**	851,137
Cost of services provided	**36,253,656**	18,409,806
Cost of provision of IT training services	**–**	638,588
	503,311,385	523,156,836
Depreciation of property, plant and equipment	**3,810,894**	7,076,620
Amortisation of intangible assets *	**4,211,595**	3,342,557
Research and development costs:		
Deferred expenditure amortised	**3,467,217**	2,478,024
Current year expenditure	**6,478,866**	3,243,987
Less: Government grants released **	**(350,000)**	(500,000)
	9,596,083	5,222,011
Amortisation of land lease payments	**97,582**	195,933
Minimum lease payments under operating leases on office premises	**2,311,089**	1,234,469
Auditors' remuneration	**507,813**	600,000
Loss on disposal of subsidiaries	**776,282**	1,367,666
Write off of other receivables	**–**	800,000
Impairment loss on intangible assets	**3,970,925**	–
Loss provided for a legal claim	**1,031,729**	–
Employee benefits expense (excluding directors' and supervisors' remuneration):		
Salaries and allowances	**20,076,260**	23,481,442
Pension scheme contributions	**3,954,710**	4,822,452
	24,030,970	28,303,894
Foreign exchange differences, net	**456,248**	661,260
Impairment loss on trade receivables, deposits and other receivables	**31,085,399**	4,299,383
Loss on disposal of items of property, plant and equipment	**8,683**	–
Bank interest income	**(616,048)**	(564,566)
Net rental income	**(724,188)**	(1,209,815)
Fair value gains on investment properties	**(62,212,730)**	(2,900,000)

* The amortisation of intangible assets for the year are included in "Administrative expenses" and "Research and Development costs" in the consolidated statement of profit or loss amounting RMB744,378 (2012: RMB864,533) and RMB3,467,217 (2012: RMB2,478,024), respectively.

** Various government grants have been received for the Group's research and development activities. The government grants released have been deducted for the research and development costs to which they relate. All the government grants received have no unfulfilled conditions or contingencies relating to these grants.

6. 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 in Hong Kong during the year (2012: Nil).

	2013	2012
	RMB	*RMB*
Current – the PRC:		
Charge for the year	**6,397,447**	3,854,536
Underprovision in prior years	**1,331,827**	328,543
Deferred	**12,982,601**	(183,077)
Total tax charge for the year	**20,711,875**	4,000,002

7. DIVIDENDS

	2013	2012
	RMB	*RMB*
Proposed final – Nil (2012: RMB0.8 cents) per ordinary share	**–**	8,832,000

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of RMB2,176,371 (2012: RMB28,089,862) and on the weighted average number of ordinary shares of 1,104,000,000 (2012: 1,104,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products, services and assets and has five (2012: five, restated) reportable operating segments as follows:

(a) the computer hardware and software products segment-the sales of components mainly for the use in the IT products;

(b) the system integration service segment-the rendering of the IT consulting services;

(c) the trading of IT related products and equipment, and mobile phones segment-the trading of the components of IT related products and mobile phones; and

(d) the training services segment-the provision of IT training services.

(e) Property investment segment – the property investment segment invests in office building for its rental income potential.

In addition, the Group commenced its business to encompass research and development of medicine and medical equipment during the year ended 31 December 2013. However, the revenue generated during the year is not significant.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from operations. The adjusted profit before tax from operations is measured consistently with the Group's profit before tax from operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, amounts due from shareholders, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, the amounts due to shareholders, tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

	Computer hardware and software products		System integration services		IT related products and equipment, and mobile phones		Training services		Property investment		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*
Segment revenue:												
Sales to external customers	**542,944,883**	587,735,926	**59,580,562**	49,033,818	**–**	3,569,519	**–**	2,662,164	**–**	–	**602,525,445**	643,001,427
Gross rental income	**–**	–	**–**	–	**–**	–	**–**	–	**1,144,759**	1,650,474	**1,144,759**	1,650,474
	542,944,883	587,735,926	**59,580,562**	49,033,818	**–**	3,569,519	**–**	2,662,164	**1,144,759**	1,650,474	**603,670,204**	644,651,901
Segment results	**30,211,181**	44,136,714	**11,259,380**	23,359,491	**(4,131,347)**	624,139	**–**	(581,489)	**(43,444)**	516,478	**37,295,770**	68,055,333
Reconciliation:												
Interests income											**616,048**	564,566
Other income and gains	**2,727,712**	7,318,053	**–**	–	**–**	–	**–**	1,150,000	**63,751,291**	4,179,726	**66,479,003**	12,647,779
Unallocated other income and gains											**3,735,591**	2,272,453
Corporate and other unallocated expenses											**(69,649,266)**	(36,451,039)
Finance costs											**(13,477,524)**	(10,586,360)
Share of profits/(losses) of associates											**2,507,795**	(1,200,930)
Profit before tax from continuing operation											**27,507,417**	35,301,802
Income tax expense											**(20,711,875)**	(4,000,002)
Profit for the year											**6,795,542**	31,301,800
Segment assets	**359,924,261**	435,843,044	**94,125,733**	76,928,657	**194,598**	6,632,528	**–**	2,502,312	**440,834,703**	186,859,494	**895,079,295**	708,766,035
Interests in associates											**93,833,495**	81,207,073
Unallocated assets											**404,175,406**	421,505,828
Total assets											**1,393,088,196**	1,211,478,936
Segment liabilities	**150,244,283**	206,588,119	**39,724,187**	30,673,645	**–**	–	**–**	238,578	**187,425,847**	24,838,942	**377,394,317**	262,339,284
Unallocated liabilities											**574,813,677**	486,742,896
Total liabilities											**952,207,994**	749,082,180
Capital expenditure *	**635,044**	8,093,961	**95,905**	4,915,766	**32,008**	–	**–**	11,640	**150,582,176**	77,907,842	**151,345,133**	90,929,209
Unallocated capital expenditure											**60,050,326**	23,494,882
											217,395,459	114,424,091

* The capital expenditure included additions of property, plant and equipment, investment properties, intangible assets and construction in progress.

The information of discontinued operation in respect of the development and sales of pharmaceutical product is disclosed in note 10 to the financial statements.

	Computer hardware and software products		System integration services		IT related products and equipment, and mobile phones		Training services		Property investment		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*
Other segment information:												
Impairment loss on trade receivables, deposits and other receivables	**9,928,250**	5,564,821	**1,272,059**	301,944	**3,733,783**	(1,567,382)	**–**	–	**–**	–	**14,934,092**	4,299,383
Unallocated impairment loss on trade receivables, deposits and other receivables											**16,151,307**	–
											31,085,399	4,299,383
Amortisation of intangible assets	**–**	–	**3,549,123**	3,238,229	**–**	–	**–**	–	**–**	–	**3,549,123**	3,238,229
Unallocated amortisation of intangible assets											**662,472**	104,328
											4,211,595	3,342,557
Depreciation of property, plant and equipment	**1,557,794**	4,040,571	**721,556**	743,909	**103,344**	112,528	**–**	399,547			**2,382,694**	5,296,555
Unallocated depreciation of property, plant and equipment											**1,428,200**	1,780,065
											3,810,894	7,076,620

Information about a major customer

No single customer has accounted for revenue larger than 10% of the Group's total revenue during the year (2012: Nil).

10. DISCONTINUED OPERATION

Reference was made to the Company's announcements dated 26 August 2011 and 16 September 2011, the Company entered into a contract with Nanjing University Asset Administration Company Limited ("Nanjing University"), which is one of the shareholders of the Company (the "Connected Transaction"), in relation to acquiring (i) the 52% of the equity interests in Nanjing Nanda Pharmaceutical Company Limited (the "Nanda Pharmaceutical") for a consideration of RMB508,629 and (ii) the shareholder's loan provided by Nanjing University to the Nanda Pharmaceutical via an entrusting arrangement offered by a bank (the "Entrusted Loan") with a principal amount of RMB10,000,000 and interest accrued up to 20 June 2011 amounting to RMB2,901,371. Nanda Pharmaceutical is engaged in the development and sales of pharmaceutical products. The aggregate consideration amounted to RMB13,410,000. Details of the terms and conditions of the Connected Transaction have been stated in an announcement of the Company dated 26 August 2011 and the circulars dated 4 October 2011.

The transaction constituted a discloseable and connected transaction in accordance with the GEM Listing Rules and was approved by the Company's shareholders at EGM on 4 November 2011. The consideration of RMB13,410,000 was paid during the year ended 31 December 2011. The administrative works, for example, the application for the "Certificate of Approval" from local business authorities and related statutory documents to verify the establishment and the legal status of the Nanda Pharmaceutical was completed in January 2012.

Reference was made to the Company's announcement dated on 14 August 2012, the Company entered into an agreement with Jiangsu Sheng Feng Medical Company Limited ("Sheng Feng Medical", a wholly-owned subsidiary of the Company, together with its subsidiaries, the "Sheng Feng Group") whereby the Company agreed to dispose of the equity interest of Nanda Pharmaceutical to Sheng Feng Medical for a consideration of RMB508,629. On the same date, the Company, Sheng Feng Medical and Nanda Pharmaceutical further entered into an agreement for the assignment from the Company to Sheng Feng Medical of the debts owing by Nanda Pharmaceutical to the Company amounting to RMB16,058,956 for a consideration of the same amount.

Reference was made to the Company's announcements respectively dated on 30 October 2012 and 1 November 2012, the Company entered into the agreements with two independent third parties (the Purchasers") in October 2012, whereby the Company agreed to dispose of 70% equity interest of Sheng Feng Medical to certain independent third parties for a total consideration of RMB7,000,000. After disposing of the equity interest of Sheng Feng Medical, by virtue of its 30% equity interest in Sheng Feng medical, which in turn controls 52% equity interest in Nanda Pharmaceutical, the Company is in a position to exercise significant influence over Sheng Feng Group.

The results of the Sheng Feng Group for the year ended 31 December 2012 are presented below:

	2012 *RMB*
Revenue	86,939,902
Expense	(79,533,776)
Finance costs	(2,292,652)
Profit for the year from discontinued operation	5,113,474
Profit attributable to:	
Owners of the Company	2,741,578
Non-controlling interests	2,371,896
Profit for the year from discontinued operation	5,113,474
Operating activities	(3,949,872)
Investing activities	1,954,042
Financing activities	2,713,587
Net cash inflow	717,757
Earnings per share:	
Basic, from the discontinued operation	0.25 cents
Diluted, from the discontinued operation	0.25 cents

11. TRADE AND BILLS RECEIVABLES

	Notes	**2013**	2012
		RMB	*RMB*
Trade receivables		**258,115,683**	305,882,257
Impairment	*(a)*	**(40,484,056)**	(30,537,209)
	(b)	**217,631,627**	275,345,048
Bills receivables		**200,000**	1,000,000
Net carrying amount		**217,831,627**	276,345,048

(a) The movements in the provision for impairment of trade receivables are as follows:

	2013	2012
	RMB	*RMB*
At 1 January	**30,537,209**	24,566,630
Acquisition of subsidiary	**–**	1,671,196
Impairment losses recognised	**9,946,847**	4,299,383
At 31 December	**40,484,056**	30,537,209

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB40,484,056 (2012: RMB30,537,209) with a carrying amount before provision of RMB95,294,323 (2012: RMB112,049,394).

(b) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limited. 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 interest-free.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2013	2012
	RMB	*RMB*
0-90 days	**162,821,360**	193,832,863
91-180 days	**8,128,768**	23,532,433
181-365 days	**5,423,932**	21,751,953
Over 365 days	**41,257,567**	36,227,799
	217,631,627	275,345,048

(c) Included in the Group's trade and bills receivables are amounts due from the associates of RMB1,473,321 (2012: RMB138,012), which are unsecured, interest-free and have no fixed terms of repayment.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	RMB	*RMB*
Trade payables:		
0-90 days	**83,857,300**	174,907,352
91-180 days	**2,386,758**	14,112,015
181-365 days	**13,367,422**	7,836,998
Over 365 days	**62,128,529**	18,215,527
	161,740,009	215,071,892
Bill payables	**31,439,200**	37,000,000
	193,179,209	252,071,892

Included in the Group's trade and bills payables are amounts due to associates of RMB3,198,759 (2012: RMB6,633,119) which are unsecured, interest-free and have no fixed terms of repayment.

Bills payables are secured by the pledged bank deposits amounting to RMB23,889,210 (2012: RMB17,000,000) and corporate guarantees given by the Company and a minority shareholder of one of the Company's subsidiaries.

13. RESERVES

	Attributable to owners of the Company											
	Issued shares *RMB*	Share premium account *RMB*	Capital reserve *RMB*	Properties revaluation reserve *RMB*	Statutory surplus reserve *RMB*	Discretionary surplus reserve *RMB*	Translation reserve *RMB*	Retained profits *RMB*	Proposed final dividend *RMB*	Total *RMB*	Non-controlling interests *RMB*	Total *RMB*
At 1 January 2013	**110,400,000**	**78,634,414**	**6,756,332**	**55,088,974**	**17,819,589**	**277,000**	**(919,738)**	**139,725,759**	**8,832,000**	**416,614,330**	**45,782,426**	**462,396,756**
Profit for the year	–	–	–	–	–	–	–	**2,176,371**	–	**2,176,371**	**4,619,171**	**6,795,542**
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	**(450,120)**	–	–	**(450,120)**	–	**(450,120)**
Total comprehensive income for the year	–	–	–	–	–	–	**(450,120)**	**2,176,371**	–	**1,726,251**	**4,619,171**	**6,345,422**
Appropriations to reserves	–	–	–	–	**3,300,794**	–	–	**(3,300,794)**	–	–	–	–
Final 2012 dividend declared and paid	–	–	–	–	–	–	–	–	**(8,832,000)**	**(8,832,000)**	–	**(8,832,000)**
Capital contribution to subsidiaries by non-controlling interests	–	–	–	–	–	–	–	–	–	–	**9,800,000**	**9,800,000**
Acquisition of additional interests in a subsidiary	–	–	**593,769**	–	–	–	–	–	–	**593,769**	**(706,288)**	**(112,519)**
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	**(984,419)**	**(984,419)**
Disposal of subsidiaries	–	–	**(6,756,332)**	–	**(1,434,921)**	–	–	–	–	**(8,191,253)**	**(6,446,585)**	**(14,637,838)**
Disposal of subsidiary without a loss in control	–	–	**46,386**	–	–	–	–	–	–	**46,386**	**(46,386)**	–
Dividends paid to non-controlling Interests	–	–	–	–	–	–	–	–	–	–	**(13,095,200)**	**(13,095,200)**
At 31 December 2013	**110,400,000**	**78,634,414***	**640,155***	**55,088,974***	**19,685,462***	**277,000***	**(1,369,858)***	**138,601,336***	–	**401,957,483**	**38,922,719**	**440,880,202**
At 1 January 2012	110,400,000	78,634,414	6,017,592	–	12,014,086	277,000	(694,640)	127,012,140	8,832,000	342,492,592	30,054,097	372,546,689
Profit for the year	–	–	–	–	–	–	–	28,089,862	–	28,089,862	8,325,412	36,415,274
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(225,098)	–	–	(225,098)	–	(225,098)
Gain on property revaluation upon transfer from property, plant and equipment to investment properties	–	–	–	73,451,966	–	–	–	–	–	73,451,966	–	73,451,966
Income tax effect	–	–	–	(18,362,992)	–	–	–	–	–	(18,362,992)	–	(18,362,992)
Total comprehensive for the year	–	–	–	55,088,974	–	–	(225,098)	28,089,862	–	82,953,738	8,325,412	91,279,150
Appropriations to reserves	–	–	–	–	5,805,503	–	–	(5,805,503)	–	–	–	–
Final 2011 dividend declared and paid	–	–	–	–	–	–	–	–	(8,832,000)	(8,832,000)	–	(8,832,000)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	4,602,429	4,602,429
Disposal of subsidiaries	–	–	738,740	–	–	–	–	(738,740)	–	–	3,459,487	3,459,487
Dividends paid to non-controlling Interests	–	–	–	–	–	–	–	–	–	–	(658,999)	(658,999)
Proposed final 2012 dividend	–	–	–	–	–	–	–	(8,832,000)	8,832,000	–	–	–
At 31 December 2012	110,400,000	78,634,414	6,756,332	55,088,974	17,819,589	277,000	(919,738)	139,725,759	8,832,000	416,614,330	45,782,426	462,396,756

* These reserve accounts comprise the consolidated reserves of RMB291,557,483 (2012:RMB297,382,330) in the consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Group for the year ended 31 December 2013 was approximately RMB602,525,,000, which represents a decrease of approximately 6.3% or RMB40,476,000 when compared with 2012 and this was mainly due to the economic downturn in the industry of Information Technology (the "IT") and disposing of the subsidiaries.

The audited profit of the Group attributable to owners of the Company for the year ended 31 December 2013 was approximately RMB2,176,000, representing a decrease of approximately 92.2% when compared with 2012. The significant decline in audited profit of the Group attributable to owners of the Company was due to prolonged market competition in existing IT products which led to lower gross profit margin and the impairment loss on trade receivables, other receivables and deposits paid with and aggregate amount of approximately RMB31,085,000.

During the year, the construction of the phase 2 of the buildings located in Jiangdong Software City of Gulou District, Nanjing was completed and except for certain floors that are for own-use of the Group, the Group intends to lease and/or sell the remaining portion of the buildings. Accordingly, upon completion of phase 2 of the buildings, the costs recorded in constructions in progress were reclassified to property, plant and equipment and investment properties by approximately RMB46,781,000 and approximately RMB191,727,000, respectively. Phase 2 of the buildings was revalued on transfer from construction-in-progress on completion. This together with the revaluation of the investment properties as at 31 December 2013 generated a total revaluation gain of approximately RMB62,213,000 to which a deferred taxation of RMB15,553,000 was provided for.

Financial resources and liquidity

As at 31 December 2013, current assets amounted to approximately RMB564,356,000, of which approximately RMB81,055,000 were cash and bank deposits and approximately RMB217,832,000 were trade and bills receivables which decreased by approximately 21.2% when compared with the same period of 2012. Such decline was mainly due to the additional impairment for the trade receivables.

Nevertheless, the amount of trade receivables past due for more than 90 days as a percentage of total net trade receivable decreased to approximately 25.2% (2012: 29.6%) as at 31 December 2013. The Group would maintain a strict control over its outstanding receivables. As a precautionary and continuous monitoring process, the Group has sent people and paid visit to our customers to update the project status and followed up directly with customers in respect of overdue payment on a regular basis.

The Group had non-current liabilities of RMB164,389,000 and its current liabilities amounting to approximately RMB787,819,000, comprising mainly the trade and bills payables, receipts in advance, the construction cost payables included in other payables, accrued expenses and deposits received, interest-bearing bank and other borrowings. The current liabilities increased by approximately 28% when compared with 2012 and it was mainly due to the increase of payable of the construction cost for Phase 2 of the buildings located in Jiangdong Software City of Gulou District, Nanjing.

The Group expresses its gearing ratio as a percentage of bank borrowing and long term debts over total assets. As at 31 December 2013, the Group had a gearing ratio of 15.5% and the Group has interest-bearing bank and other borrowings of approximately RMB216,250,000.

The net asset value of the Group as at 31 December 2013 stood at approximately RMB401,957,000 (2012: 416,614,000), which was approximately 3.5% lower than that of 2012. The net assets value per share as at 31 December 2013 was approximately RMB0.36 (2012: RMB0.38).

Charge on group assets

As at 31 December 2013, the land use right of the land located at the Jiangdong Software City of Gulou District, Nanjing City and Shenyang City of approximately RMB24 million (2012: approximately RMB24 million) were pledged as security for approximately RMB79 million (2012: approximately RMB88.8 million) interest-bearing bank borrowings granted to the Group. Besides, the bank deposits of approximately RMB24 million (2012: approximately RMB17 million) were pledged as security for approximately RMB23.9 million (2012: approximately 17 million) bills payables.

Foreign currency risk

As the Group's operations are mainly conducted in the PRC and substantially over 90% of the Group's sales and purchases were denominated in RMB, there is no significant foreign currency risk that would affect the Group's results of operations.

Material acquisitions/disposals and significant investments

The Company's wholly-owned subsidiary, Nanjing NandaSoft System Integration Company Limited ("Nanjing Nandasoft"), entered into an agreement with Suzhou Industry Zone Yihanyuan Information Technology Company Limited ("1st Purchaser") on 15 April 2013 whereby Nanjing Nandasoft sold 21% equity interest in Jiangsu Hanwin Technology Company Limited ("Target Company") to the 1st Purchaser for a consideration of RMB5,052,600 payable in cash. On 10 July 2013, another wholly-owned subsidiary of the Company, Jiangsu Sheng Feng Investment Company Limited ("Sheng Feng"), sold an additional 23% equity interest in the Target Company by way of two agreements in which 13% was sold to the 1st Purchaser for a consideration of RMB3,623,043 payable in cash and 10% was sold to Suzhou Industry Zone Kaihe Technology Company Limited for a consideration of RMB2,786,957 payable in cash.

Save as disclosed above, the Group has not made any other material acquisitions or disposals and no proceeds was invested in any significant financial instruments during the year of 2013.

Capital commitments

As at 31 December 2013, the Group had contracted but not provided for capital commitments for the construction costs of approximately RMB70,848,000 (2012: RMB193,871,000).

Contingent liabilities

On 31 December 2011, one of the Group's associates – Jiangsu Meditec System Inc ("Jiangsu Meditec") entered into a services contract (the "Contract") with an independent third party for providing the medical testing services to that independent third party (the "Customer"). Based on a cancel and transfer agreement (the "Transfer Agreement") purportedly entered into by Jiangsu Meditec on 18 June 2012 with the Customer and another services provider (the "Services Provider"), would Jiangsu Meditec would not further provide the services to the Customer and transfer the Contract to another Services Provider. However, on 21 October 2013, the Services Provider has applied to Jiangxi Province Nanchang Intermediate People's Court to demand for the transfer from the Company the down payment received of RMB1,200,000 and a damage of RMB2,400,000 together with certain legal expenses of RMB50,000. The Services Provider claimed that the Company has not transferred the services deposits to them as required in the Transfer Agreement. Certain bank balances of the Company of RMB3,650,000 were frozen by the Court during the year.

The directors of the Company, based on the advices from the Group's legal counsel, consider that the Company has a valid ground to challenge the authenticity of the Transfer Agreement and will vigorously defend itself in this case. Therefore, the directors of the Company consider that no provision for loss arising from this litigation is necessary.

Save as disclosed above, the Group had no significant contingent liabilities.

Employees and remuneration policies

The remuneration for the employees of the Group amounted to approximately RMB25,623,000 (2012: RMB29,826,000), including the directors' and supervisors' emoluments of approximately RMB1,362,000 (2012: RMB1,309,000) and RMB230,000 (2012: RMB213,000), respectively for the year ended 31 December 2013.

The number of employees for the year had decreased from 790 to 455. The decrease in employees remuneration was a result of the reducing in number of staff after disposing of the subsidiaries during the year.

Business Review

R&D of Information Technology and Products

During the period, the Company conducted research and development project on "Research and development and industrialization of software system and solutions for secured electronic documents based on domestic software and hardware", the successful implementation of which can promote the application and promotion of domestic software systems and solutions for secured electronic documents, increase the market share of domestic system software and security for electronic document users, and enhance the competitiveness of domestic proprietary software industry.

In the year, the Company secured the project of "Research and development and industrialization of information security management platform based on intelligent analysis" of Electronic Information Industry Development Fund under the Ministry of Industry and Information Technology.

During the year, the Company obtained software product registration certificate of "NandaSoft's system reinforcement mobile computing system based on security kernel v1.0".

During the year, the Company conducted R&D on products in Cloud Computing including Soft Desktop Cloud System and Soft Flexible Cloud Platform.

During the year, the Company conducted the research and development of highway toll system for Windows and Linux platforms and video networking surveillance platform VNMP2013. The Company also conducted research and development of video networking surveillance platform that provided a standardized way of watching surveillance videos for government or enterprise users with multiple units and multiple departments. Video can be watched through various ways including professional clients' terminals, websites and mobile phones (Android and iPhone).

IT Services

During the year, the Company focused its IT services on three different fields: intelligent transportation, data services and systems integration.

In the field of intelligent transportation, Jiangsu Changtian Zhiyuan Transportation Research Co., Ltd signed various projects during the period, including Guizhou Province highway network monitoring and management center project, construction of Sutong Bridge North-line toll station expansion and mechanical and electrical services, upgrade project on full-range coastal highway monitoring system, construction of Sutong Bridge North-line toll station expansion and mechanical and electrical services, the intelligent project of Wuxi Metro Control Center and affiliated facilities, construction project of the monitoring, communication and toll system for the expansion of Nanjing Airport Highway, construction project of monitoring system throughout the Nanjing-Suqian section of Nanjing-Suqian-Xuzhou Expressway, Phase II of Ningxia ETC construction project and pilot project of automatic card issuance system, electrical and mechanical engineering construction projects of Xianyang-Xunyi Expressway of Shaanxi Province as well as electrical and mechanical engineering project of Lianyungang-Xuzhou Expressway East and West Coast Connection. This has strengthened the Company's competitiveness in the field of intelligent transportation.

In the field of data services, the Company undertook several projects which included Suining County Government Cloud Computing Center, Phase III of integrated employees management system of Shenzhen municipality government offices and institutions, construction of Jiangyin Bridge Digital Center, construction project for Jiangsu Province inland river emergency management information platform, information system project for Nanjing Museum and network system maintenance project for General Hospital of Nanjing Military Command. With relatively high profit margins and strong customers' loyalty, the above projects will become the new source of profit growth in the coming phase.

In the field of system integration, the Company undertook several integration projects which included procurement project of mini equipment of Nanjing passenger ticket network management service center, construction project on quality traceability system of agricultural production base in Dalian City, and procurement and services project on automatic control system of air-conditioning of Changzhi Qinghua Factory Pingshun Aerospace Industrial Park, project of intelligent system establishment for Nanjing University Xianlin Campus, intelligent integrated system project for East Station of Nantong City Bus Depot, sourcing and integrated project for remote data backup of Jiangsu Tobacco Company Nanjing City Branch, and Yizheng-Dantu educational modernization projects for Yizheng City and Dantu District. These projects have consolidated the Company's inherent advantage in system integration.

Future Prospects

According to the prediction of ASI Assets Management, an international advisory body, as China will establish intelligent cities in 600 to 800 cities during the "12th Five-year" period, coupled with subsequent investments on various data centers, analysis equipment and services equipment, the total market size will reach RMB 2 trillion. Future construction of intelligent city will boost the emergence of interdisciplinary and integrated industries, and can also lead to vertical integration of related industrial chains, motivating continuous deepening and strengthening of cooperation among enterprises and creating business scale of trillions of RMB, which will become an important driving force for long-term economic growth in China.

In the future, Cloud Computing and Big Data will play a significant role in the construction of intelligent cities. Capturing the opportunity brought by the construction of intelligent city, NandaSoft is expected to further enhance the scale of its high-end servers and data center services, thereby enhancing the profitability of the Company.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

All directors (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) and Supervisors have service contracts with the Company for a term of 3 years. The service contract will be renewed for a service period of three years subject to the approval at the annual general meeting of the Company.

Save as disclosed above, none of the directors nor the supervisors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors and remuneration committee of the Company with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS', AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December, 2013, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

Name of Interests	Type of Interest	Domestic Shares held directly or indirectly Directly	Domestic Shares held directly or indirectly Indirectly	Number of H shares	Percentage of deemed beneficial interest in the Company's domestic share capital	Percentage of deemed beneficial interest in the Company's H share capital	Percentage of deemed beneficial interest in the Company's total share capital
Directors							
Liu Winson Wing Sun	*(Note 1)*	–	–	6,558,000	–	1.56%	0.59%
Wong Wei Khin	*(Note 2)*	–	–	3,000,000	–	0.71%	0.27%

Notes:

(1) These shares are directly held by the individual director.

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

Save as disclosed above, as at 31 December 2013, none of the directors, chief executive or supervisors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

At 31 December 2013, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Shareholder	Capacity	Number of domestic shares	Percentage of domestic shares	Number of H shares	Percentage of H shares	Number of domestic and H shares	Percentage of domestic and H shares
Nanjing University Asset Administration Company Limited *(Note 1)*	Beneficial Owner	127,848,097	18.72%	–	–	127,848,097	11.58%
Beijing Chang Tian Guosheng Investment Co., Ltd.	Beneficial Owner	100,000,000	14.64%	–	–	100,000,000	9.06%
Shenyang Cheng Fa Commercial Software Company Limited	Beneficial Owner	85,000,000	12.45%	–	–	85,000,000	7.70%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") *(Note 1 & Note 2)*	Interest of a controlled corporation	84,159,944	12.32%	–	–	84,159,944	7.62%
Shanghai Shiyuan Network Technology Company Limited	Beneficial Owner	55,000,000	8.05%	–	–	55,000,000	4.98%
Guangzhou DingXiang Trade Co., Ltd	Beneficial Owner	50,000,000	7.32%	–	–	50,000,000	4.53%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial Owner	43,931,959	6.43%	–	–	43,931,959	3.98%
Jiangsu Co-Creation *(Note 1 & 2)*	Beneficial Owner	84,159,944	12.32%	–	–	84,159,944	7.62%
Yap Siew Chin *(Note 3)*	Beneficial Owner	–	–	35,000,000	8.31%	35,000,000	3.17%

Notes:

(1) On 31st August 2010, 187,000,000 H shares (the "New H Shares") has been issued and allotted which comprise of 170,000,000 New H Shares and (ii) 17,000,000 H Shares converted from the same number of Domestic Shares transferred from each of the State Shareholders on a pro rata basis to the National Social Security Fund Council of PRC (the "NSSF Council") (National Social Security Fund Council of PRC), which is in aggregate equivalent to 10% of New H Shares issued pursuant to the New Issue.

(2) Jiangsu Management Centre is a professional unit entity established which changed its name from Jiangsu Educational Instrument Corporation on 1st July 2001. The interest of Jiangsu Management Centre comprises 84,159,944 domestic shares (100% deemed interests held by Jiangsu Management Centre representing approximately 7.62% of the Company's total issued share capital) held through Jiangsu Co-Creation, which is approximately 51% owned by Jiangsu Management Centre.

(3) These shares are also directly held by Low Hin Choong who is also the spouse of Yap Siew Chin.

Save as disclosed above, as at 31 December 2013, no person, other than the directors, chief executive and supervisor of the Company, whose interests are set out in the section "Directors', chief executive's and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all directors of the company has complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the twelve months ended 31 December 2013.

The Company confirmed that annual confirmation of independence were received from each of the Company's independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules and all the independent non-executive directors are considered to be independent.

The Company has complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on the GEM. The Board has adopted the Corporate Governance Code, ensuring greater transparency and quality of disclosure as well as more effective risk control.

AUDIT COMMITTEE AND SUMMARY OF INDEPENDENT AUDITOR'S REPORT

The Company established an audit committee on 8 December 2000, it comprises four Independent Non-Executive Directors, Dr. Daxi Li, Ms. Xie Hong, Mr. Xie Man Lin and Mr. Ng Sau Lai, Derek. The primary duties of the audit committee are to review and to provide supervision over the financial reporting and internal control system of the Group. The audit committee has reviewed the annual report for the year ended 31 December 2013 and concludes the meeting with agreement to the contents of the annual report. The committee also oversees the audit process and performs other duties as assigned by the Board. Terms of reference of the audit committee have been adopted by the Board and posted on the Company's website. All the members of our audit committee are Independent Non-Executive Directors. The committee met four times for the year 2013.

In the independent auditors' report, the auditor has included the following paragraph in the auditors' opinion to draw the shareholders' attention:

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2.1 to the financial information which indicates that the Group and the Company had net current liabilities of RMB223,463,505 and RMB79,060,100, respectively, as at 31 December 2013. Notwithstanding the aforesaid conditions, the financial information have been prepared on the assumption that the Group will be able to operate as a going concern in the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next twelve months from the date of approving these financial information after having taken into consideration of the continuing availability of the banking facilities provided by its banks and other measures to improve its working capital position and net financial position, including but not limited to the formulation of plans to dispose of certain investment properties. We consider that the fundamental uncertainty has been properly disclosed in the financial information. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts and to provide for further liabilities which might arise. Our report is not qualified in respect of the fundamental uncertainty relating to the going concern basis.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditors, Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by Ascenda Cachet in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDITORS

There has been no changes of auditors in the past three years. A resolution to re-appoint Ascenda Cachet CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

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

Nanjing, the PRC
28 March 2014

As at the date thereof, the Board comprises:

Executive Directors:	Mr. Liu Jian (alias Liu Jian Bang), Mr. Pan Jian Xiang and Mr. Liu Winson Wing Sun
Non-Executive Directors:	Mr. Chen Zheng Rong, Mr. Wong Wei Khin and Mr. Li Cheng
Independent Non-Executive Directors:	Dr. Daxi Li, Ms. Xie Hong, Mr. Xie Man Lin and Mr. Ng Sau Lai, Derek

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.