



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 2014)

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

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

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This 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



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HIGHLIGHTS

- Recorded a net profit attributable to owners of the Company of approximately RMB-78,857,943.64 for the year ended 31 December 2014.
- Recorded a turnover of approximately RMB524,321,831.80 for the year ended 31 December 2014.
- The Directors do not recommend final dividend for the year ended 31 December 2014 (2013: Nil).

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 2014.

For the year ended 31 December 2014, the audited turnover is approximately RMB524,321,831.80 representing a drop of approximately 13.14% as compared with that for the year 2013. The audited net profit attributable to owners of the Company for the year ended 31 December 2014 is approximately RMB-78,857,943.64.

* For identification purpose only

The audited results of the Group for the year ended 31 December 2014 together with the comparative figures for the corresponding period in 2013 are as follows (Unless otherwise stated, the financial statements are expressed in RMB):

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

Unit: RMB(Yuan)

Item	Note	31 December 2014	31 December 2013
Current assets:			
Cash and bank balances		124,914,894.22	108,594,354.48
Financial assets at fair value through profit or loss			
Bills receivable	11		200,000.00
Accounts receivables	11	236,187,473.93	217,631,626.41
Prepayments		32,056,057.50	49,801,382.59
Interest receivable		453,750.00	–
Dividends receivable			
Other receivables		121,222,265.45	119,526,928.07
Financial assets purchased for resale			
Inventories		98,014,761.15	68,601,457.11
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		90,568.33	
Total current assets		612,939,770.58	564,355,748.66
Non-current assets:			
Loans and advances granted			
Available-for-sale financial assets		9,827,764.24	9,827,764.24
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment		85,332,654.47	93,833,495.21
Investment properties		511,800,000.00	440,390,000.00
Fixed assets		87,791,189.59	108,191,755.78
Construction in progress		120,912,535.51	115,328,850.78
Construction supplies			
Clearance of fixed asset			
Biological assets for production			
Fuel assets			
Intangible assets		7,536,754.46	7,902,527.10
Development expenses			7,653,732.00
Goodwill		23,408,368.92	23,408,368.92
Long-term deferred expenses		572,348.68	–
Deferred income tax assets		6,867,013.29	8,785,953.67
Other non-current assets		3,500,000.00	13,410,000.00
Total non-current assets		857,548,629.16	828,732,447.70
Total assets		1,470,488,399.74	1,393,088,196.36

Item	Note	31 December 2014	31 December 2013
Current liabilities:			
Short-term loans		162,000,000.00	155,450,000.00
Financial liabilities at fair value through profit or loss			
Bills payable	12	55,580,000.00	31,439,200.00
Accounts payables	12	225,590,647.19	161,740,008.92
Advances from customers		63,550,968.30	32,548,087.79
Salaries payable		1,610,591.55	462,244.99
Taxes payable		23,658,605.94	17,603,824.30
Interest payable			
Dividends payable		6,020,917.80	7,583,624.59
Other payables		331,017,183.30	353,579,762.47
Liabilities classified as held for sale			
Non-current liabilities due within one year		8,000,000.00	8,000,000.00
Other current liabilities		8,469,670.64	19,412,500.00
Total current liabilities		885,498,584.72	787,819,253.06
Non-current liabilities:			
Long-term loans		44,800,000.00	52,800,000.00
Bonds payable			
Including: Premium			
Perpetual			
Long-term payables		79,169,065.47	74,786,380.47
Long-term payroll payable			
Specific payables			
Accrued liabilities			
Deferred income			-
Deferred income tax liabilities		51,423,455.24	36,802,360.41
Other non-current liabilities			
Total non-current liabilities		175,392,520.71	164,388,740.88
Total liabilities		1,060,891,105.43	952,207,993.94
Shareholders' equity:			
Share capital	13	124,000,000.00	110,400,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		92,234,414.34	78,634,414.34
Less: treasury stock			
Other comprehensive income	13	74,215,190.17	54,359,270.57
Special reserve			
Surplus reserve	13	19,962,462.38	19,962,462.38
General risk reserve			
Undistributed profits	13	59,743,392.25	138,601,335.89
Total owners' equity attributable to the parent company		370,155,459.14	401,957,483.18
Minority interests		39,441,835.17	38,922,719.24
Total shareholders' equity		409,597,294.31	440,880,202.42
Total liabilities and shareholders' equity		1,470,488,399.74	1,393,088,196.36

CONSOLIDATED INCOME STATEMENT

Unit: RMB(Yuan)

Item	Note	2014	2013
I. Total operating income		524,321,831.80	603,670,204.20
Including: Operating income	4.1/4.2	524,321,831.80	603,670,204.20
II. Total operating costs		637,168,880.60	648,926,079.69
Including: Operating cost	6	457,641,890.23	504,381,160.92
Taxes and surcharges	6	2,399,841.49	4,264,042.83
Selling expenses	6	21,356,893.15	22,480,762.03
Administrative expenses	6	80,733,364.50	73,400,738.74
Financial expenses	4.2/5	26,197,351.48	13,313,975.96
Loss on assets impairment	6	48,839,539.75	31,085,399.21
Add: Gain from change in fair value (losses are represented by -)	4.2	27,110,000.00	62,212,730.14
Investment income (losses are represented by -)	4.2	4,531,004.75	1,992,018.46
Including: Income from investment in associates and joint ventures			
Exchange gain (losses are represented by “-”)			
III. Operating profit (losses are represented by “-”)		-81,206,044.05	18,948,873.11
Add: Non-operating income	4.2	19,213,620.92	9,421,639.71
Including: Profit from the disposal of non-current assets		92,771.41	12,836.95
Less: Non-operating expenses	6	4,086,354.36	863,095.54
Including: Loss from the disposal of non-current assets		22,408.03	251,372.58
IV. Total profit (losses are represented by “-”)		-66,078,777.49	27,507,417.28
Less: Income tax expenses	7	11,356,552.85	20,711,874.70
V. Net Profit (losses are represented by “-”)		-77,435,330.34	6,795,542.58
Net profit attributable to the equity holders of the parent company		-78,857,943.64	2,176,371.26
Minority interests		1,422,613.30	4,619,171.32

Item	Note	2014	2013
VI. Other comprehensive income, net of tax		19,855,919.60	-450,120.37
Other comprehensive income attributable to owners of the company, net of tax		19,855,919.60	-450,120.37
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		19,855,919.60	-450,120.37
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Gains or losses from reclassifying held-to maturity investments to available-for-sale financial assets			
4. Effective portion of cash flow adjusted for hedging gains or losses			
5. Exchange differences from retranslation of financial statements		-583,158.09	-450,120.37
6. Others		20,439,077.69	
Other comprehensive income attributable to minority shareholders, net of tax			
VII. Total comprehensive income		-57,579,410.74	6,345,422.21
Total comprehensive income attributable to the shareholders of the parent company		-59,002,024.04	1,726,250.89
Total comprehensive income attributable to the minority shareholders		1,422,613.30	4,619,171.32
VIII. Earnings per share:			
(1) Basic earnings per share	8	-0.076	0.002
(2) Diluted earnings per share	8	-0.076	0.002

CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB(Yuan)

Item	Note	2014	2013
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		603,033,105.92	706,109,419.38
Refund of taxes and surcharges		1,738,289.85	1,404,946.29
Cash received relating to other operating activities		7,365,023.62	5,454,197.44
Sub-total of cash inflows from operating activities		612,136,419.39	712,968,563.11
Cash paid for goods and services		487,889,187.63	513,162,743.74
Cash paid to and on behalf of employees		38,804,528.63	52,423,912.20
Payments of tax charges		13,190,666.99	20,737,540.05
Cash paid relating to other operating activities		76,642,644.88	67,583,928.12
Sub-total of cash outflows from operating activities		616,527,028.13	653,908,124.11
Net cash flows from operating activities		-4,390,608.74	59,060,439.00
II. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from returns on investments		28,845.49	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		300,762.86	551,439.00
Net cash received from disposal of subsidiaries and other operating entities		12,913,001.00	5,005,822.00
Cash received relating to other investing activities		4,382,684.99	54,929,564.00
Sub-total of cash inflows from investing activities		17,625,294.34	60,486,825.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		18,714,559.72	57,932,866.00
Cash paid to acquire investments			
Net increase of pledged loans			
Net cash paid to acquire subsidiaries and other operating entities			11,314,990.00
Cash paid relating to other investing activities		15,000,000.00	7,219,962.00
Sub-total of cash outflows from investing activities		33,714,559.72	76,467,818.00
Net cash flows from investing activities		-16,089,265.38	-15,980,993.00

Item	Note	2014	2013
III. Cash flows from financing activities			
Cash received from capital contributions		27,200,000.00	9,800,000.00
Including: Cash received from minority shareholders investment by subsidiary			9,800,000.00
Cash received from borrowings		162,000,000.00	159,450,000.00
Cash received from issuing of bonds			
Cash received from other financing activities			404,703.00
Sub-total of cash inflows from financing activities		189,200,000.00	169,654,703.00
Cash repayments of borrowings		163,450,000.00	187,500,000.00
Cash payments for distribution of dividends or profits and interest expenses		25,455,678.12	20,413,132.00
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries			
Cash paid to other financing activities			55,617.00
Sub-total of cash outflows from financing activities		188,905,678.12	207,968,749.00
Net cash flows from financing activities		294,321.88	-38,314,046.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-179,591.85	-442,089.00
V. Net increase in cash and cash equivalents		-20,365,144.09	4,323,311.00
Add: Cash and cash equivalents at beginning of period		81,055,144.00	76,731,833.00
VI. Cash and cash equivalent at end of period		60,689,999.91	81,055,144.00

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (hereinafter referred to as the “Company; or the “Group” when subsidiaries are included) was a stock limited liability company jointly established by Nanjing University Asset Administration Company Limited, Jiangsu Zongyi Co., Ltd., Work Union of Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Co-Creation Education Development Company Limited, Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Information Construction Investment Limited, and Jiangsu High-Ti Investment Group, overall converted based on Jiangsu NandaSoft Software Co., Ltd. on 30 December 1999. The registered capital on establishment was RMB70 million.

On 24 April 2001, the Company was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, and issued 234 million foreign shares with a par value of RMB0.1 per share; upon the issuance, the registered capital and share capital of the Company increased to RMB93.4 million. On 31 August 2010, the Company issued 170 million foreign shares with a par value of RMB0.1 per share; upon the issuance, the registered capital and share capital of the Company increased to RMB110.4 million. On 22 August 2014, according to the resolution of the shareholders’ general meeting and the Board of the Company, the Company issued an aggregate of 136,000,000 ordinary domestic shares of nominal value of RMB0.1 each to specific investors at a price of RMB0.2 per share by way of private placement. Upon the issuance, the registered capital and share capital of the Company increased to RMB124 million. This capital increase has been audited by Jiangsu Zhongzhen Tongren Certified Public Accountant which has issued a Capital Verification Report named Tong Ren Yan Zi [2014] No.052 for verification.

By the end of 31 December 2014, the total equity of the Company was 124 million shares, including 80.4 million unlisted shares, representing 64.84% of the equity, and 43.6 million outstanding public H shares, representing 35.16% of the equity.

The registered address of the Company: NandaSoft Tower, 8 Jinyin Street, Gulou District, Nanjing; the Company’s principal place of business in Hong Kong: 18th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong; legal representative: Liu Jian.

The Company’s business scope mainly includes: research, development, production, manufacture, sales and maintenance of computer software and hardware, network communications equipment, multi-media, electronic products, instruments and apparatuses and information industry related products; technical services, transfer, training and consultancy in relation to computer system integration, sales of office automatic equipment; proprietary operation and agency for imports and exports of commodities and technologies.

The Group is mainly engaged in the sales of computer hardware and software products, trading of IT related products and equipment, 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, research and development of medicine and medical equipment, provision of services in relation to building installation and information system integration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for preparation

The Financial statements has been prepared on the going-concern basis and transactions and events actually occurred in accordance with the “Accounting Standards for Business Enterprises” promulgated by the Ministry of Finance of the People’s Republic of China and relevant requirements (Collectively “Accounting Standards for Business Enterprises”), and China Securities Regulatory Commission’s “Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15-General Provisions on Financial Reports (2014 Revision)” and the provisions regarding disclosure pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance of Hong Kong, as well as the accounting policies and estimation as stated in “3. Significant Accounting Policies and Accounting Estimation” under this section.

Upon listing, the Group has been adopting the accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards (“HKASs”), to prepare the financial statements for information disclosure in Hong Kong. In accordance with the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” which was published by the Hong Kong Stock Exchange in December 2010, from this financial year, the Company decided to prepare the financial statements in accordance with “Accounting Standards for Business Enterprises” and the relevant regulations issued by the China Ministry of Finance (“PRC Accounting Standards”) for the preparation of financial statements. PRC Accounting Standards have been applied retrospectively, and the comparative financial information for the year ended 31 December 2013 (note: the previous year) is converted to applying PRC Accounting Standards. A reconciliation of the shareholders’ equity and profits and the effect caused by converting from the accounting principles generally accepted in Hong Kong to PRC Accounting Standards are stated in the supplemental information of the financial statements “2. Reconciliation of the Shareholders’ Equity and Profits of the Group under the conversion from the accounting principles generally accepted in Hong Kong to PRC Accounting Standards”.

2.2 Continuous Operation

As of 31 December 2014, the current liability of the Group is high than the current assets of RMB272,558,814.14. Such condition shows that uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern exist, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Even with the above condition, after having taken into consideration the continuing availability of the banking facilities in the future and measures to improve its working capital position, including but not limited to issuing shares and disposing equity, the management of the Group thinks that the Group has the ability to continue as a going concern in 12 months from the end of the reporting period, and it is reasonable to prepare the financial statements on a going concern.

2.3 Scope of the Consolidated Financial Statements

The scope of the consolidated financial statements at the end of the reporting period of the Group includes 22 companies, namely: Jiangsu NandaSoft Computer Fixtures Company Limited, Shenyang Soft Software Development Company Limited, NandaSoft Technology Investment Development (Wuxi) Company Limited, Jiangsu NandaSoft CRO Technology Co., Ltd., Nanjing NandaSoft Property Services Company Limited, NandaSoft Technology (Shenzhen) Company Limited, Jiangsu Changtian Zhi Yuan Technology Company Limited, Jiangxi NandaSoft Technology Company Limited, Jiangxi NandaSoft Service Outsourcing Company Limited, Nanjing NandaSoft System Integration Company Limited, Jiangsu Changtian Fuyun Information Technology Co., Ltd.,

Jiangsu Sheng Feng Investment Limited, Jiangsu NandaSoft (Hong Kong) Limited, Texwell Investment Ltd., Smartful Ventures Holdings Limited, Vast Rich Asia Limited, Fuzhou Technology (Jiangsu) Company Limited, Beijing NandaSoft Digital Technology Company Limited, Jiangsu NandaSoft Investment Company Limited, Jiangsu Fuyue Technology Company Limited, Nanjing BoTong Technology Company Limited, YanchengSoft Software Technology Company Limited, etc. Compared with last year, the Group reduced one Company, NandaSoft Telecommunication Technology (Hong Kong) Company Limited due to sale, cancelled the Nanjing NandaSoft Service Outsourcing and Talent Training Center and the Gaochun NandaSoft Service Outsourcing and Talent Training Center.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION

3.1 The specific accounting policies and accounting estimation prepared by the Group based on actual production and operation characteristics include recognition and measurement of bad debt provisions on receivables, measurement of inventories transferred out, measurement of investment properties, classification of fixed assets and depreciation method, amortisation of intangible assets, recognition and measurement of income, etc.

3.2 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with Accounting Standards for Business Enterprises and give a true and fair view of the financial position, operating results and cash flows and other relevant information of the Company and the Group.

4. INCOME, OTHER INCOME AND GAINS

4.1 Main Business Income

Items	Current year Income	Previous year Income
Computer hardware and software products	437,619,645.84	542,944,883.00
Rendering of system integration services	76,155,643.13	59,580,562.00
Total	<u>513,775,288.97</u>	<u>602,525,445.00</u>

4.2 Other income and gains

Items	Current year Income	Previous year Income
Rental and property management income	10,546,542.83	1,144,759.20
Interest income	1,205,523.62	616,047.50
Government subsidy	-	-
Other subsidies	17,102,329.36	4,535,863.00
Tax returns	1,738,289.85	1,587,712.00
Fair value gains on investment properties	27,110,000.00	62,212,730.14
Others	4,904,006.46	1,878,289.16
Total	<u>62,606,692.12</u>	<u>71,975,401.00</u>

5. FINANCE COSTS

Items	Current year	Previous year
Interest on bank and other loans, wholly repayable within five years	25,455,678.12	20,567,454.59
Bank charges	1,879,787.85	1,321,790.00
Sub-total	27,335,465.97	21,889,244.59
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Less: interest capitalised	–	8,411,720.00
Total	27,335,465.97	13,477,524.59
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6. COST BEFORE TAX

Items	Current year	Previous year
Cost of sales	–	–
Computer hardware and software products	397,042,600.28	467,057,729.00
Provision of IT training services	58,432,063.80	36,253,656.00
Sales fees and taxes	13,324,481.83	15,997,228.66
Sub-total	468,799,145.91	519,308,613.66
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Depreciation of property, plant and equipment	7,489,638.72	3,810,894.00
Amortisation and impairment of intangible assets	781,379.61	4,309,177.00
Research and development expenditure	24,788,704.67	9,596,083.00
Sub-total	33,059,723.00	17,716,154.00
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Auditors' remuneration	680,000.00	507,813.00
Salaries and allowances	28,446,494.65	20,076,260.00
Pension scheme contributions	5,013,766.89	3,954,710.00
Sub-total	34,140,261.54	24,538,783.00
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Impairment loss on assets	48,839,539.75	31,085,399.21
Management fees	30,219,213.28	40,414,455.39
Foreign exchange differences	67,409.13	452,498.87
Total	615,125,292.61	633,515,904.13
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7. INCOME TAX EXPENSE

1. Tax preference

On 9 September 2011, the Company is awarded the New and High Technology Enterprise Certificate (高新技術企業證書) (NO. GR201132000259) jointly issued by Jiangsu Science and Technology Department (江蘇省科學技術廳), Finance Department of Jiangsu Province (江蘇省財政廳), State Administration of Taxation of Jiangsu Province (江蘇省國家稅務局) and Local Taxation Bureau of Jiangsu Province (江蘇省地方稅務局), and is recognised as a new and high technology enterprise (高新技術企業) with a validity period of three years.

According to Article 13 of the Administrative Methods for the Confirmation of New and High Technology Enterprises (Guo Ke Fa Huo [2008] no. 172) (《高新技術企業認定管理辦法》(國科發火[2008]172號): The qualifications of a new and high technology enterprise that has passed a review shall be valid for three years. If, at the expiration of such term, the enterprise again submits an application for recognition, matters shall be handled in accordance with Article 11 hereof. In July 2014, the Company submitted the application material for the recognition of a new and high technology enterprise to the New and High Technology Enterprises Recognition and Management Coordination Team of Jiangsu Province. According to the Notification on the List of 2014 Third Group of Proposed New and High Technology Enterprises of Jiangsu Province (Su Gaoqixie [2014] no. 18) (《關於公示江蘇省2014年第三批擬認定高新技術企業名單的通知》(蘇高企協[2014]18號)) issued by New and High Technology Enterprises Recognition and Management Coordination Team of Jiangsu Province on 31 October 2014, the Company is listed in the List of 2014 Third Group of Proposed New and High Technology Enterprises of Jiangsu Province, and the number of the new and high technology enterprise certificate to be obtained is GR201432002517. As of 31 December 2014, the Company does not obtain the officially issued New and High Technology Enterprise Certificate. After comparing with relevant conditions, the management of the Company judges that there will be no material obstacle for the Company to obtain the New and High Technology Enterprise Certificate. The corporate income tax applicable to the Company for the year 2014 is 15%.

■ Domestic subsidiaries of the Company

On 11 December 2013, Jiangsu Changtian Zhi Yuan Technology Company Limited, a subsidiary of the Company, was awarded the New and High Technology Enterprise Certificate (高新技術企業證書) (No. GF 201332000415) jointly issued by Jiangsu Science and Technology Department (江蘇省科學技術廳), Finance Department of Jiangsu Province (江蘇省財政廳), State Administration of Taxation of Jiangsu Province (江蘇省國家稅務局) and Local Taxation Bureau of Jiangsu Province (江蘇省地方稅務局), and was recognised as a new and high technology enterprise (高新技術企業) with a validity period of three years. Therefore, according to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the corporate income tax applicable to the Company for the year 2014 is 15%.

On 2 September 2010, Jiangxi NandaSoft Technology Company Limited, a subsidiary of the Company, was awarded the Software Enterprise Certificate with the number “GanR-2010-0015” issued by the Industry and Information Committee of Jiangxi Province (江西省工業和信息化委員會); on 1 July 2011, Nanjing BoTong Technology Company Limited, a subsidiary of the Company, was awarded the Software Enterprise Certificate with the number “Su-R-2011-0030” issued by the Economy and Information Committee of Jiangxi Province (江蘇省經濟和信息化委員會). According to Notice of the Ministry of Finance and the State Taxation Administration on Several Preferential Policies Relevant to the Enterprise Income Tax (Cai Shui [2008] No. 1) (財政部、國家稅務總局關於企業所得稅若干優惠政策的通知) (財稅 [2008]1 號), when a newly founded domestic software enterprise is recognized, from its profit-making year, corporate income taxation is exempted for first two years, reduced half for next three years. Jiangxi NandaSoft Technology Company Limited records no gains in 2014; the corporate income tax applicable to Nanjing BoTong Technology Company Limited for the year 2014 is 12.5%.

Items	Current year	Previous year
Income tax for the year	1,629,543.54	7,729,274.00
Deferred income tax	9,727,009.31	12,982,601.00
	<hr/>	<hr/>
Total	11,356,552.85	20,711,874.70
	<hr/> <hr/>	<hr/> <hr/>

8. EARNINGS PER SHARE

(1) Basic earnings per share

Items	Current year
Consolidated net profit attributable to the ordinary shareholders of the Parent Company	-78,857,943.64
Consolidated net profit attributable to the ordinary shareholders of the Parent Company after deducting extraordinary items	-117,370,359.01
Weighted average number of ordinary shares of the Parent Company in issue	1,149,333,333.33
Basic earnings per share (RMB/Share)	-0.076
Basic earnings per share (RMB/Share) after deducting extraordinary items	-0.102
	<hr/> <hr/>

Procedures for calculating weighted average number of ordinary shares:

Items	Current year
Number of ordinary shares in issue at the beginning of the year	1,104,000,000.00
Issued in the year	136,000,000.00
	<hr/>
Number of ordinary shares in issue at the end of the year	1,240,000,000.00
	<hr/> <hr/>

(2) Diluted earnings per share

Items	Current year
Adjusted consolidated net profit attributable to ordinary shareholders of the Parent Company	-78,857,943.64
Adjusted consolidated net profit attributable to ordinary shareholders of the Parent Company after deducting extraordinary items	-117,370,359.01
Adjusted weighted average number of ordinary shares of the Company in issue	1,149,333,333.33
Diluted earnings per share (RMB/Share)	-0.076
Diluted earnings per share (RMB/Share) after deducting extraordinary items	-0.102
	<hr/> <hr/>

9. OPERATING SEGMENTS

9.1 Segment information

According to the internal organization structure, management requirements and internal reporting system of the Group, the Group's operating segments are divided into four reportable segments: computer hardware and software products segment, system integration service segment, IT related products and equipment segment and property investment segment. The Group's management regularly evaluates the operating results of these reportable segments in order to make decisions concerning resource distributions and operating result assessments.

Segment reporting information is disclosed according to accounting policies and measurement basis used in reports presented by each segment to the management. These accounting policies and measurement basis are consistent with those adopted in drafting financial statements.

Reportable segments for 2014

Items	Computer hardware and software products	System integration service	IT related products and equipment	Property investment	Write-off	Unallocated portion	Total
Revenue from operations	437,619,645.84	76,155,643.13		10,546,542.83			524,321,831.80
Including: Revenue from external transactions							
Revenue from inter-segment transactions							
Other gains				26,960,000.00			26,960,000.00
Operation costs	397,042,600.28	58,432,063.80		2,167,226.15			457,641,890.23
Sales taxes and costs	20,938,673.13	2,818,061.51		-			23,756,734.64
Finance costs						25,455,678.12	25,455,678.12
Other costs (loss on management and asset)						125,633,572.86	125,633,572.86
Total profit of segment operation (total loss)	19,638,372.43	14,905,517.82		8,379,316.68		-124,129,250.98	-81,206,044.05
Total assets	460,640,130.16	130,948,283.32		594,938,706.44		283,961,279.82	1,470,488,399.74
Total liabilities	630,904,350.53	98,427,996.20		109,910,496.70		221,648,262.00	1,060,891,105.43
Supplementary information							
Capital expenditure							18,714,559.72
Recognised impairment loss							48,839,539.75
Depreciation and amortization expense							8,271,018.24

10. DISCONTINUED OPERATION

10.1 Disposal of a controlling subsidiary

Jiangsu NandaSoft (Hong Kong) Company Limited, a subsidiary of the Company, previously held 100% interests of NandaSoft Telecommunication Technology (Hong Kong) Limited. On 31 October 2014, Jiangsu NandaSoft (Hong Kong) Company Limited entered into an Equity Transfer Agreement with Hong Kong China Sea Cathy Energy Development Company Limited, pursuant to which 100% interests held by Jiangsu NandaSoft (Hong Kong) Company Limited was transferred at the price of HK\$1.

10.2 Cancellation of a subsidiary

On 21 January 2014, approved by the Department of Civil Affairs of Gaochun District of Nanjing (南京市高淳區民政局) with Decision on Approval of Cancellation Registration (Gao Min Fei Xu Zhu Zi [2014] No. 02) (《准予注銷登記決定書》(高民非許注字[2014]第02號)), Gaochun NandaSoft Service Outsourcing and Talent Training Center, a subsidiary of the Company, is registered for cancellation.

Approved by the Private Education Management Office of Gulou District of Nanjing (南京市鼓樓區民辦教育管理辦公室) with Approval of the Cancellation of Nanjing NandaSoft Service Outsourcing and Talent Training Center ((GU) Jiao Min [2013] No. 11) (關於同意南京南大蘇富特服務外包人才培訓中心注銷的批復)(鼓)教民(2013)第(11)號), Nanjing NandaSoft Service Outsourcing and Talent Training Center is registered for cancellation.

10.3 Entered and On-going Agreements

The Company holds 100% interests of Jiangsu NandaSoft Investment Company Limited. On 31 December 2014, the Company entered Equity Transfer Agreement with Lu Fusheng, Sun Shenghui, pursuant to which 81% interests of the 100% interests held by the Company in Jiangsu NandaSoft Investment Company Limited was transferred at a consideration of RMB4.05 million. As the relevant equity consideration is not yet received, transfer of equity is not completed as to substance, therefore, Jiangsu NandaSoft Investment Company Limited is still included in the consolidation scope of the Company.

Jiangsu Fuyue Technology Company Limited, Nanjing BoTong Technology Company Limited and YanchengSoft Software Technology Company Limited are all subsidiaries of Jiangsu NandaSoft Investment Company Limited.

11. TRADE AND BILLS RECEIVABLES

Items	Closing Balance	Opening Balance
Trade receivables	279,449,382.12	258,115,683.33
Less: bad debt provisions	43,261,908.19	40,484,056.92
Net amount	236,187,473.93	217,631,626.41
Bills receivables		200,000.00
Net carrying amount	<u>236,187,473.93</u>	<u>217,831,626.41</u>

The movements in the provision for impairment of trade receivables:

Items	Closing Balance	Opening Balance
At 1 January	40,484,056.92	30,537,209.00
provision for bad debt of current period	2,777,851.27	9,946,847.92
At 31 December	<u>43,261,908.19</u>	<u>40,484,056.92</u>

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice data and net of bad debt provision, is as follows:

Age	Closing Balance	Opening Balance
3 months (inclusive)	159,653,519.87	162,821,359.88
3 months to 6 months (inclusive)	11,296,681.26	8,128,767.73
7 months to 12 months (inclusive)	13,125,666.33	5,423,931.90
Over 1 year	52,111,606.47	41,257,566.90
Net	<u>236,187,473.93</u>	<u>217,631,626.41</u>

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:

Items	Closing Balance	Opening Balance
Trade payables		
Within 1 year	185,107,122.74	99,611,479.55
Over 1 year	40,483,524.45	62,128,529.37
Total	225,590,647.19	161,740,008.92
Bills payable	55,580,000.00	31,439,200.00
Total	<u>281,170,647.19</u>	<u>193,179,208.92</u>

Total bills payable which were overdue but not yet settled at the end of the year is RMB55,580,000.00.

Pledge condition: at the end of the year, bank acceptance bills of RMB55,580,000.00 are pledged by the Group's other currency capital of RMB41,580,000.00.

13. RESERVES

2014:

Items	Current year												Total shareholder's equity
	Equity attributable to shareholders of the Parent Company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Reserve for general risk	Unallocated profit	Minority interests	
I. Ending balance of previous year	110,400,000.00	-	-	-	78,634,414.34	-	54,359,270.57	-	19,962,462.38	-	138,601,335.89	38,922,719.24	440,880,202.42
Add: changes in accounting policies													-
Correction of prior period errors													-
Business combination under common control													-
Others													-
II. Beginning balance of current year	110,400,000.00	-	-	-	78,634,414.34	-	54,359,270.57	-	19,962,462.38	-	138,601,335.89	38,922,719.24	440,880,202.42
III. Change through current year													
(“-” for losses)	13,600,000.00	-	-	-	13,600,000.00	-	19,855,919.60	-	-	-	-78,857,943.64	519,115.93	-31,282,908.11
(1) Total comprehensive income							19,855,919.60				-78,857,943.64	1,422,613.30	-57,579,410.74
(2) Contribution and withdrawal of capital by shareholders	13,600,000.00	-	-	-	13,600,000.00	-	-	-	-	-	-	-	27,200,000.00
1. Ordinary shares contributed by shareholders	13,600,000.00				13,600,000.00								27,200,000.00
2. Capital contributed by other equity instruments holders													-
3. Amounts of share-based payments recognized in shareholder's equity													-
4. Others													-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus Reserve													-
2. Appropriation of general risk reserve													-
3. Distribution to shareholders													-
4. Others													-
(4) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalized capital reserve													-
2. Capitalized surplus reserve													-
3. Surplus reserve for covering up losses													-
4. Others													-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current year appropriation													-
2. Current year usage													-
(6) Others												-903,497.37	-903,497.37
IV. Ending balance of current year	124,000,000.00	-	-	-	92,234,414.34	-	74,215,190.17	-	19,962,462.38	-	59,743,392.25	39,441,835.17	409,597,294.31

2013:

Items	Previous year												Total shareholder's equity
	Equity attributable to shareholders of the Parent Company												
	Share capital	Other equity instruments			Capital reserve	Less:		Special reserve	Surplus reserve	Reserve for general risk	Unallocated profit	Minority interests	
	Preferred shares	Perpetual bond	Others		Treasury shares	Other comprehensive income							
I. Ending balance of previous year	110,400,000.00				78,634,414.34		60,925,567.94		18,096,588.52		149,197,380.73	45,782,425.92	463,036,377.45
Add: changes in accounting policies													-
Correction of prior period errors													-
Business combination under common control													-
Others													-
II. Beginning balance of current year	<u>110,400,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,634,414.34</u>	<u>-</u>	<u>60,925,567.94</u>	<u>-</u>	<u>18,096,588.52</u>	<u>-</u>	<u>149,197,380.73</u>	<u>45,782,425.92</u>	<u>463,036,377.45</u>
III. Change through current year													
(“-” for losses)	-	-	-	-	-	-	-6,566,297.37	-	1,865,873.86	-	-10,596,044.84	-6,859,706.68	-22,156,175.03
(1) Total comprehensive income							-450,120.37				2,176,371.26	4,619,171.32	6,345,422.21
(2) Contribution and withdrawal of capital by shareholders												9,800,000.00	9,800,000.00
1. Ordinary shares contributed by shareholders												9,800,000.00	9,800,000.00
2. Capital contributed by other equity instruments holders													-
3. Amounts of share-based payments recognized in shareholder's equity													-
4. Others													-
(3) Profit distribution									3,940,416.10		-12,772,416.10	-13,095,200.00	-21,927,200.00
1. Appropriation of surplus reserve									3,940,416.10		-3,940,416.10		-
2. Appropriation of general risk reserves													-
3. Distribution to shareholders											-8,832,000.00	-13,095,200.00	-21,927,200.00
4. Others													-
(4) Internal carry-over of shareholders' equity													-
1. Capitalized capital reserve													-
2. Capitalized surplus reserve													-
3. Surplus reserve for covering up losses													-
4. Others													-
(5) Special reserve													-
1. Current year appropriation													-
2. Current year usage													-
(6) Others									-6,116,177.00		-2,074,542.24		-8,183,678.00
IV. Ending balance of current year	<u>110,400,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,634,414.34</u>	<u>-</u>	<u>54,359,270.57</u>	<u>-</u>	<u>19,962,462.38</u>	<u>-</u>	<u>138,601,335.89</u>	<u>38,922,719.24</u>	<u>440,880,202.42</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Company for the year ended 31 December 2014 was approximately RMB524,321,831.80, which represents a decrease of approximately RMB79,348,372.4 when compared with 2013 and this was mainly due to the economic downturn in the industry of Information Technology (the “IT”).

The net profit of the Company for the year ended 31 December 2014 was RMB-77,435,330.34, representing a significant decline when compared with 2013. This was mainly due to various reasons including prolonged market competition in existing IT products which led to lower gross profit margin, provision of impairment of various receivables amounting to approximately RMB48,839,539.75 in total and the reduced growth in change in fair value (investment properties).

Financial resources and liquidity

As at 31 December 2014, current assets of the Company amounted to approximately RMB612,939,770.58, of which approximately RMB124,914,894.22 were cash and cash equivalents and approximately RMB268,243,531.43 were receivables and prepayments which increased by RMB810,522.43 when compared with the same period of 2013.

In addition, as at 31 December 2014, the amount of receivables past due for more than 90 days was RMB76,533,954.06, representing 32.40% of total net receivables, which increased by 39.63% when compared with RMB54,810,267.00 at the end of 2013.

As at 31 December 2014, the non-current liabilities of RMB175,392,520.71 and current liabilities amounting to approximately RMB885,498,584.72, comprising mainly the trade and bills payables, receipts in advance and the construction cost payables included in other payables. The current liabilities increased by approximately 12.40% when compared with 2013.

As at 31 December 2014, short-term borrowings and long-term borrowings amounted to RMB206,800,000.00 in total, same as in 2013. Liquidity was sufficient to support the regular operation of the Company.

As at 31 December 2014, net assets of the Company amounted to approximately RMB409,597,294.31 (2013: RMB440,880,202.42), representing a drop of approximately 7.1% when compared with 2013.

Charge on group assets

As at 31 December 2014, the land use right of the land located at the Jiangdong Software City of Gulou District, Nanjing City of approximately RMB22 million (2013: approximately RMB24 million) were pledged as security for interest-bearing bank borrowings granted to the Company.

Foreign currency risk

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

During the year ended 31 December 2014, the Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

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

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

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

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

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

As at 31 December 2014, the litigation was still ongoing. The Company's bank deposit frozen amounted to RMB666,441.16.

2. The Group had contingent liabilities in respect of financial guarantees to the extent of RMB28,000,000.00 in total (2013: RMB22,500,000.00) given to financial institutions in respect of borrowings and other banking facilities granted by these financial institutions to Nanjing Nanda Pharmaceutical Company Limited, which is a subsidiary of the Group. The banking facilities were fully utilized as at 31 December 2014.

Save for the above, the Company was also involved in the contingent liabilities in respect of guarantees to the extent of RMB77,000,000.00 in total (2013: RMB73,000,000.00) in respect of banking facilities granted to certain subsidiaries. At the end of reporting period, the subsidiaries have utilized such facilities of RMB53,000,000.00 in total (2013: RMB73,000,000.00).

Employees and remuneration policies

The remuneration for the employees of the Group amounted to approximately RMB28,446,494.65 (2013: approximately RMB25,623,000), including the directors' and supervisors' emoluments of approximately RMB1,208,328 (2013: approximately RMB1,362,000) and RMB309,992 (2013: approximately RMB230,000), respectively for the year ended 31 December 2014.

The number of employees for the year had decreased from 455 to 281.

The Group remunerated its staff based on the individual's performance, profile and experience and with reference to the market price.

Dividend

The Directors do not recommend final dividend for the year ended 31 December 2014 (2013: Nil).

BUSINESS REVIEW

R&D of Information Technology and Products

During the year, the Company carried out the development of Cloud Systems based on Domestic Software and Hardware under the Electronic Documents and the R&D and Industrialization of Data Management Services Platform based on Cloud Computing, which mainly focus on the core technology of domestic cloud platform and electronic documents, including cloud computing networks, cloud computing chips, cloud servers, cloud storage, virtualization, Cloud Computing management, cloud platform, cloud services, cloud security, the entire electronic document management, layout techniques, etc., and the integration, update and R&D of the product and technology already developed to make more technical indicators reach the standards of IBM, Oracle and other cloud platforms.

During the year, the Company completed the R&D registration work of NANDASOFT desktop cloud. NANDASOFT desktop cloud solution based on server virtualization technology consists of client-end system, terminal management system, virtual machine management systems, and infrastructure systems, and aims to replace the traditional PCs by using of SOFT's desktop cloud system. This solution features rapid deployment, flexible scheduling, comprehensive monitoring and management, unified security release and use of cloud services business, centralized management, high degree of safety, low operation and maintenance costs and others.

During the year, Changtian ZhiYuan Company conducted the R&D of high-speed billing systems, including the lane software based on new Linux management system, and stand-level management software. It also carried out R&D of the new traffic video network monitoring system, which conducted a major upgrade of existing system with many new features added, such as access to more standard surveillance video images, etc..

IT Services

During the year, the Company undertook the intelligent equipment procurement and installation projects of relocation project of Yangzhou Blood Station, supply and systems integration services for the network optimization and transformation of Jiangsu Provincial Meteorological Information Center, data backup procurement and integration project of Jiangsu Province Tobacco Company, Nanjing branch, video conferencing project of Jiangsu Human Resources and Social Security Department, Pizhou education modernization and other IT services projects.

In the field of intelligent transportation, Jiangsu ChangtianZhiyuan Transportation Research Co., Ltd signed various projects during the period, including Xianyang-Xunyi highway electromechanical engineering contract, upgrading and reconstruction of Jiangsu Suqian-Huaian-Yancheng highway monitoring system, design development of Guizhou calling center 12328 system, three systems engineering projects of Nanjing road urbanization modification works of Jiangsu Nanjing Highway Department as well as expansion electrical and mechanical engineering project of Gaoyou Baqiao, Jieshou and Muyang North Toll Gate of JiangsuBeijing-Shanghai High-Speed Railway Co., Ltd. This has strengthened the Company's competitiveness in the field of intelligent transportation.

In terms of government and public utilities, the Group undertook the upgrading and expansion project of the special network core delivery equipment of Jiangsu Provincial Administration for Industry and Commerce, Jurong Education Bureau's procurement project for the education modernization, intelligent project of experimental school in Yancheng environmental protection and technology park, data center purchase of Anhui Provincial Public Security Department and other several large IT projects worthy of millions and ten millions. These projects were awarded after intense government bidding and fully reflected the Company's competitiveness in the government and public utilities.

Future Prospects

In the future, the Group will focus on the IT industry and the integration of resources to lead the transformation and upgrading of existing business via Internet business model, and seize the opportunity offered by the State in promoting in full scale the construction of smart cities. In addition, the Company will, relying on the comprehensive advantages of Nanjing University, promote the technological innovation in terms of Big Data, Cloud Computing, mobile Internet and other applications and develop certain software based on internet platform and with its own intellectual property rights in China; the Company will lay its focus on the smart city industry of higher market value in which the Group has distinctive advantages, including government and public utilities, and intelligent transportation, and based on the Yangtze River Delta, provide services for the whole country, in the hope that within three to five years' time, the Group will become a well-known and technology-leading data service provider for smart cities.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Appendix 15 of the Corporate Governance Code of the GEM Listing Rules. 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 AUDITORS' REPORT

The Company established an audit committee on 8 December 2000, it comprises three Independent Non-Executive Directors, Dr. Daxi Li, Ms. Xie Hong and Mr. Xie Man Lin. The primary duties of the audit committee are to review and to provide supervision over the financial reporting and internal control system of the Group. The audit committee has reviewed the annual result announcement and summary of independent auditors' report for the year ended 31 December 2014 and concludes the meeting with agreement to the contents of the annual result announcement .

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

TYPE OF OPINIONS

1. EVENTS LEADING TO QUALIFIED OPINIONS

1. The management of Nandasoft determined that part of the floors of Blocks 1 and 2 of Soft Software Park was for rent purpose respectively in August 2012 and November 2013, which were regarded as investment properties and fair value was used for subsequent measurement. As stated in note 12.3(3) to the financial statements, such part of NandaSoft has been recognized in investment properties as to RMB180,000,000. Since there is uncertainty as to whether the Building Sale and Purchase Contract entered into between NandaSoft and the related party will continue to be fulfilled, we fail to obtain sufficient and appropriate audit evidence to judge the impact on the financial statements caused by the influence of the result of such event on the investment properties recognized by NandaSoft and subsequent measurement.
2. As stated in note 12.3(4) to the financial statements, such part of Jiangsu NandaSoft Technology Company Limited has been recognized in investment properties as to RMB141,300,000 and fixed assets as to RMB13,420,000. Since we are not allowed to contact the related tenant, we fail to obtain sufficient and appropriate audit evidence to judge the impact of such event on the financial statements.

2. EMPHASIS OF MATTER

We hereby reminds the readers of the audit report that as stated in note 3.2 to the financial statements, as of 31 December 2014, the current liability of NandaSoft is high than the current assets of RMB272,558,814.14. The measures of NandaSoft to improve the current working capital position include but not limited to raising working capital by means of issuing shares, deposing equity, etc. Content in this paragraph does not impact the presented audit opinions.

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

On 5 March 2015, the Shareholders of the Company passed the ordinary resolution which approved the cessation of appointed Ascenda Cachet CPA Limited as auditors of the Company and appointed ShineWing Certified Public Accountants as the auditors for the Company's Financial Report for the year 2014.

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

Nanjing, the PRC
27 March 2015

As at the date thereof, the Board comprises:

Executive Directors: Mr. Liu Jian (alias Liu Jian Bang), Mr. Qiao Ruo Gu;
Non-Executive Directors: Mr. Gao Peng, Mr. Wang Da Ming and Mr. Wong Wei Khin;
Independent Non-Executive Directors: Dr. Daxi Li, Ms. Xie Hong and Mr. Xie Man Lin.

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.