



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 2015)

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

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 (“GEM Listing Rule”) 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 or fraudulent; (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 loss attributable to owners of the Company of approximately RMB160,392,827.30 for the year ended 31 December 2015.
- Recorded a turnover of approximately RMB513,130,153.46 for the year ended 31 December 2015.
- The Directors do not recommend final dividend for the year ended 31 December 2015 (2014: 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 2015.

For the year ended 31 December 2015, the audited turnover is approximately RMB513,130,153.46 representing a drop of approximately 2.13% as compared with that for the year 2014. The audited loss attributable to owners of the Company for the year ended 31 December 2015 is approximately RMB160,392,827.30.

* For identification purpose only

The audited results of the Group for the year ended 31 December 2015 together with the comparative figures for the corresponding period in 2014 are as follows (Unless otherwise stated, the financial statements are expressed in RMB):

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

Unit: RMB(Yuan)

Item	Note	31 December 2015	31 December 2014
Current assets:			
Cash and bank balances		90,723,555.46	124,914,894.22
Financial assets at fair value through profit or loss			
Bills receivable			
Accounts receivables	11	262,069,200.07	236,187,473.93
Prepayments		22,483,392.69	32,056,057.50
Interest receivable			453,750.00
Dividends receivable			
Other receivables		126,149,946.32	121,222,265.45
Financial assets purchased for resale			
Inventories		77,699,105.87	98,014,761.15
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		63,127.36	90,568.33
Total current assets		579,188,327.77	612,939,770.58
Non-current assets:			
Loans and advances granted			
Available-for-sale financial assets		8,219,110.00	9,827,764.24
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment		79,429,411.44	85,332,654.47
Investment properties		529,730,893.42	511,800,000.00
Fixed assets		86,775,629.83	87,791,189.59
Construction in progress			120,912,535.51
Construction supplies			
Clearance of fixed asset			
Biological assets for production			
Fuel assets			
Intangible assets		6,269,505.48	7,536,754.46
Development expenses			
Goodwill		23,408,368.92	23,408,368.92
Long-term deferred expenses		371,517.34	572,348.68
Deferred income tax assets		1,573,955.15	6,867,013.29
Other non-current assets		476,429.26	3,500,000.00
Total non-current assets		736,254,820.84	857,548,629.16
Total assets		1,315,443,148.61	1,470,488,399.74

Item	Note	31 December 2015	31 December 2014
Current liabilities:			
Short-term loans		164,471,000.00	162,000,000.00
Financial liabilities at fair value through profit or loss			
Bills payable	12	12,500,000.00	55,580,000.00
Accounts payables	12	251,271,180.22	225,590,647.19
Advances from customers		64,975,915.85	63,550,968.30
Salaries payable		2,206,840.02	1,610,591.55
Taxes payable		22,867,187.72	23,658,605.94
Interest payable		9,055,684.11	
Dividends payable		6,003,967.80	6,020,917.80
Other payables		328,301,347.08	331,017,183.30
Liabilities classified as held for sale			
Non-current liabilities due within one year		11,200,000.00	8,000,000.00
Other current liabilities		10,881,976.75	8,469,670.64
Total current liabilities		883,735,099.55	885,498,584.72
Non-current liabilities:			
Long-term loans		33,600,000.00	44,800,000.00
Bonds payable			
Including: Premium			
Perpetual			
Long-term payables		72,914,886.02	79,169,065.47
Long-term payroll payable			
Specific payables			
Accrued liabilities			
Deferred income			
Deferred income tax liabilities		54,923,563.75	51,423,455.24
Other non-current liabilities			
Total non-current liabilities		161,438,449.77	175,392,520.71
Total liabilities		1,045,173,549.32	1,060,891,105.43
Shareholders' equity:			
Share capital	13	124,000,000.00	124,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		93,873,332.03	92,234,414.34
Less: treasury stock			
Other comprehensive income	13	82,280,708.18	74,215,190.17
Special reserve			
Surplus reserve	13	19,962,462.38	19,962,462.38
General risk reserve			
Undistributed profits	13	-100,649,435.05	59,743,392.25
Total owners' equity attributable to the parent company		219,467,067.54	370,155,459.14
Minority interests		50,802,531.75	39,441,835.17
Total shareholders' equity		270,269,599.29	409,597,294.31
Total liabilities and shareholders' equity		1,315,443,148.61	1,470,488,399.74

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

Unit: RMB(Yuan)

Item	Note	2015	2014
I. Total operating income		513,130,153.46	524,321,831.80
Including: Operating income		513,130,153.46	524,321,831.80
II. Total operating costs		601,242,778.63	637,168,880.60
Including: Operating cost		445,081,221.93	457,641,890.23
Taxes and surcharges		3,634,616.41	2,399,841.49
Selling expenses		16,039,565.27	21,356,893.15
Administrative expenses		56,013,388.82	80,733,364.50
Financial expenses		35,005,047.86	26,197,351.48
Loss on assets impairment		45,468,938.34	48,839,539.75
Add: Gain from change in fair value (losses are represented by -)		-17,698,468.61	27,110,000.00
Investment income (losses are represented by -)		7,491,285.03	4,531,004.75
Including: Income from investment in associates and joint ventures			
Exchange gain (losses are represented by “-”)			
III. Operating profit (losses are represented by “-”)		-98,319,808.75	-81,206,044.05
Add: Non-operating income		4,864,748.73	19,213,620.92
Including: Profit from the disposal of non-current assets		174,278.14	92,771.41
Less: Non-operating expenses		51,188,820.23	4,086,354.36
Including: Loss from the disposal of non-current assets		17,800.99	22,408.03
IV. Total profit (losses are represented by “-”)		-144,643,880.25	-66,078,777.49
Less: Income tax expenses		4,917,730.31	11,356,552.85
V. Net Profit (losses are represented by “-”)		-149,561,610.56	-77,435,330.34
Net profit attributable to the equity holders of the parent company		-160,392,827.30	-78,857,943.64
Minority interests		10,831,216.74	1,422,613.30

Item	Note	2015	2014
VI. Other comprehensive income, net of tax		8,705,673.13	19,855,919.60
Other comprehensive income attributable to owners of the company, net of tax		8,705,673.13	19,855,919.60
(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		8,705,673.13	19,855,919.60
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		2,371,312.12	-583,158.09
6. Others		6,334,361.01	20,439,077.69
Other comprehensive income attributable to minority shareholders, net of tax			
VII. Total comprehensive income		-140,855,937.43	-57,579,410.74
Total comprehensive income attributable to the shareholders of the parent company		-151,687,154.17	-59,002,024.04
Total comprehensive income attributable to the minority shareholders		10,831,216.74	1,422,613.30
VIII. Earnings per share:			
(1) Basic earnings per share		-0.129	-0.076
(2) Diluted earnings per share		-0.129	-0.076

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

Unit: RMB(Yuan)

Item	Note	2015	2014
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		556,579,748.87	603,033,105.92
Refund of taxes and surcharges			1,738,289.85
Cash received relating to other operating activities		42,588,910.18	7,365,023.62
Sub-total of cash inflows from operating activities		599,168,659.05	612,136,419.39
Cash paid for goods and services		473,814,237.79	487,889,187.63
Cash paid to and on behalf of employees		39,869,874.29	38,804,528.63
Payments of tax charges		7,604,936.86	13,190,666.99
Cash paid relating to other operating activities		83,519,861.44	76,642,644.88
Sub-total of cash outflows from operating activities		604,808,910.38	616,527,028.13
Net cash flows from operating activities		-5,640,251.33	-4,390,608.74
II. Cash flows from investing activities			
Cash received from disposal of investments			28,845.49
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,379,005.50	300,762.86
Net cash received from disposal of subsidiaries and other operating entities		8,580,759.15	12,913,001.00
Cash received relating to other investing activities		15,000,000.00	4,382,684.99
Sub-total of cash inflows from investing activities		26,959,764.65	17,625,294.34
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,895,768.64	18,714,559.72
Cash paid to acquire investments			
Net increase of pledged loans			
Net cash paid to acquire subsidiaries and other operating entities		9,256,623.19	
Cash paid relating to other investing activities			15,000,000.00
Sub-total of cash outflows from investing activities		13,152,391.83	33,714,559.72
Net cash flows from investing activities		13,807,372.82	-16,089,265.38

Item	Note	2015	2014
III. Cash flows from financing activities			
Cash received from capital contributions			27,200,000.00
Including: Cash received from minority shareholders investment by subsidiary			
Cash received from borrowings		171,971,000.00	162,000,000.00
Cash received from issuing of bonds			
Cash received from other financing activities		45,864,000.00	
Sub-total of cash inflows from financing activities		217,835,000.00	189,200,000.00
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Cash repayments of borrowings		184,000,000.00	163,450,000.00
Cash payments for distribution of dividends or profits and interest expenses		27,126,692.82	25,455,678.12
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries			
Cash paid to other financing activities			
Sub-total of cash outflows from financing activities		211,126,692.82	188,905,678.12
Net cash flows from financing activities		6,708,307.18	294,321.88
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IV. Effect of foreign exchange rate changes on cash and cash equivalents		13,974.77	-179,591.85
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V. Net increase in cash and cash equivalents		14,889,403.44	-20,365,144.09
Add: Cash and cash equivalents at beginning of period		60,689,999.91	81,055,144.00
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VI. Cash and cash equivalent at end of period		75,579,403.35	60,689,999.91
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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, 187,000,000 H shares (the “New H Shares”) has been issued and allotted which comprise of 170,000,000 New H Shares and 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, which is in aggregate equivalent to 10% of New H Shares issued pursuant to the New Issue. 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 million 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 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.

On 10 April 2015, according to the resolution of the shareholders’ general meeting, the Company issued 163.8 million ordinary domestic shares with a par value of RMB0.1 per share and the issue price of RMB0.28 per share to Jiangsu Keneng Electricity Technology Co., Ltd.; upon the issuance, the registered capital of the Company increased to RMB140.38 million. As at 31 December 2015, the Company received the investment funds amounted to RMB45.864 million from Jiangsu Keneng Electricity Technology Co., Ltd. of which RMB16.129 million paid by Jiangsu Phoenix Palace Electric Industry Co. Ltd on behalf on Jiangsu Keneng Electricity Technology Co. Ltd. Due to the pending capital verification, the Company is yet to complete the procedures for the equity interest change.

As at of 31 December 2015, the total equity of the Company was 1,240 million shares, including 819 million unlisted shares, representing 66.05% of the equity, and 421 million outstanding public H Shares, representing 33.95% of the equity.

On 19 August 2015, the registered address of the Company: Block 1, No.19 South QingJiang Road, Gulou District, Nanjiang, the People’s Republic of China (“PRC” or “China”); the Company’s principal place of business in Hong Kong: 18th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong; legal representative: Zhu Yong Ning.

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, development of medicine materials and medical equipment, provision of services related to building and information system integration. (For items subject to approval pursuant to laws, operation could only be commenced upon approval by relevant authorities)

The principal activities of the Company are developing, producing and promoting the network security software, internet application software, education software, business application software and providing system integration services, including the provision of consultancy on information technology.

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 Growth Enterprise Market of 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.

2.2 Continuous Operation

As of 31 December 2015, the current liability of the Group is higher than the current assets of RMB304,546,771.78. 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, disposals of equity, bank loans and financial support from the shareholders. Jiangsu Keneng Electricity Technology Co. Ltd.. 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 17 companies, namely: Jiangsu NandaSoft Computer Fixtures 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 Sheng Feng Investment Limited, Jiangsu NandaSoft (Hong Kong) Limited, Texwell Investment Ltd., Smartful Ventures Holdings Limited, Vast Rich Asia Limited, Jiangsu NandaSoft (Hong Kong) Company Limited (BVI), Fuzhou Technology (Jiangsu) Company Limited, 江蘇智雅在線教育科技有限公司, etc. Compared with last year, the Group reduced 7 companies, NandaSoft Investment Company Limited, Shenyang Soft Software Development Company Limited, Jiangsu Changtian Fuyun Information Technology Co.,Ltd, Jiangsu Fuyue Technology Company Limited, Nanjing BoTong Technology Company Limited, YanchengSoft Software Technology Company Limited, Beijing NandaSoft Digital Technology Company Limited due to sale.

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	424,494,302.23	437,619,645.84
Rendering of system integration services	75,266,821.15	76,155,643.13
Total	<u>499,761,123.38</u>	<u>513,775,288.97</u>

4.2 Other income and gains

Items	Current year Income	Previous year Income
Rental and property management income	13,369,030.08	10,546,542.83
Interest income	1,299,693.93	1,205,523.62
Government subsidy	—	—
Other subsidies	4,598,693.89	17,102,329.36
Tax returns	—	1,738,289.85
Fair value gains on investment properties	-17,698,468.61	27,110,000.00
Others	7,757,339.87	4,904,006.46
Total	<u>9,326,289.16</u>	<u>62,606,692.12</u>

5. FINANCE COSTS

Items	Current year	Previous year
Interest on bank and other loans, wholly repayable within five years	36,165,426.93	25,455,678.12
Bank charges	341,386.19	1,879,787.85
Sub-total	<u>36,506,813.12</u>	<u>27,335,465.97</u>
Less: interest capitalised		—
Total	<u><u>36,506,813.12</u></u>	<u><u>27,335,465.97</u></u>

6. COST BEFORE TAX

Items	Current year	Previous year
Cost of sales	—	—
Computer hardware and software products	384,568,583.52	397,042,600.28
Provision of IT training services	57,639,172.58	58,432,063.80
Sales fees and taxes	10,654,406.27	13,324,481.83
Sub-total	<u>452,862,162.37</u>	<u>468,799,145.91</u>
Depreciation of property, plant and equipment	4,339,153.18	7,489,638.72
Amortisation and impairment of intangible assets	1,268,274.29	781,379.61
Research and development expenditure	6,048,092.15	24,788,704.67
Sub-total	<u>11,655,519.62</u>	<u>33,059,723.00</u>
Auditors' remuneration	680,000.00	680,000.00
Salaries and allowances	28,662,472.04	28,446,494.65
Pension scheme contributions	5,215,725.40	5,013,766.89
Sub-total	<u>34,558,197.44</u>	<u>34,140,261.54</u>
Impairment loss on assets	45,468,938.34	48,839,539.75
Management fees	21,692,913.00	30,219,213.28
Non-business expenditure	51,188,820.23	—
Foreign exchange differences	-202,071.33	67,409.13
Total	<u><u>617,224,479.67</u></u>	<u><u>615,125,292.61</u></u>

7. INCOME TAX EXPENSE

7.1. Tax preference

On May 2015, the Company is awarded the New and High Technology Enterprise Certificate dated 31 October 2014 (高新技術企業證書) (NO. GR201432002517) 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. Hence, 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 2015 is 15%.

7.2. 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 2015 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); 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 2015.

Items	Current year	Previous year
Income tax for the year	-1,825,603.25	1,629,543.54
Deferred income tax	6,743,333.56	9,727,009.31
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Total	4,917,730.31	11,356,552.85
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8. EARNINGS PER SHARE

(1) Basic earnings per share

Items	Current year
Consolidated net profit attributable to the ordinary shareholders of the Parent Company	-160,392,827.30
Consolidated net profit attributable to the ordinary shareholders of the Parent Company after deducting extraordinary items	-108,370,216.47
Weighted average number of ordinary shares of the Parent Company in issue	1,240,000,000.00
Basic earnings per share (RMB/Share)	-0.129
Basic earnings per share (RMB/Share) after deducting extraordinary items	-0.087
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Procedures for calculating weighted average number of ordinary shares:

Items	Current year
Number of ordinary shares in issue at the beginning of the year	1,240,000,000.00
Issued in the year	
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	-160,392,827.30
Adjusted consolidated net profit attributable to ordinary shareholders of the Parent Company after deducting extraordinary items	-108,370,216.47
Adjusted weighted average number of ordinary shares of the Company in issue	1,240,000,000.00
Diluted earnings per share (RMB/Share)	-0.129
Diluted earnings per share (RMB/Share) after deducting extraordinary items	-0.087
	<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 2015

Items	Computer hardware and software products	System integration service	IT related products and equipment	Property investment	Write-off	Unallocated portion	Total
Revenue from operations	424,494,302.23	75,266,821.15		13,369,030.08			513,130,153.46
Including: Revenue from external transactions							
Revenue from inter-segment transactions							
Other gains				-17,698,468.61		8,790,978.96	-8,907,489.65
Operation costs	384,568,583.52	57,639,172.58		2,873,465.83			445,081,221.93
Sales taxes and costs	16,711,139.85	2,963,041.83					19,674,181.68
Finance costs						36,165,426.93	36,165,426.93
Other costs (loss on management and asset)						101,621,642.02	101,621,642.02
Total profit of segment operation (total loss)	23,214,578.86	14,664,606.74		-7,202,904.36		-128,996,089.99	-98,319,808.75
Total assets	362,861,513.82	322,526,368.83		535,418,498.55		94,636,767.41	1,315,443,148.61
Total liabilities	487,691,718.91	262,708,428.04		182,872,815.04		111,900,587.33	1,045,173,549.32
Supplementary information							
Capital expenditure							3,895,768.64
Recognised impairment loss							45,468,938.34
Depreciation and amortization expense							5,607,427.47

10. DISCONTINUED OPERATION

10.1 Disposal of a controlling subsidiary

On 20 May 2015, the Company entered into Share Transfer Agreement with Shenyang Yuan Hong Investment Management Ltd. 70% shares of Shenyang Soft Software Development Company Limited will be held by transferred at the price of RMB7 million. As at 31 December 2015, the Company has received RMB5 million for equity transfer.

On December 2015, the Company entered into Share Transfer Agreement with Nanjing PengDa Technology Development Ltd. 100% shares of Jiangsu Changtian Fuyun Information Technology Co.,Ltd will be held by transferred at the price of RMB5 million. As at 31 December 2015, the Company has received RMB5 million for equity transfer.

On May 2015, the subsidiary of the Company, Fuzhou Technology (Jiangsu) Company Limited, entered into Share Transfer Agreement with Jiangsu NandaSoft Investment Company Limited. 80% shares of Beijing NandaSoft Technology Company Limited will be held by transferred at the price of RMB1.6 million. As at 31 December 2015, the payment of equity transfer is not paid yet.

On 31 December 2014, the Company entered Share 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. The equity transfer has been with drawn Jiangsu NandaSoft Investment Company Limited is no longer included in the consolidation scope of the Company since 2015.

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.

10.2 The establishment of subsidiaries

On 18 September 2015, the Company entered into “Changzhou Science and Education Town cloud platform project Cooperation Agreement” with Changzhou Science & Education Town; jointly established Jiangsu Zhiya online education technology Ltd with Changzhou Science & Education Town modern industrial center, with RMB10 million registered capital. The Company held 70% shares and Changzhou Science & Education Town modern industrial center held the remaining 30%.

On 28 October 2015, Jiangsu Zhiya online education technology Ltd was established and obtained the business license issued by Changzhou Wujin District Market Supervisory Authority with a Unicode of Social Credit ‘91320412MA1MAGKM4F’. The operation scope included development of education software, non-degree vocational skills training, and website design. (Excluding the vocational certificate training class unified recognized by the Country)

11. TRADE AND BILLS RECEIVABLES

Items	Closing Balance	Opening Balance
Trade receivables	310,800,961.75	279,449,382.12
Less: bad debt provisions	48,731,761.68	43,261,908.19
Net amount	<u>262,069,200.07</u>	<u>236,187,473.93</u>

The movements in the provision for impairment of trade receivables:

Items	Closing Balance	Opening Balance
At 1 January	43,261,908.19	40,484,056.92
provision for bad debt of current period	5,469,853.49	2,777,851.27
At 31 December	<u>48,731,761.68</u>	<u>43,261,908.19</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)	187,252,969.92	159,653,519.87
3 months to 6 months (inclusive)	12,009,484.10	11,296,681.26
7 months to 12 months (inclusive)	8,295,373.26	13,125,666.33
Over 1 year	54,511,372.79	52,111,606.47
Net	<u>262,069,200.07</u>	<u>236,187,473.93</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	193,884,875.71	185,107,122.74
Over 1 year	57,386,304.51	40,483,524.45
Total	251,271,180.22	225,590,647.19
Bills payable	12,500,000.00	55,580,000.00
Total	<u>12,500,000.00</u>	<u>55,580,000.00</u>

Total bills payable which were overdue but not yet settled at the end of the year is RMB12,500,000.00.

Pledge condition: at the end of the year, bank acceptance bills of RMB12,500,000.00 are pledged by the Group's other currency capital of RMB7,500,000.00.

13. RESERVES

2015:

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	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
Add: changes in accounting policies													-
Correction of prior period errors													-
Business combination under common control													-
Others													-
II. Beginning 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
III. Change through current year													
(“-” for losses)	-	-	-	-	1,638,917.69	-	8,065,518.01	-	-	-	-160,392,827.30	11,360,696.58	-139,327,695.02
(1) Total comprehensive income							-						-
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	8,705,673.13	-	-	-	-160,392,827.30	10,831,216.74	-140,855,937.43
1. Ordinary shares contributed by shareholders	-				-								-
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					1,638,917.69		-640,155.12					529,479.84	1,528,242.41
IV. Ending balance of current year	124,000,000.00	-	-	-	93,873,332.03	-	82,280,708.18	-	19,962,462.38	-	-100,649,435.05	50,802,531.75	270,269,599.29

2014:

Items	Previous 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	<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>
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 reserves													-
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	<u>124,000,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,234,414.34</u>	<u>-</u>	<u>74,215,190.17</u>	<u>-</u>	<u>19,962,462.38</u>	<u>-</u>	<u>59,743,392.25</u>	<u>39,441,835.17</u>	<u>409,597,294.31</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Company for the year ended 31 December 2015 was approximately RMB513,130,153.46, which represents a decrease of approximately RMB11,191,678.34 when compared with 2014 and this was mainly due to the economic downturn in the industry of Information Technology (the “IT”).

The net loss of the parent Company for the year ended 31 December 2015 was RMB160,392,827.30, representing a significant decline when compared with 2014. It is mainly due to the reconciliation on the China Nuclear Huaxing case and according to the mediation result, profit decreased approximately RMB60 million with a gain on revaluation of investment properties of approximately RMB5 million, representing a decrease of approximately RMB22 million as compared with the corresponding period of 2014.

Financial resources and liquidity

As at 31 December 2015, current assets of the Company amounted to approximately RMB579,188,327.77, of which approximately RMB90,723,555.46 were cash and cash equivalents and approximately RMB284,552,592.76 were receivables and prepayments which decreased by RMB16,309,061.33 when compared with the same period of 2014.

In addition, as at 31 December 2015, the amount of receivables past due for more than 90 days was RMB74,816,230.15, representing 28.55% of total net receivables, which increased by 2.24% when compared with RMB76,533,954.06 at the end of 2014.

As at 31 December 2015, the non-current liabilities of RMB161,438,449.77 and current liabilities amounting to approximately RMB883,735,099.55, comprising mainly the trade and bills payables, receipts in advance and the construction cost payables included in other payables. The current liabilities decreased by approximately 0.20% when compared with 2014.

As at 31 December 2015, short-term borrowings and long-term borrowings amounted to RMB290,271,000.00 in total, representing a decrease of approximately 2.57% when compared with 2014. Liquidity was sufficient to support the regular operation of the Company.

As at 31 December 2015, net assets of the Company amounted to approximately RMB270,269,599.29 (2014: RMB409,597,294.31), representing a drop of approximately 34.02% when compared with 2014.

Charge on group assets

As at 31 December 2015, the land use right of the land located at the Jiangdong Software City of Gulou District, Nanjing City of approximately RMB22,000,000.00 (2014: approximately RMB22,000,000.00) 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 2015, 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 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 construction cost 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.

According to the mediation result in the letter of civil mediation Su Min Chu Zi No. 00015 (2014) issued by Jiangsu Provincial High People's Court on 15 February 2016, both parties confirmed that the construction payment of NandaSoft Software City 02 project, compensation financing, the loss on shutdown, late interest payment amounted to RMB219.635 million (Deduct RMB37 million which had paid by the Company). For the period of 1 January 2016 to the actual payment date, with the annual rate of 6%, NandaSoft shall pay RMB182.635 million and related interest to the plaintiff before 30 June 2016. The plaintiff has the right to apply to court for enforcement on the condition that the Company fails to pay for the aforesaid payment on time.

As at 31 December 2015, the Company's bank deposit frozen amounted to RMB829,023.92; According to the court ruling, the rights of the buildings of Block 1 and 2, No. 19 South Qingjiang Road, Gulou District owned by the Company, and the rights of land use are restricted. According to the aforesaid ruling, the Company adjusted the estimated assets costs, estimated loss on shutdown and estimated interest payment to RMB25,733,479.78, RMB12,199,750.34 and RMB27,382,757.08 respectively, which representing RMB65,315,987.20 in total.

2. NandaSoft (Jiangsu) Pharmaceutical Service Outsourcing Co., Ltd. (Soft Pharmaceutical), a former subsidiary of the Company, entered into the Clinic Trial Contract with Nanchang Lijian Pharmaceutical Co., Ltd. (Lijian Company) with a contract value of RMB2.84 million (RMB1.2 million of which was already paid), which intended to provide medical examination services for Lijian Company. In 2012, Soft Pharmaceutical, Lijian Company and Nanjing Linghua Hospital Technology Co., Ltd. (Linghua Pharmaceuticals) signed a tripartite agreement to terminate the technical service contract mentioned above, and to transfer relevant rights and obligations of Soft Pharmaceutical to Linghua Pharmaceuticals.

As at 21 October 2013, Linghua Pharmaceuticals lodged a lawsuit to Intermediate People's Court of Nanchang as Soft Pharmaceutical refused to pay RMB1.2 million, which was originally received from Lijian Company. Soft Pharmaceutical applied for liquidation to, and accepted by Nanjing Trade and Industry Bureau on 19 July 2012. The Court ruled that Soft Pharmaceutical should paid RMB1.20 million and responsible for the compensation of RMB2.40 million. The Company, the shareholder of Soft Pharmaceutical and Jiangsu Sheng Feng Investment, a subsidiary of the Company were liable for the corresponding liabilities.

As at 4 December 2013, according to the Civil Ruling (2013) Hong Min Er Chu Zi No. 380-1 issued by Intermediate People's Court of Nanchang Jiangxi Province, RMB3.65 million of the Company's bank deposit was frozen.

As at 11 June 2015, according to the Civil Ruling (2013) Hong Min Er Chi Zi No. 380 issued by Intermediate People's Court of Nanchang Jiangxi Province, Soft Pharmaceutical needed to repay Linghua Pharmaceuticals RMB1.20 million with compensation, calculated based on RMB1.20 million from 18 November 2013 until the date amount was settled according to the interest rate for the same period determined by the People's Bank of China and 6.15%.

As at 25 June 2015, Linghua Pharmaceuticals filed a second appeal, requesting a double of the aforesaid compensation, which is RMB2.40 million and increased the Company jointly supplemental compensation liabilities to USD\$0.35 million.

As at 1 February 2016, High People's Court of Jiangxi Province made a second instant verdict. Soft Pharmaceutical repay Linghua Pharmaceuticals RMB1.20 million with compensation, calculated based on RMB1.20 million from 18 November 2013 until the date amount was settled according to the interest rate for the same period determined by the People's Bank of China and 24%. The Company and Sheng Feng Investment, a subsidiary of the Company, assumed the supplemental compensation liabilities for the unseizable part of Soft Pharmaceutical at a range within RMB1.87 million and RMB0.64 million respectively.

The directors of the Company, based on the advices from the Group's legal counsel, consider that a provision for loss arising from this litigation is necessary.

As at 31 December 2015, bank balances of the Company of RMB3,650,000.00 was frozen.

- (3) As at 4 November 2015, the Company received a civil complaint which was filed to Guangzhou City Tianhe District People's Court (廣州市天河區人民法院) by Guangzhou City Aimin Investment Co., Ltd ("Aimin") (廣州市愛民投資有限公司).

According to the Civil Complaint, the Company has borrowed RMB15.50 million from Aimin with an aggregate borrowing interest of RMB8,426,989.04 for the date 10 October 2015. Shanghai Honghao Investment Management Co., Ltd assumed the joint compensation liabilities for the aforesaid liability.

As at 16 November 2015, according to the Civil Ruling (2015) Sui Tian Fa Jin Min Chu Zi No. 5504 issued by Guangzhou City Tianhe District People's Court, bank balance of the Company of RMB23,926,989.04 was frozen. The equity interest of Jiangsu NandaSoft Investment Company Limited held by the Company and Soft Intelligence Technology (Shanghai) Company Limited (蘇富特智能科技(上海)有限公司) was frozen.

The directors of the Company, based on the advices from the Group's legal counsel, consider that it is necessary to predict the loss of litigation.

As at 31 December 2015, the litigation was pending. A bank balance of the Company of RMB609,607.49 was frozen. The relevant frozen amount deducted litigation one and litigation two.

Employees and remuneration policies

The remuneration for the employees of the Group for the year ended 31 December 2015 amounted to approximately RMB28,662,472.04 (2014: approximately RMB28,446,494.65), including the directors' and supervisors' emoluments of approximately RMB1,199,928.00 (2014: approximately RMB1,194,993.00) and RMB550,544.80 (2014: approximately RMB243,324.00), respectively.

The number of employees for the year had increased from 349 to 367.

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 2015 (2014: Nil).

BUSINESS REVIEW

R&D of Information Technology and Products

During the year under review, the Company continued the research and development of electronic document system to have a deep analysis on technical requirements and business needs of electronic document management system, based on relevant standard of electronic document system from the country and the 5 characteristics such as unified management of electronic documents, full management, standards, ease of use and security and confidentiality. Meanwhile, the Company set up a research and development environment and adopted the MVC model building of prevailing spring framework system through the information management by hibernate framework on persistence layer. The Company basically implemented the restructure work of ERMS system, which can support the capture of local files and controlling management at the same time, such as storage, maintenance, use, disposal, transfer etc. The Company started the experimental work of electronic files in the office of Nanjing Municipal Committee during the year.

For the Cloud computing project, the Company implemented the research and deployment of OpenStack and developed the communication program and the clients program for each platform on this basis.

The Company started to deploy our cloud desktop system on the cloud education platform in Changzhou Science and Education City in order to provide services for vocational education cloud in the future.

During the year under review, the Company was obtained the software copyright certificates of “NandaSoft E-file search platform management software”, “NandaSoft cloud computing e-government platform management software”, “NandaSoft education cloud desktop system software ” and “NandaSoft cloud computer software”.

During the year under review, the Company introduced a product based on mobile terminal APP-heard about reading, which made use of the Internet to build up the culture of enterprises by innovative means of connecting the employees and customers. The product was tested in the Company.

IT Services

For the system integration, the Company undertook lots of large- and medium-sized projects during the year under review, such as Information Center Phase I project of Jiangsu Province Water Conservancy Bureau, software and hardware protecting environment infrastructure (Phase I) project of Jiangsu Province Public Security police big data center, light current engineering project of Yixing Jiu Zhou Hotel and Nanjing Newspaper Group System etc.

In the intelligent transportation aspect, during the year under review, Jiangsu Changtian Zhiyuan Transportation Research Co., Ltd. entered into the projects, which cost millions, such as construction project of electronic toll collection (ETC) lanes for toll station of Sanming Expressway (Two times), engineering contract of ETC system for Henan Provincial Toll of Debt-repaying Expressway Management Center, Jinan beltway Jinan tunnel security facilities upgrade project, expansion engineering digital highway project of 352 highway Xinhua section, three major system upgrade project of Nanjing Road Development Group in 2015, system upgrade project of Jiangsu Provincial Government transport services hotline, toll system upgrade and construction project of Jiangsu Tongsha car and ferry management office etc.

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, aiming that within three to five years' time, the Group will become a well-known and technology-leading data service provider for smart cities.

MATERIAL EVENTS TOOK PLACE AFTER THE FINANCIAL YEAR

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).

On 15 February 2016, according to the mediation result in the letter of civil mediation Su Min Chu Zi No. 00015 issued by Jiangsu Provincial High People's Court, both parties confirmed that the construction payment of NandaSoft Software City 02 project, compensation financing, the loss on shutdown, late interest payment amounted to RMB219.635 million (Deduct RMB37 million which had paid by NandaSoft). For the period of 1 January 2016 to the actual payment date, with the annual rate of 6%, NandaSoft shall pay RMB182.635 million and related interest to the plaintiff before 30 June 2016. The plaintiff has the right to apply to court for enforcement on the condition that NandaSoft fails to pay for the aforesaid payment on time.

As at 31 December 2015, the Company's bank deposit frozen amounted to RMB829,023.92; According to the court ruling, the rights of the buildings of Block 1 and 2, No. 19 South Qingjiang Road, Gulou District owned by the Company, and the rights of land use are restricted. According to the aforesaid ruling, the Company adjusted the estimated assets costs, estimated loss on shutdown and estimated interest payment to RMB25,733,479.78, RMB12,199,750.34 and RMB27,382,757.08 respectively, representing RMB65,315,987.20 in total.

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 confirmed that they have complied with the required standard of dealings and the required code of conduct regarding securities transactions by directors and supervisors adopted by the Company throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions set out in Appendix 15 of the Corporate Governance Code (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. We believed that adopting the highest corporate governance will bring long term value and ultimately will create the biggest return for shareholders.

AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000, it currently 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, annual report and the independent auditors' report for the year ended 31 December 2015 and concluded the meeting with agreement to the contents of the annual result announcement and annual report.

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 RMB183.95 million. 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 NandaSoft Company has been recognized in investment properties as to RMB143.03 million and fixed assets as to RMB8.53 million. Since we are not allowed to contact the related tenant, and NandaSoft is unable to provide any confirmed solutions with the tenants, hence, 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 2015 the current liability of NandaSoft is high than the current assets of RMB304,546,771.78. The measures of NandaSoft to improve the current working capital position include but not limited to raising working capital by means of issuing shares, depositing equity, bank loans and financial support from the shareholders. 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.

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

Nanjing, the PRC
24 March 2016

As at the date thereof, the Board comprises:

Executive Directors: Mr. Zhu Yong Ning, Mr. Qiao Ruo Gu, Mr. Liu Jian (alias Liu Jian Bang);
Non-Executive Director: Mr. Wong Wa Tak;
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.