
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jiangsu NandaSoft Technology Company Limited* (江蘇南大蘇富特科技股份有限公司), you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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JIANGSU NANDASOFT TECHNOLOGY COMPANY LIMITED*

江蘇南大蘇富特科技股份有限公司

(a joint stock limited company incorporated in the PRC)

(Stock Code: 8045)

**(1) PROPOSED ISSUE OF PRIVATE PLACEMENT BONDS,
(2) PROPOSED CHANGE IN PRINCIPAL BUSINESS ACTIVITIES,
(3) PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION,
(4) PROPOSED DEBT REFINANCING CONCERNING
SHENYANG SOFT SOFTWARE DEVELOPMENT COMPANY LIMITED*
(瀋陽蘇富特軟件開發有限公司)
AND PROVISION OF FINANCIAL ASSISTANCE**

AND

(5) NOTICE OF EXTRAORDINARY GENERAL MEETING

Terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

The notice dated 25 November 2013 convening the EGM to be held at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China on 30 December 2013 (Monday) at 10:00 a.m. are set out on pages 19 to 22 of this circular. Form of proxy for use at the EGM (or any adjournment thereof) is enclosed. If you are unable to attend the EGM in person, you are requested to complete the relevant enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China (for holders of Domestic Shares), or to the office of the Company's H Shares registrar, Hong Kong Registrars Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM (or any adjournment thereof).

Reply slip for the EGM is also enclosed. You are reminded to complete and sign the reply slip and return it to the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China on or before 10 December 2013 (Tuesday) in accordance with the instructions printed thereon.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event any form of proxy shall be deemed revoked.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no matters the omission of which would make any statement herein or this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its posting, and on the Company's website at <http://www.nandasoft.com>.

* for identification purpose only

25 November 2013

CHARACTERISTICS OF GEM

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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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

- “Articles of Association” means the articles of association of the Company as amended from time to time;
- “Board” means the board of Directors;
- “Cinda” means Liaoning branch of China Cinda Asset Management Company Limited* (中國信達資產管理股份有限公司遼寧省分公司);
- “Construction Contract” means the construction contract entered into between Shenyang Soft as principal and RunYu as contractor on 1 August 2011, whereby RunYu was engaged to construct and develop the Project for Shenyang Soft;
- “Company” means 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 PRC and whose H Shares are listed on GEM (stock code: 8045);
- “Corporate Guarantee” means the corporate guarantee by the Company (being one of the collaterals) required to be provided in favour of Cinda pursuant to the Debt Refinancing Arrangement to secure, amongst others, Shenyang Soft’s payment obligations under the Debt Refinancing Agreement, further details of which are set out under Section V(C) of this circular. Where the context requires or permits, the term “Corporate Guarantee” may refer to the underlying guarantee contract creating the corporate guarantee as aforesaid;
- “Debt” means the indebtedness arising from the construction fee originally payable by Shenyang Soft to RunYu under the Construction Contract in the sum of RMB93,612,336, which remained outstanding and unpaid as at the Latest Practicable Date. Where the context requires or permits, it includes the creditor’s rights attached to or accrued from such indebtedness;
- “Debt Acquisition Agreement” means the debt acquisition agreement contemplated to be entered into, pursuant to the Debt Refinancing Arrangement, by RunYu as assignor, Cinda as assignee and Shenyang Soft as debtor. Further details of the contemplated agreement are set out under Section V(B)(i) of this circular;

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“Debt Refinancing Agreement”	means the debt refinancing agreement contemplated to be entered into, pursuant to the Debt Refinancing Arrangement, between Cinda as substituted creditor and Shenyang Soft as debtor which creates the Refinanced Debt payable by Shenyang Soft to Cinda according to a deferred payment schedule, following the acquisition of the Debt by Cinda from RunYu under the Debt Acquisition Agreement. Further details of the contemplated agreement are set out under Section V(B)(ii) of this circular;
“Debt Refinancing Arrangement”	means the arrangement for factoring and refinancing pertaining to the Debt as contemplated under the Debt Acquisition Agreement and the Debt Refinancing Agreement;
“Director(s)”	means the director(s) of the Company;
“Domestic Share(s)”	means the ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in RMB;
“Domestic Shareholder(s)”	means the holder(s) of Domestic Share(s);
“EGM”	means the extraordinary general meeting of the Company convened to be held at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China on 30 December 2013 (Monday) at 10:00 a.m. for the purposes of, amongst others, considering, and if thought fit, approving the proposed (i) issue of the Private Placement Bonds, (ii) change in principal business activities / scope of business of the Company, (iii) amendment to the Articles of Association, and (iv) provision of the Corporate Guarantee as set out in this circular and other matters ancillary thereto;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“H Share(s)”	means the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars;
“H Shareholder(s)”	means the holder(s) of H Share(s);
“Latest Practicable Date”	means 22 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Mortgage”	means the mortgage over the Property owned by Shenyang Soft (being one of the collaterals) required to be created and provided in favour of Cinda pursuant to the Debt Refinancing Arrangement to secure, amongst others, Shenyang Soft’s payment obligations under the Debt Refinancing Agreement, further details of which are set out under Section V(B)(iii) of this circular;
“PRC”	means the People’s Republic of China which excludes Hong Kong and Macau Special Administrative Regions for the purpose of this circular;
“Preliminary Underwriting Agreement”	means the preliminary underwriting agreement entitled “Co-operation Agreement in relation to 2013 Issue of Private Placement Bonds of Small and Medium-sized Enterprise* (關於非公開發行2013年中小企業私募債券的合作協議)” entered into between the Company and the Underwriter on 14 November 2013 in relation to the proposed issue of the Private Placement Bonds;
“Private Placement Bonds”	means the three-year small and medium-sized enterprise private placement bonds in the issue size of up to RMB150,000,000 to be issued by the Company in the PRC;
“Project”	means the project of construction and development of the Shenyang NandaSoft Technology Park Phase 1 in Zone B of the Shenyang International Software Park* (瀋陽國際軟件園B區瀋陽南大蘇富特科技園項目1期). Where the context requires or permits, the term “Project” may refer to the properties to be constructed and/or developed thereunder;
“Property”	means (i) the four buildings (nos. 1, 2, 4 and 5), which are currently under construction, and (ii) the underlying land under the Project;

DEFINITIONS

“Refinanced Debt”	means the new indebtedness to be owed by Shenyang Soft to Cinda in the total sum of RMB100,000,000 under the Debt Refinancing Agreement;
“RMB”	means Renminbi yuan, the lawful currency of the PRC;
“RunYu”	means Jiangsu RunYu Construction Company Limited* (江蘇潤宇建設有限公司), a company incorporated in the PRC;
“Shareholder(s)”	means Domestic Shareholder(s) or H Shareholder(s);
“Shenyang Soft”	means Shenyang Soft Software Development Company Limited* (瀋陽蘇富特軟件開發有限公司), a direct non-wholly owned subsidiary established in the PRC of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“Underwriter”	means Tebon Securities Co., Ltd.* (德邦證券有限責任公司), a qualified financial institution approved by the PRC government.

* *for identification purpose only*

LETTER FROM THE BOARD



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 PRC)
(Stock Code: 8045)

Executive Directors:

Mr. LIU Jian (alias, LIU Jian Bang)
(Chairman)
Mr. PAN Jian Xiang
(Chief Executive Officer)
Mr. LIU Winson Wing Sun

Registered Office:

NandaSoft Tower, 8 Jinyin Street
Shanghai Road
Nanjing
China

Non-executive Directors:

Mr. CHEN Zheng Rong
Mr. WONG Wei Khin
Mr. LI Cheng

Principal place of business in Hong Kong:

Room 212,
Photonics Centre,
No. 2 Science Park East Avenue,
Hong Kong Science Park,
Shatin,
Hong Kong

Independent non-executive Directors:

Dr. LI Daxi
Ms. XIE Hong
Mr. XIE Man Lin
Mr. NG Sau Lai Derek

25 November 2013

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ISSUE OF PRIVATE PLACEMENT BONDS,
(2) PROPOSED CHANGE IN PRINCIPAL BUSINESS ACTIVITIES,
(3) PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION,
(4) PROPOSED DEBT REFINANCING CONCERNING
SHENYANG SOFT SOFTWARE DEVELOPMENT COMPANY LIMITED*
(瀋陽蘇富特軟件開發有限公司)
AND PROVISION OF FINANCIAL ASSISTANCE**

AND

(5) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 14 November 2013.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to, amongst others, details of the proposed (i) issue of the Private Placement Bonds, (ii) change in principal business activities / scope of business of the Company, (iii) amendment to the Articles of Association, and (iv) provision of the Corporate Guarantee and such other information as required under the GEM Listing Rules, and to give you notice of the EGM.

II. PROPOSED ISSUE OF PRIVATE PLACEMENT BONDS IN THE PRC

(A) Background

In order to enhance the Group's working capital and strengthen its financial position, the Board, after due and careful consideration, proposes to issue Private Placement Bonds in the issue size of up to RMB150,000,000 in the PRC to raise funds for the Group.

According to Articles 57(10) and 79(2) of the Articles of Association, any proposed issue of bonds or debentures requires approval of the Shareholders by way of special resolution. Accordingly, the Board proposes to seek the approval of the Shareholders by way of special resolution at the EGM for the proposed issue of the Private Placement Bonds and matters ancillary thereto, including but not limited to the entering into of the relevant formal underwriting agreement and authorizing the Board to handle matters in relation to the issue of the Private Placement Bonds.

(B) Details of the Issue Proposal

In connection with the proposed issue of the Private Placement Bonds, the Company entered into the Preliminary Underwriting Agreement with the Underwriter on 14 November 2013. The principal terms of the proposed issue as laid down in the Preliminary Underwriting Agreement are summarized as follows:

<i>Issuer</i>	:	the Company
<i>Underwriter</i>	:	Tebon Securities Co., Ltd.* (德邦證券有限責任公司)
<i>Place of issue</i>	:	the PRC
<i>Size of issue</i>	:	an aggregate principal amount of up to RMB150,000,000
<i>Term of issue</i>	:	3 years
<i>Interest rate</i>	:	to be determined with reference to the prevailing market conditions and upon negotiations between the Company and the Underwriter according to the relevant laws and regulations in the PRC
<i>Target investors</i>	:	including banks and other institutional investors in the financial sector

LETTER FROM THE BOARD

Underwriter's fee : to be calculated according to the formula below:

$$\frac{\text{aggregate principal amount of the Private Placement Bonds in issue}}{\text{term of issue (i.e. 3 years)}} \times [12\% - \text{interest rate for the Private Placement Bonds}], \text{ subject to a cap of } 2\%$$

(C) Conditions Precedent

Completion of the proposed issue of the Private Placement Bonds is subject to the following major conditions precedent:

- (i) the requisite Shareholders' approval having been obtained;
- (ii) the conclusion of the relevant formal underwriting agreement between the Company and the Underwriter; and
- (iii) the relevant notice of filing acceptance in respect of the proposed issue having been issued by the Shanghai Stock Exchange.

Given that the Company is classified as a small and medium-sized enterprise, the proposed issue of the Private Placement Bonds is required to be filed with the Shanghai Stock Exchange pursuant to the Tentative Measures of The Shanghai Stock Exchange for SMEs Private Placement Bonds* (上海證券交易所中小企業私募債券業務試點辦法).

After obtaining the requisite Shareholders' approval in relation to the proposed issue of the Private Placement Bonds in the forthcoming EGM, the Company will enter into the relevant formal underwriting agreement with the Underwriter, which may or may not proceed depending on the prevailing market conditions and any other relevant factors and circumstances as may be determined and assessed by the Board.

(D) Reasons for the Proposed Issue of Private Placement Bonds

The Board considers raising funds by issuing the Private Placement Bonds on terms as set out under sub-section (B) above justifiable, as the Group would by virtue thereof be able to enhance its working capital and strengthen its capital base and financial position to support its ongoing operations and further business development. The Board further considers that the proposed issue of the Private Placement Bonds is an appropriate means of raising additional capital for the Group as the Private Placement Bonds are non-convertible into equity, and thus the proposed issue will not have any dilution effect on the shareholding of the existing Shareholders.

The proceeds of the issue of the Bonds will be used to supplement the working capital and satisfy other various capital needs of the Group.

LETTER FROM THE BOARD

The terms of the Preliminary Underwriting Agreement were negotiated on an arm's length basis, and are on normal commercial terms which are considered fair and reasonable.

The Board is of the opinion that the proposed issue of the Private Placement Bonds in the PRC is in the interests of the Group and the Shareholders as a whole.

(E) Special Resolutions to be Proposed at the EGM

It is proposed that special resolutions be passed by the Shareholders at the EGM:

- (i) To approve the issue of the Private Placement Bonds in the PRC with an issue size of not more than RMB150,000,000 in aggregate principal amount; and
- (ii) To authorize the Board to handle all matters in relation to the issue of the Private Placement bonds in such manner as it shall deem fit and/or expedient, including but not limited to the following:
 - (1) Formulating and implementing specific plan for the issue of the Private Placement Bonds, and determining and, where appropriate, varying or adjusting the detailed terms of the issue, including but not limited to issue size (not exceeding RMB150,000,000 in aggregate principal amount), timing of the issue, number of tranches, tenor, interest rate or its determination mechanism, selection and appointment of qualified professional institution(s) to participate in the issue, and safeguard arrangement for repayment of the principal amount and payment of interest of the Private Placement Bonds in so far as permitted by the applicable laws and regulations and under the circumstances of the Company and the market;
 - (2) Entering into negotiations in relation to the issue of the Private Placement Bonds, and executing and modifying all relevant contracts, agreements and any other documents (including but not limited to the issue document and the formal underwriting agreement) for and on behalf of the Company;
 - (3) Complying with all relevant reporting, filing, disclosure and application for approval procedures in relation to the issue of the Private Placement Bonds pursuant to the requirements of regulatory authority(ies), and making appropriate adjustments to the specific plan for the issue and/or the terms of the issue in accordance with the requirements of the relevant regulatory authority(ies); and
 - (4) Taking all such other actions as necessary and in the interest of the Company and determining and making arrangements for all specific matters relating to the issue of the Private Placement Bonds;

LETTER FROM THE BOARD

The authority shall remain effective for 12 months commencing from the date on which the resolution is passed at the EGM.

The proposed issue of the Private Placement Bonds is subject to, amongst others, the fulfillment of the conditions precedent set out under sub-section (C) above. As such, the placing and issue of the Private Placement Bonds may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisors.

III. PROPOSED CHANGE IN PRINCIPAL BUSINESS ACTIVITIES/SCOPE OF BUSINESS

The Company has been principally engaged in the development, manufacturing and marketing of network security software, Internet application software, educational software and business application software. The Company also provides system integration services, including information technology consultation, sale of computer hardware products and trading of information technology related equipment.

Furthermore, the permitted scope of business of the Company as currently registered by the Jiangsu Administration for Industry and Commerce covers: research and development, production, manufacturing, sale and maintenance of computer hardware and software, network communication facilities (excluding satellite land reception facilities), multi-media, electronic products, equipment and meters and information technology-related products; provision of computer system integration services, and technical support, assignment, training and consultation; sale of workplace automation facilities; and trading of various products and technologies as both operator and agent.

With the aim of seizing the business opportunities in the fast-growing medicine and medical supplies market and the construction industry, the Board is contemplating to expand the Company's principal business activities and correspondingly also its scope of business to encompass research and development of medicine and medical equipment, and provision of construction assembly-related information system integration services.

According to the PRC laws and Article 57(1) of the Articles of Association, the proposed expansion of the scope of business of the Company requires approval of the Shareholders. As such, the Board will put forward an ordinary resolution at the EGM for the Shareholders to consider, and if thought fit, approve the proposed change in principal business activities / scope of business of the Company as aforesaid.

IV. PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Subject to the requisite Shareholders' approval for the aforesaid proposed change in principal business activities / scope of business having been obtained, the Board proposes to seek further approval from the Shareholders by way of special resolution at the EGM pursuant to Articles 57(12) and 79(4) of the Articles of Association for making

LETTER FROM THE BOARD

corresponding amendment to Article 11 of the Articles of Association in the manner set out in the ensuing paragraph to reflect the latest principal business activities / scope of principal business of the Company.

It is proposed that the existing second paragraph of Article 11 of the Articles of Association which provides that *“The main scope of business of the Company includes the research and development, production, manufacture, sale and maintenance of computer hardware, network communication facilities (excluding satellite land reception facilities), multi-media, electronic products, equipment and meters and information industry related products; computer system integration, technology services, technology transfer, training and consultation; and sale of office automation facilities; (the scope of business shall be subject to the scope approved by the Administration for Industry and Commerce).”* **be deleted in its entirety and replaced by:**

“The main scope of business of the Company includes the research and development, production, manufacture, sale and maintenance of computer hardware and software, network communication facilities (excluding satellite land reception facilities), multi-media, electronic products, equipment and meters and information industry-related products; computer system integration, technology services, technology transfer, training and consultation; sale of office automation facilities; trading of various products and technology as both operator and agent; the research and development of medicine and medical equipment, and provision of construction assembly-related information system integration services (the scope of business shall be subject to the scope approved by the Administration for Industry and Commerce).”

The aforesaid proposed amendment to the Articles of Association will be formulated in Chinese; the formulation in English is for reference only.

The proposed amendment to the Articles of Association as set out above shall come into effect upon the Shareholders’ approval having been obtained at the EGM.

V. PROPOSED DEBT REFINANCING CONCERNING SHENYANG SOFT AND PROVISION OF FINANCIAL ASSISTANCE

(A) Background

On 1 August 2011, Shenyang Soft entered into the Construction Contract with RunYu, whereby RunYu was engaged as a contractor to construct and develop the Project for Shenyang Soft. Shenyang Soft is currently indebted to RunYu RMB93,612,336. As at the Latest Practicable Date, such amount remained outstanding and unpaid.

(B) Proposed Debt Refinancing Arrangement

To ease Shenyang Soft’s cashflow burden and for the sake of ensuring smooth completion of the construction and development of the Project, Shenyang Soft is contemplating to enter into the Debt Refinancing Arrangement with RunYu and Cinda.

LETTER FROM THE BOARD

Details of the contemplated Debt Refinancing Arrangement are set out in the ensuing paragraphs.

(i) Debt Acquisition Agreement

Shenyang Soft, RunYu and Cinda shall enter into the Debt Acquisition Agreement, pursuant to which, amongst others, a factoring arrangement in relation to Shenyang Soft's indebtedness as aforesaid is to be agreed upon: RunYu shall assign and Cinda shall acquire the Debt at the discounted price of RMB80,000,000, on and subject to the terms and conditions contained in the Debt Acquisition Agreement.

The principal terms of the contemplated Debt Acquisition Agreement are set out below:

- Parties* : (1) RunYu (as assignor)
(2) Cinda (as assignee)
(3) Shenyang Soft (as debtor)
- Assignment of Debt* : RunYu shall assign to Cinda, and Cinda shall acquire from RunYu, the Debt representing the sum of RMB93,612,336 originally owed by Shenyang Soft to RunYu. From the effective date of the assignment, RunYu shall have no rights whatsoever in respect of the Debt against Shenyang Soft.
- Purchase Price* : RMB80,000,000, payable by Cinda to RunYu within ten working days from fulfillment of all conditions precedent.
- Conditions Precedent* : The major conditions precedent are:
- (1) all relevant documents in proper form evidencing the Debt in the possession or under the control of RunYu having been delivered to Cinda;
 - (2) Shenyang Soft and Cinda having executed the Debt Refinancing Agreement;

LETTER FROM THE BOARD

- (3) the relevant collaterals in favour of Cinda having been created and provided, being (i) mortgage over the Property; (ii) personal guarantee by Mr. Liu Jian (alias Liu Jian Bang) and Mr. Pan Jian Xiang; and (iii) corporate guarantee by the Company, and the requisite approval and registration thereof having been obtained or completed; and
- (4) Shenyang Soft, the Company and RunYu having jointly provided an undertaking to Cinda that, prior to full settlement of the Refinanced Debt to Cinda, Shenyang Soft shall not make any repayment or payment of loans or debts to the Company or RunYu.

Effective Date of Assignment : Date of full payment of the purchase price.

(ii) Debt Refinancing Agreement

Simultaneously, Shenyang Soft and Cinda shall further enter into the Debt Refinancing Agreement. The principal terms of the contemplated Debt Refinancing Agreement are set out in the ensuing paragraphs.

Parties : (1) Cinda (as substituted creditor)
(2) Shenyang Soft (as debtor)

Creation of Refinanced Debt : Following the acquisition of the Debt from RunYu by Cinda, pursuant to the Debt Refinancing Agreement, Shenyang Soft shall satisfy the Debt and pay an additional compensatory sum in consideration of the subject refinancing arrangement (which allows deferred payment of the Debt) to Cinda, altogether forming the Refinanced Debt, within 24 months following Cinda's payment of the acquisition price for the Debt under the Debt Acquisition Agreement.

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Default Interest : In the event of default in payment of the Refinanced Debt by the relevant stipulated payment due date or any breach of the Debt Refinancing Agreement committed on the part of Shenyang Soft, Shenyang Soft shall pay to Cinda default interest on such defaulted sum from the due date to the date of actual payment at the rate of 0.07% per day, and Cinda shall further be entitled to forthwith declare the entire Refinanced Debt immediately due and payable.

(iii) Collaterals – General

To fulfill the conditions precedent laid down in the Debt Acquisition Agreement, the collaterals listed below are required to be provided to secure, amongst others, the payment obligations of Shenyang Soft under the Debt Refinancing Agreement:

- (1) Mortgage created over the Property by Shenyang Soft in favour of Cinda;
- (2) Personal guarantee granted by (i) Mr. Liu Jian (alias Liu Jian Bang) and (ii) Mr. Pan Jian Xiang, directors of the Company, in favour of Cinda; and
- (3) Corporate guarantee granted by the Company in favour of Cinda.

Regarding the Mortgage, Shenyang Soft is required to enter into with Cinda a mortgage contract to create a mortgage over the Property in favour of Cinda to secure, amongst others, the payment obligations of Shenyang Soft under the Debt Refinancing Agreement, the scope of which encompasses the Refinanced Debt, any sum payable consequent on breach of the Debt Refinancing Agreement, and any costs and expenses (including but not limited to those of demand, legal or arbitration proceedings, preservation of assets, travelling and accommodation, enforcement, valuation, auction, attestation, delivery, announcement, and engagement of legal representatives, etc.) incurred in connection with the enforcement of Cinda's rights.

The personal guarantee to be granted by Mr. Liu and Mr. Pan bears the same scope of secured obligations of Shenyang Soft under the Debt Refinancing Agreement.

As regards the proposed corporate guarantee required from the Company, the details are set out in the ensuing sub-section.

LETTER FROM THE BOARD

(C) Proposed Corporate Guarantee by the Company

Alongside the aforesaid Mortgage and personal guarantee granted by Mr. Liu and Mr. Pan respectively, pursuant to the Debt Refinancing Arrangement, the Company is also required to enter into with Cinda a guarantee contract to grant a corporate guarantee in favour of Cinda to secure, amongst others, the payment obligations of Shenyang Soft under the Debt Refinancing Agreement.

The provision of the Corporate Guarantee by the Company constitutes provision of financial assistance for the benefit of Shenyang Soft (being a subsidiary of the Company).

According to the Notice Regarding Governance on Provision of Guarantees to Third Parties by Listed Companies (Zheng Jian Fa No. 120 of 2005)* (關於規範上市公司對外擔保行為的通知 (證監發[2005]120號)), in light of the current financial condition of the Group, the provision of the Corporate Guarantee by the Company requires the approval of the Shareholders by way of ordinary resolution. As such, the Board proposes to seek the approval of the Shareholders by way of ordinary resolution at the EGM for the provision of the Corporate Guarantee.

In order to allow the Shareholders to make an informed decision at the EGM, the principal terms of the proposed Corporate Guarantee are summarized as follows:

- Parties* : (1) the Company (as guarantor)
(2) Cinda (as guarantee)
- Secured Obligations* : To secure, amongst others, the payment obligations of Shenyang Soft under the Debt Refinancing Agreement, the scope of which (same as that of the other collaterals given) encompasses the Refinanced Debt, any sum payable consequent on breach of the Debt Refinancing Agreement, and any costs and expenses (including but not limited to those of demand, legal or arbitration proceedings, preservation of assets, travelling and accommodation, enforcement, valuation, auction, attestation, delivery, announcement, and engagement of legal representatives, etc.) incurred in connection with the enforcement of Cinda's rights.
- Term* : The Corporate Guarantee shall remain valid until the second anniversary of the date on which the payment of the Refinanced Debt under the Debt Refinancing Agreement shall fall due.

LETTER FROM THE BOARD

(D) Reasons for and Benefits of Entering into the Debt Refinancing Arrangement and Providing the Corporate Guarantee

The main reason for entering into the Debt Refinancing Arrangement is to ease the cashflow burden of Shenyang Soft in satisfying the Debt owed to RunYu in one go. RunYu, upon receiving the whole sum of the Debt, would also have its cashflow problem (which is not uncommon in the construction industry) be resolved, which would in turn ensure smooth completion of the construction and development of the Project for Shenyang Soft. Further, Shenyang Soft would also benefit from the deferred payment schedule in respect of the Debt in the sense that its interim cashflow would be strengthened.

As regards the proposed provision of the Corporate Guarantee by the Company as aforesaid, generally speaking, people are more confident in the financial position and credit-worthiness of listed companies. Given that none of the other shareholders of Shenyang Soft is a listed company, it is therefore normal for Cinda to request the Company, which is a majority shareholder of Shenyang Soft and a listed company, to provide such corporate guarantee. Besides, there are other collaterals as mentioned above in place to disperse the financial risks involved.

The terms of the contemplated Debt Refinancing Arrangement and the relevant contractual documents involved (i.e. the Debt Acquisition Agreement, the Debt Refinancing Agreement and the relevant collaterals as aforementioned (including but not limited to the relevant contract creating the Corporate Guarantee proposed to be entered into)) are negotiated on an arm's length basis.

In view of the above, the Board considers that the terms of the contemplated Debt Refinancing Arrangement and the relevant contractual documents involved as aforesaid (including but not limited to the relevant contract creating the Corporate Guarantee proposed to be entered into) are on normal commercial terms, which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Upon obtaining the required approval of the Shareholders for the Corporate Guarantee at the EGM, the Company and Shenyang Soft will execute and implement the Debt Refinancing Arrangement and the relevant contractual documents involved (including the Debt Acquisition Agreement, the Debt Refinancing Agreement and the relevant collaterals as aforementioned).

As no binding agreement in relation to the Debt Refinancing Arrangement has been entered into, the Debt Refinancing Arrangement may or may not materialize, depending on the approval of the Shareholders for the proposed provision of the Corporate Guarantee. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisors.

LETTER FROM THE BOARD

(E) Principal Business Activities of the Company

The Company is principally engaged in the development, manufacturing and marketing of network security software, Internet application software, educational software and business application software. The Company also provides system integration services, including information technology consultation, sale of computer hardware products and trading of information technology related equipment.

(F) Information on Shenyang Soft

As at the Latest Practicable Date, Shenyang Soft was a non-wholly owned subsidiary of the Company in that it was owned as to 70% by the Company, and the remaining 30% equity interest was held by a third party who itself and its ultimate beneficial owner(s) were, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected persons.

Shenyang Soft is an investment holding company, which holds, amongst others, the Project for the Group.

(G) Information on RunYu and Cinda

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, RunYu and Cinda and their respective ultimate beneficial owners are all third parties independent of the Company and its connected persons.

RunYu is a construction company appointed by Shenyang Soft to construct and develop the Project.

Cinda is a non-banking financial institution in the PRC approved by the State Council. Cinda is principally engaged in assets management and debt financing.

VI. THE EGM AND VOTING BY POLL

The notice of the EGM is set out on pages 19 to 22 of this circular. At the EGM, ordinary (in the case of matters (ii) and (iv) below) and special (in the case of matters (i) and (iii) below) resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve, amongst others, (i) the issue of the Private Placement Bonds, (ii) the change in principal business activities / scope of business of the Company, (iii) the amendment to the Articles of Association, and (iv) the provision of the Corporate Guarantee as proposed herein and other matters ancillary thereto.

Voting at the EGM shall be taken by poll.

LETTER FROM THE BOARD

VII. ACTIONS TO BE TAKEN

Form of proxy for use at the EGM (or any adjournment thereof) is enclosed. If you are unable to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China (for holders of Domestic Shares), or to the office of the Company's H Shares registrar, Hong Kong Registrars Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM (or any adjournment thereof).

Reply slip for the EGM is also enclosed. You are reminded to complete and sign the reply slip and return it to the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China on or before 10 December 2013 (Tuesday) in accordance with the instructions printed thereon.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish and in such event any form of proxy shall be deemed revoked.

VIII. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 December 2013 to 30 December 2013 (both dates inclusive) during which no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China (for Domestic Shareholders) or the Company's H Shares registrar, Hong Kong Registrars Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) for registration no later than 4:30 p.m. on 9 December 2013 (Monday).

IX. RECOMMENDATION

For the reasons aforesaid, the Directors, including the independent non-executive Directors, are of the opinion that (i) the issue of the Private Placement Bonds, (ii) the change in principal business activities / scope of business of the Company, (iii) the amendment to the Articles of Association, and (iv) the provision of the Corporate Guarantee as proposed above are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend you to vote in favour of the relevant resolutions to be proposed at the EGM.

The full text of the relevant resolutions is set out in the enclosed notice of the EGM.

LETTER FROM THE BOARD

X. ADDITIONAL INFORMATION

As at the Latest Practicable Date, the Board comprised ten Directors, of which three were executive Directors, namely Mr. LIU Jian (alias, LIU Jian Bang), Mr. PAN Jian Xiang and Mr. LIU Winson Wing Sun, three were non-executive Directors, namely, Mr. CHEN Zheng Rong, Mr. WONG Wei Khin and Mr. LI Cheng, and four were independent non-executive Directors, namely Dr. LI Daxi, Ms. XIE Hong, Mr. XIE Man Lin and Mr. NG Sau Lai Derek.

By order of the Board
Jiangsu NandaSoft Technology Company Limited*
江蘇南大蘇富特科技股份有限公司
Liu Jian (alias, Liu Jian Bang)
Chairman

* *for identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 PRC)
(Stock Code: 8045)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Jiangsu NandaSoft Technology Company Limited* (江蘇南大蘇富特科技股份有限公司) (“Company”) will be held at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China on 30 December 2013 (Monday) at 10:00 a.m. for the purpose of transacting the following business (*Note: unless otherwise specified herein, all capitalized terms used in this Notice shall have the same meanings as ascribed to them under the circular of the Company dated 25 November 2013*):

To consider, and if thought fit, to pass the following resolutions with or without amendment(s):

SPECIAL RESOLUTIONS

(I) (a) **“THAT:**

the issue of the Private Placement Bonds in the PRC with an issue size of not more than RMB150,000,000 in aggregate principal amount be approved.”

(b) **“THAT:**

the Board be and is hereby authorized to handle all matters in relation to the issue of the Private Placement bonds in such manner as it shall deem fit and/or expedient, including but not limited to the following:

- (1) formulating and implementing specific plan for the issue of the Private Placement Bonds, and determining and, where appropriate, varying or adjusting the detailed terms of the issue, including but not limited to issue size (not exceeding RMB150,000,000 in aggregate principal amount), timing of the issue, number of tranches, tenor, interest rate or its determination mechanism, selection and appointment of qualified professional institution(s) to participate in the issue, and safeguard arrangement for repayment of the principal amount and payment of interest of the Private Placement Bonds in so far as permitted by the applicable laws and regulations and under the circumstances of the Company and the market;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) entering into negotiations in relation to the issue of the Private Placement Bonds, and executing and modifying all relevant contracts, agreements and any other documents (including but not limited to the issue document and the formal underwriting agreement) for and on behalf of the Company;
- (3) complying with all relevant reporting, filing, disclosure and application for approval procedures in relation to the issue of the Private Placement Bonds pursuant to the requirements of regulatory authority(ies), and making appropriate adjustments to the specific plan for the issue and/or the terms of the issue in accordance with the requirements of the relevant regulatory authority(ies); and
- (4) taking all such other actions as necessary and in the interest of the Company and determining and making arrangements for all specific matters relating to the issue of the Private Placement Bonds;

The authority shall remain effective for 12 months commencing from the date of this resolution.”

ORDINARY RESOLUTION

(II) “**THAT:**

the proposed change in principal business activities/scope of business of the Company to encompass research and development of medicine and medical equipment, and provision of construction assembly-related information system integration services be approved.”

SPECIAL RESOLUTION

(III) “**THAT:**

the proposed amendment to the second paragraph of Article 11 of the Articles to, instead of the original wording, read ‘*The main scope of business of the Company includes the research and development, production, manufacture, sale and maintenance of computer hardware and software, network communication facilities (excluding satellite land reception facilities), multi-media, electronic products, equipment and meters and information industry-related products; computer system integration, technology services, technology transfer, training and consultation; sale of office automation facilities; trading of various products and technology as both operator and agent; the research and development of medicine and medical equipment, and provision of construction assembly-related information system integration services (the scope of business shall be subject to the scope approved by the Administration for Industry and Commerce).*’ be approved.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION

(IV) (a) “**THAT:**

the Company be approved to provide the Corporate Guarantee to Cinda.”

(b) “**THAT:**

the Board be and is hereby authorized to do all such acts and things and execute all such documents or deeds and to take all such steps as it considers necessary, desirable or expedient in connection with or to give effect to the Corporate Guarantee and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of the Board, in the interest of the Company.”

By order of the Board

Jiangsu NandaSoft Technology Company Limited*

江蘇南大蘇富特科技股份有限公司

Liu Jian (alias, Liu Jian Bang)

Chairman

Nanjing, the PRC, 25 November 2013

Registered Office:

NandaSoft Tower
8 Jinyin Street
Shanghai Road
Nanjing
China

Principal Place of Business in Hong Kong:

Room 212,
Photonics Centre,
No. 2 Science Park East Avenue,
Hong Kong Science Park,
Shatin,
Hong Kong

Notes:

- (1) A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (if such shareholder is a holder of two or more shares) to attend and vote in his stead. A proxy need not be a shareholder of the Company. A form of proxy for use at the EGM is enclosed herewith.
- (2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China (for holders of domestic shares) or to the office of the Company's H shares registrar, Hong Kong Registrars Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holder of H shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof if the shareholder so desires, and in such event any form of proxy shall be deemed revoked.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) The register of members of the Company will be closed from 10 December 2013 to 30 December 2013 (both dates inclusive) during which no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China (for holders of domestic shares) or the Company's H shares registrar, Hong Kong Registrars Limited, at 46/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holder of H shares) for registration no later than 4:30 p.m. on 9 December 2013 (Monday).
- (4) Shareholders who intend to attend the EGM are requested to complete and sign, and return the enclosed reply slip to the Company at 16/F., SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China by 10 December 2013 (Tuesday).
- (5) Shareholders or their proxies attending the EGM shall produce their identification documents for the Company's verification purpose.

* *For identification purpose only*