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JIANGSU NANDASOFT TECHNOLOGY COMPANY LIMITED

江蘇南大蘇富特科技股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8045)



2013

First Quarterly Report 2013

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

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

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

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This report, for which the directors of Jiangsu NandaSoft Technology Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Jiangsu NandaSoft Technology Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Achieved a turnover of approximately RMB89,836,000 for the three months ended 31 March, 2013, representing approximately 1.2% decrease as compared with that of corresponding period in 2012.
- Accomplished an attributable net profit of approximately RMB2,975,000 for the three months ended 31 March, 2013.
- The Board does not recommend the payment of dividend for the three months ended 31 March, 2013.

FIRST QUARTER RESULTS

The board of directors (“Board”) of Jiangsu NandaSoft Technology Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March, 2013.

For the three months ended 31 March, 2013, the unaudited turnover is approximately RMB89,836,000, representing a decrease of approximately RMB1,091,000, or approximately 1.2% in turnover as compared with that of the same period in 2012. The unaudited attributable profit of the Group for three months ended 31 March, 2013 is approximately RMB2,975,000 representing an increase of approximately RMB352,000, or approximately 13.4% in attributable profit as compared with that of the same period in 2012.

The unaudited results of the Group for the three months ended 31 March, 2013 together with the unaudited comparative figures for the corresponding period in 2012 are as follows:

CONSOLIDATED INCOME STATEMENT

Period ended 31 March, 2013

		For the three months ended 31 March,	
		2013	2012
	<i>Notes</i>	RMB	<i>RMB</i>
Revenue	2	89,836,104	90,927,123
Cost of sales		(76,723,976)	(75,238,627)
Gross profit		13,112,128	15,688,496
Other income and gains		6,346,604	5,302,656
Selling and distribution expenses		(5,329,709)	(6,062,787)
Research and development expenses		(1,941,901)	(2,410,153)
Administrative expenses		(6,061,001)	(6,798,043)
Finance Costs	3	(3,372,795)	(2,829,052)
Profit before tax		2,753,326	2,891,117
Income tax expense	4	(384,962)	(34,651)
Profit for the period		2,368,364	2,856,466
Attributable to			
Owners of the Company		2,975,398	2,623,519
Non-controlling interest		(607,034)	232,947
		2,368,364	2,856,466
Earnings per share attributable to Ordinary Equity Holders of the Company			
Basic		0.0027	0.0024
Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March, 2013

	For the three months ended 31 March,	
	2013 RMB	2012 RMB
Profit for the period	2,368,364	2,856,466
Other Comprehensive Income		
Exchange differences on translation of foreign operation	(138,766)	(75,009)
Other comprehensive income for the period, net of tax	(138,766)	(75,009)
Total comprehensive income for the period, net of tax	2,229,598	2,781,457
Total comprehensive income attributable to:		
Owners of the Company	2,836,632	2,548,510
Non-controlling interests	(607,034)	232,947
	2,229,598	2,781,457

1. BASIS OF PRESENTATION

Jiangsu NandaSoft Technology Company Limited (the “Company”, together with its subsidiaries, the “Group”) was established in the People’s Republic of China (the “PRC”) under the Company Law of the PRC as a joint stock limited company on 30 December 1999. The Company’s predecessor, Jiangsu NandaSoft Limited Liability Company (the “Predecessor”) was established on 18 September 1998. By way of transformation of the Predecessor (the “Transformation”), the Company was established on 30 December 1999. During the year, the Group was engaged in the sales of computer hardware and software products, trading of IT related products and equipment and mobile phones, and provision of IT training services, and continued to develop, manufacture and market network security software, Internet application software, education software and business application software, and provision of systems integration services which include the provision of information technology consultation services. In addition, the Group commenced and engaged in the development and trading of pharmaceutical products through the acquisition of a subsidiary, the 70% equity interest in which were subsequently disposed of in October 2012.

The Company’s registered office in the PRC is located at NandaSoft Tower, 8 Jinyin Street, Shanghai Road, Nanjing, Jiangsu, the PRC. The Company’s registered office in Hong Kong is located at Room 08-09, 15/F., Trendy Centre, 682 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

The H shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24 April 2001.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

Notes

2. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the period.

	For the three months ended 31 March,	
	2013	2012
	RMB	RMB
Sale of goods:		
Computer hardware and software products	52,032,261	38,495,522
Trading of IT related products and equipment, and mobile phones	1,185,164	287,067
Pharmacy	–	21,875,885
Rendering of system integration	36,618,679	30,264,676
Provision of IT training services	–	3,973
	89,836,104	90,927,123

3. FINANCE COST

	For the three months ended 31 March,	
	2013	2012
	RMB	RMB
Interest on bank loans wholly repayable within five years	3,332,934	2,736,772
Bank charges	39,861	92,280
	3,372,795	2,829,052

4. TAX

Pursuant to an approval document issued by the Science and Technology Committee of Nanjing Municipality, the Company had been designated as a new and high technology entity and was subject to the concessionary tax rate of 15%.

As certain of the Company's subsidiaries are foreign investment enterprises, after obtaining authorisation from respective tax authorities, these subsidiaries are subject to a full corporate income tax exemption for the first two years and a 50% relief from the state corporate income tax rates of either 15% and 25% in the succeeding three years (the "Tax Holiday"), commencing from 1 January 2008. Upon the expiry of the Tax Holiday, the usual corporate income tax rate of 25% is applicable to these PRC subsidiaries.

As one of the Company's subsidiaries is a newly incorporated systems integration enterprise, after obtaining authorisation from respective tax authority, this subsidiary is subject to a full corporate income tax exemption for the first two years and a 50% relief from the state corporate income tax rates of 25% in the succeeding three years, commencing from 1 January 2011. Upon the expiry of the tax exemption, the usual corporate income tax rate of 25% is applicable to this PRC subsidiary.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil).

**For the three months
ended 31 March,**

2013 2012
RMB **RMB**

The charge comprises:

PRC income tax

384,962	34,651
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Notes

5. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company of RMB2,975,000 (2012: RMB2,624,000) and on 1,104,000,000 (2012: 1,104,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March, 2013 and 2012 as there were no potential events during the relevant periods.

6. RESERVES

	Share Capital RMB	Share Premium RMB	Capital Reserve RMB	Property Revaluation Reserve RMB	Statutory Surplus Reserve RMB	Discretionary Surplus Reserve RMB	Translation Reserve RMB	Retained Earnings RMB	Proposed final dividend RMB	Total RMB
At 1st January 2012	110,400,000	78,634,414	6,017,592	-	12,014,086	277,000	(694,640)	127,012,140	8,832,000	342,492,592
Total comprehensive income for the period	-	-	-	-	-	-	(75,009)	2,623,519	-	2,548,510
At 31 March 2012	110,400,000	78,634,414	6,017,592	-	12,014,086	277,000	(769,649)	129,635,659	8,832,000	345,041,102
At 1st January 2013	110,400,000	78,634,414	6,756,332	55,088,974	17,819,589	277,000	(919,738)	139,725,759	8,832,000	416,614,330
Total comprehensive income for the period	-	-	-	-	-	-	(138,766)	2,975,398	-	2,836,632
Appropriation to reserves	-	-	-	-	6,312,623	-	-	(6,312,623)	-	-
At 31 March 2013	110,400,000	78,634,414	6,756,332	55,088,974	24,132,212	277,000	(1,058,504)	136,388,534	8,832,000	419,450,962

DIVIDEND

The Board does not recommend the payment of dividend for the period. (2012: Nil)

FINANCIAL REVIEW

For the three months ended 31 March, 2013, the turnover of the Group was RMB89,836,000 representing a decrease of approximately RMB1,091,000 when compared to the same period in the previous year. The decrease in turnover was mainly due to the Company disposed of 70% of equity interest of the immediate holding company of Nanjing Nanda Pharmaceutical Company Limited (the "Nanda Pharmaceutical"), Sheng Feng Medical Company Limited which hold 52% equity interest of Nanda Pharmaceutical, to independent third parties which the pharmaceutical operation was not consolidated in current period. In order to diversify the core business of the Company, the Company successfully acquired Jiangsu Changtian Zhi Yuan Transportation Company Limited (the "Changtian") in September 2012, Changtian contributed approximately RMB24,501,000 turnover for the period ended 31 March 2013. As a result, there was only a slightly decreased of 1.2% when compared to the same period in the previous year.

For the three months ended 31 March 2013, the net profit attributable to owners of the Company were approximately RMB2,975,000, representing an increasing of approximately 13.4% when compared to the same period in the previous year, this is mainly due to the decreasing of administrative expense and selling expense of the Group by 12.0% and 10.8% respectively.

BUSINESS REVIEW

The year 2013 marks the opening year of fully promoting the spirit of the Eighteenth National People's Congress of the Communist Party and also a the critical year of the Twelve Five-year Plan in the implementation of informatization. The Company will continue to promote the exploration of the new growth point of software by model innovation. As for the innovation in IT structure, the Company will focus on strengthening the innovative research and development and technology management abilities of Research Institute, so as to make it the starting place of innovative technology of the Group. Jiangsu Changtian Zhi Yuan Transportation Company Limited, which the Group successfully acquired last year, had outstanding performance during the Period, and has entered into several intelligent transportation projects, which further strengthened the competitiveness of the Company in intelligent transportation.

Research and Development of Software

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

During the Period, the Company obtained software product registration certificate of “NandaSoft’s system reinforcement mobile computing system based on security kernel v1.0”.

Software Technology Services and System Integration

During the Period, the Company undertook several IT service projects which included procurement project of mini equipment of Nanjing passenger ticket network management service center, construction project on quality traceability system of agricultural production base in Dalian City, and procurement and services project on automatic control system of air-conditioning of Changzhi Qinghua Factory Pingshun Aerospace Industrial Park project etc.

In respect of intelligent transportation, several projects such as Guizhou Province highway network monitoring and management center project, mechanical engineering project on renovation and expansion of Su Tong Bridge north terminal toll station, upgrade project on full-range coastal highway monitoring system were entered into by Jiangsu Changtian Zhi Yuan Transportation Company Limited during the Period, which enhanced the competitiveness of the Company in intelligent transportation.

Application of the Internet of Things and Medical Informationalization

During the Period, the health technology company obtained software product registration certificates such as NandaSoft intelligent elderly security service system software, NandaSoft intelligent elderly cloud services platform software, NandaSoft intelligent elderly calling service system software, NandaSoft intelligent elderly files dynamic management system software, NandaSoft intelligent elderly government grading regulatory system software and NandaSoft intelligent elderly service business management system software. It also secured the elderly information technology construction project in Shandong Province, the first elderly information technology platform and service system at provincial level in China.

Development of Nandasoft Group and New Project Expansion

During the Period, Jiangsu Hanwin Technology Company Ltd. entered into monitoring and management platform software contracts for cultural heritages such as Xi'an Big Wild Goose Pagoda, Han Great Wall and Xingjiao Pagoda in respect of intelligent heritage, and will continue to be the leader in the intelligent heritage industry.

FUTURE PROSPECTS

Looking forward, NandaSoft expects to increase the sources of earnings of the Company through integration of products and technologies to provide more solutions which are suitable for the building of "intelligent cities".

Directors' and Supervisors' Service Contracts

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

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

Directors' Remuneration

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

Directors' Interests in Contracts

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

Directors', and Supervisors' Interests and Short Positions in Shares and Underlying Shares

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

Long positions in ordinary shares of the Company:

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

Notes:

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

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

Directors' Rights to Acquire Shares or Debentures

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share Option Scheme

The Company has adopted a share option scheme. A summary of the principal terms and conditions of the share option scheme is set out in the section headed "Summary of the Terms of the Share Option Scheme" in Appendix VI of the prospectus issued by the Company dated 19 April 2001. Up to 31 March, 2013, no option has been granted pursuant to such share option scheme.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

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

Long positions:

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

Notes:

- (1) On 31st August 2010, 187,000,000 H shares (the “New H Shares”) has been issued and allotted which comprise of 170,000,000 New H Shares and (ii) 17,000,000 H Shares converted from the same number of Domestic Shares transferred from each of the State Shareholders on a pro rata basis to the National Social Security Fund Council of PRC (the “NSSF Council”) (National Social Security Fund Council of PRC), which is in aggregate equivalent to 10% of New H Shares issued pursuant to the New Issue.
- (2) Jiangsu Management Centre is a professional unit entity established which changed its name from Jiangsu Educational Instrument Corporation on 1st July 2001. The interest of Jiangsu Management Centre comprises 84,159,944 domestic shares (100% deemed interests held by Jiangsu Management Centre representing approximately 7.62% of the Company’s total issued share capital) held through Jiangsu Co-Creation, which is approximately 51% owned by Jiangsu Management Centre.
- (3) These shares are also directly held by Low Hin Choong who is also the spouse of Yap Siew Chin.

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


DIRECTOR’S INTERESTS IN A COMPETING INTERESTS

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

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

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

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



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

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the three months ended 31 March, 2013.

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

13 May, 2013, Nanjing, the PRC