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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)



**First Quarterly Report 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 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 GEM 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 or deceptive; (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 RMB76,381,156 for the three months ended 31 March 2015.
- Accomplished an attributable net profit of approximately RMB-8,021,182 for the three months ended 31 March 2015.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2015.

## FIRST QUARTERLY RESULTS

The board of directors (the "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 2015.

For the three months ended 31 March 2015, the unaudited turnover is approximately RMB76,381,156, representing an increase of approximately RMB504,790, or approximately 0.67% in turnover as compared with that of the same period in 2014.

The unaudited attributable profit of the Group for three months ended 31 March 2015 is approximately RMB-8,021,182 representing a decrease of approximately RMB9,027,810, or approximately 896.84% in attributable profit as compared with that of the same period in 2014.

The unaudited results of the Group for the three months ended 31 March 2015 together with the unaudited comparative figures for the corresponding period in 2014 are as follows:

## CONSOLIDATED INCOME STATEMENT

Period for three months ended 31 March 2015

Items	Notes	As of 31 March 2015	As of 31 March 2014
<b>I. Total operating revenue</b>	2	<b>76,381,156</b>	75,876,366
Including: Operating revenue		<b>63,069,114</b>	60,226,135
Business tax and surcharges		<b>757,632</b>	765,455
Selling expenses		<b>3,413,807</b>	4,474,084
Administrative expenses		<b>9,886,301</b>	9,933,325
Finance expenses	3	<b>5,738,990</b>	3,598,815
Impairment losses on assets			
Add: Profit arising from changes in fair value (loss stated with “-”)			
Investment income (loss stated with “-”)			
Including: Investment income from associates and joint ventures			
Exchange income (loss stated with “-”)			
<b>II. Operating profit (loss stated with “-”)</b>		<b>-6,484,688</b>	-3,121,448
Add: Non-operating income			
Including: gain on disposal of non-current assets		<b>203,915</b>	6,086,227
Less: Non-operating expenses			
Including: Loss on disposal of non-current assets		<b>26,300</b>	25,440
<b>III. Total profit (total loss stated with “-”)</b>		<b>-6,307,073</b>	2,939,339
Less: Income tax expenses	4	<b>564,050</b>	992,680

Items	Notes	As of 31 March 2015	As of 31 March 2014
<b>IV. Net profit (net loss stated with “-”)</b>		<b>-6,871,123</b>	1,946,659
Including: Net profit attributable to the owners of the Parent Company		<b>-8,021,182</b>	1,006,628
Profit and loss of minority shareholders		<b>1,150,059</b>	940,031
<b>V. Earnings per share</b>	5		
(I) Basic earnings per share		<b>-0.0065</b>	0.0009
(II) Diluted earnings per share		<b>-0.0065</b>	0.0009
<b>VI. Other comprehensive income</b>		<b>1,209,666</b>	
<b>VII. Total comprehensive income</b>		<b>-5,661,457</b>	1,946,659
Including: Total comprehensive income attributable to owners of the Parent Company		<b>-6,811,516</b>	1,006,628
Total comprehensive income attributable to minority shareholders		<b>1,150,059</b>	940,031

## 1. COMPANY INFORMATION

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

During the period, the Group is principally engaged in the development, production and promotion of 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 consulting.

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 principal place of business in Hong Kong is located at 18/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

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

## 2. 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	
	2015 RMB	2014 RMB
Computer hardware and software products	60,689,650	52,173,714
Rendering of system integration	14,553,923	21,212,574
Other business	1,137,583	2,490,078
	<b>76,381,156</b>	<b>75,876,366</b>

## Notes

### 3. FINANCE COST

	For the three months ended 31 March	
	2015 RMB	2014 RMB
Interest income	(663,810)	(166,233)
Interest on bank loans wholly repayable within five years	6,332,981	3,717,049
Bank charges	69,819	47,999
	<b>5,738,990</b>	<b>3,598,815</b>

### 4. TAX

Taxes on profits assessable in the PRC have been calculated at 25%. Pursuant to an approval document issued by the Science and Technology Committee of Nanjing Municipality, the Company and one of the Company's subsidiaries had been designated as a new and high technology entity and were subject to the concessionary tax rate of 15%.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising during the period.

	For the three months ended 31 March	
	2015 RMB	2014 RMB
The charge comprises:		
PRC income tax	564,050	992,680

### 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 RMB-8,021,182 (2014: RMB1,006,628) and on 1,240,000,000 (2014: 1,104,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March 2015 and 2014 as there were no potential events during the relevant periods.

## 6. STATEMENT OF CHANGES IN EQUITY

Unit: RMB

Items	Equity attributable to shareholders of the Parent Company										Total shareholder's equity		
	Share capital	Preferred shares	Perpetual bond	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Reserve for general risk		Unallocated profit	Minority interests
1 January 2014	110,400,000				78,634,414		543,592,711		19,962,462		138,601,336	38,922,719	440,880,202
Change through current period							267,890				1,006,628	940,031	2,214,549
31 March 2014	110,400,000				78,634,414		546,271,611		19,962,462		139,607,964	39,862,750	443,094,751
1 January 2015	124,000,000				92,234,414		742,151,190		19,962,462		59,743,392	39,441,835	409,597,294
Change through current period							1,209,666				-8,021,182	1,150,059	-5,661,457
31 March 2015	124,000,000				92,234,414		75,424,856		19,962,462		51,722,210	40,591,894	403,935,837

## Notes





## DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2015. (2014: Nil)

## FINANCIAL REVIEW

With the rapid development of the technology market, the Group faced unprecedented competition, market share and the gross profit margin of the Group were directly affected, which leading the turnover of the Group for the three months ended 31 March 2015 was approximately RMB76,381,156, representing an increase of RMB504,790, or approximately 0.67%, as compared to the same period in the previous year.

For three months ended 31 March 2015, the net profit of the Company amounted to approximately RMB-6,871,123, representing a decrease of approximately 452.97% as compared to the same period in the previous year; and the net profit attributable to owners of the Company amounted to approximately RMB-8,021,182, representing a decrease of approximately 896.84% as compared to the same period in the previous year.

## BUSINESS REVIEW

### R & D of Information Technology

During the period, the Company conducted the development of the “Domestic basic software and hardware cloud systems of electronic-document-based application” and “R & D and commercialization of cloud-based data management service platform” projects. The projects were mainly about the core technologies of domestic cloud platform and electronic documents, including cloud computing network, cloud computing chips, cloud computing server, cloud storage, virtualization, cloud computing management, cloud platform, cloud services, cloud security, electronic document all-process management, document technology etc, and it carried out the integration, upgrade of products and technologies of which the R & D had been completed, as well as the R & D on new technologies, striving for attainment of the standard of IBM, Oracle platforms etc. for most of the technical indicators.



During the period, the Company completed the pre-research of the modules of NandaSoft desktop cloud and started the productisation of each module, and heretofore, we have produced framework of basic communication protocol, completed preliminary development of end-user software, finalized the entire login module and recompilation of remote protocol, as well as the optimization of jpeg algorithm.

During the period, Changtian Zhiyuan Company started the operation of expressway company toll system and achieved a satisfactory result. The new version of such Linux-system-based driveway toll system, including the lane software based on new Linux management system, and stand-level management software, has been applied to newly contracted projects. In addition, we further deepened the R & D of transport webcam network monitoring platform system, significantly upgraded the existing system with numerous new functions, such as providing access to more types of video.

### **IT services**

During the period, the Company continued with its target of increasing market share and took up several material projects through aggressively engaging in bidding and cooperation with peers.

As for system integration, we took up the database building project of the personnel management information system of Jiangsu Provincial Department for Human Resources, the video conference project of Jiangsu Provincial Human Resources and Social Security Office, the technological service project of Jiangsu Beijing-Shanghai Expressway, bandwidth expansion project for gigabit ethernet of Beijing-Shanghai Expressway and Internet security technology service project of Ningsuxu Expressway. Also, we entered into server maintenance contract with Jiangsu Provincial Institution of Standardization, switch purchasing contract with the Outpatient Building of Nanjing Military General Hospital and cooperative purchasing agreement for software project with ZTE Corporation. As for projects on hand, we continued to advance a number of large IT projects which worth million and 10 million, including core goods delivery facilities upgrade and capacity expansion project of the provincial industrial and commercial specific network of the Administration of Industry and Commerce of Jiangsu Province, the experimental school intelligence engineering project of Yancheng Environmental Protection Science and Technology City and the data center procurement project of Anhui province Public Security Bureau.



In the intelligent transportation aspect, during the period, Jiangsu Changtian Zhi Yuan Transportation Company Limited entered into the construction project of electronic toll collection (ETC) lanes for toll station of Sanming Expressway and engineering contract of electronic toll collection (ETC) system for Henan Provincial Toll of Debt-repaying Expressway Management Center, which strengthened the integral capabilities, secured the market position and enhanced the competitiveness of the Company in the smart transportation domain.

### **Future Prospects**

In the future, the Group will focus on IT industry by integrating high new technology and social resources. On one hand, the Group will strengthen our existing traditional IT business and build a new team specializing in the distribution and service of optical transport and equipment such as switch; on the other hand, the Group will advance its cloud platform business through Bei Dou Project in order to progressively transform towards cloud platform and data service business. Furthermore, we will keep paying attention to the government's moves. By concentrating on the government and public projects, the Group tends to follow the trend with quality services. Also, by virtue of the integral capabilities and reputation of Nanjing University, we are able to capture the opportunity at the right time, to promote applicable technological innovation in certain aspects, including big data, cloud computing and mobile internet, and to develop competitive products for the Internet platform. We dedicate to becoming a leading corporation during the era of big data.

### **DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

At 31 March 2015, the interests and short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws (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 Rules Governing the Listing of Securities of the GEM ("GEM Listing Rules"), were as follows:

## Long positions:

Name	Type of Interest	Number of domestic shares	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
<b>Director</b>						
Wong Wei Khin	Note 1	-	3,000,000	-	0.71%	0.24%

Note:

(1) These shares are directly held by such director and his sister.

Save as disclosed above, as at 31 March 2015, none of the directors, supervisors or chief executives of the Company had 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 three months ended 31 March 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company 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.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

At 31 March 2015, the following interests and short positions of 5% or more of the shares and underlying shares of the shareholders (excluding directors, supervisors and chief executives of the Company) were recorded in the register 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	15.61%	-	-	127,848,097	10.31%
Zhong Chuang BaoYing (Beijing) Investment Fund Management Co., Ltd.	Beneficial Owner	121,000,000	14.77%	-	-	121,000,000	9.76%
Beijing Chang Tian Guosheng Investment Co., Ltd.	Beneficial Owner	100,000,000	12.21%	-	-	100,000,000	8.06%
Shenyang Cheng Fa Commercial Software Company Limited	Beneficial Owner	85,000,000	10.38%	-	-	85,000,000	6.86%
Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School ("Jiangsu Management Centre") (Notes 1 & 2)	Interest of a controlled corporation	84,159,944	10.28%	-	-	84,159,944	6.79%
Shanghai Shiyuan Network Technology Company Limited	Beneficial Owner	55,000,000	6.72%	-	-	55,000,000	4.44%
Guangzhou DingXiang Trade Co., Ltd.	Beneficial Owner	50,000,000	6.11%	-	-	50,000,000	4.03%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial Owner	43,931,959	5.36%	-	-	43,931,959	3.54%
Jiang Su Education Development Company Limited (Notes 1 & 2)	Beneficial Owner	84,159,944	10.28%	-	-	84,159,944	6.79%



Notes:

- (1) On 31 August 2010, 187,000,000 H shares (the “New H Shares”) have been allotted and issued 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, 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 1 July 2001. The interest of Jiangsu Management Centre comprises 84,159,944 domestic shares (100% deemed interests held by Jiangsu Management Centre representing approximately 6.79% of the Company’s total issued share capital) held through Jiangsu Co-Creation, which is approximately 51% owned by Jiangsu Management Centre.

Save as disclosed above, as at 31 March 2015, no person, other than the directors, supervisors or chief executives of the Company, whose interests are set out in the section “Directors’, Supervisors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had 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.

## **COMPETING INTERESTS**

None of directors or controlling shareholders of the Company and their respective close 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.

## **SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS**

The Company has adopted a code of conduct regarding directors’ and supervisors’ securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all directors and supervisors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors and supervisors adopted by the Company throughout the three months ended 31 March 2015.



## CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “Corporate Governance Code”) contained in the Appendix 15 of the GEM Listing Rules. The Board has adopted the Corporate Governance Code to ensure greater transparency and quality of disclosure as well as more effective risk control. We believe that adopting the highest corporate governance code will bring long-term value, and finally will create the biggest return for shareholders and equity holders. The management is committed to maximize the long-term interests for shareholders and carries out business with an attitude of honesty. Meanwhile, we bear the social responsibility and therefore, we have all along been recognized by the market.

## AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000, it currently comprises three independent non-executive directors, namely 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 first quarterly results announcement and report for the three months ended 31 March 2015 and agreed to the contents of such.

## 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 2015.

By Order of the Board  
**Jiangsu NandaSoft Technology Company Limited\***  
**Liu Jian (alias Liu Jian Bang)**  
*Chairman*

13 May 2015, Nanjing, the PRC