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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)



**Third 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 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 RMB303,899,010 for the nine months ended 30 September 2015, representing an increase of approximately 6.91% as compared with that of the corresponding period in 2014.
- Accomplished a net loss of approximately RMB29,445,601 for the nine months ended 30 September 2015.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015.

## THIRD QUARTERLY 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 and nine months ended 30 September 2015.

For the three months and nine months ended 30 September 2015, the unaudited turnover is approximately RMB126,951,987 and RMB303,899,010 respectively, representing an increase of approximately RMB29,593,867 and RMB19,639,728, or approximately 30.4% and 6.91%, as compared with that of the corresponding period in 2014.

The unaudited net loss of the Group for three months and nine months ended 30 September 2015 is approximately RMB13,405,095 and RMB29,445,601 respectively, representing a decrease of approximately RMB2,158,567 and RMB19,280,165, as compared with the corresponding period in 2014.

The unaudited results of the Group for the three months and nine months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period in 2014 are as follows:

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Items	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
<b>I. Total operating revenue</b>	2	<b>126,951,987</b>	97,358,119	<b>303,899,010</b>	284,259,281
Including: Operating costs		114,625,332	81,343,581	267,497,556	230,859,696
Business tax and surcharges		870,500	764,065	2,108,215	1,711,218
Selling expenses		3,968,053	6,111,486	11,157,271	16,622,140
Administrative expenses		12,967,145	13,119,570	34,281,881	36,728,380
Finance expenses	3	5,654,827	6,127,739	16,788,373	13,626,374
Impairment losses on assets		-	-51,958	15,660	-
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>-11,133,869</b>	-10,056,365	<b>-27,949,946</b>	-15,288,528
Add: Non-operating income		445,823	198,350	3,687,824	9,474,780
Including: gain on disposal of non-current assets		-	-	-	-
Less: Non-operating expenses		515,921	156,269	817,167	181,710
Including: Loss on disposal of non-current assets		-	-	-	-

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015	2014	2015	2014
		RMB	RMB	RMB	RMB
<b>III. Total profit (total loss stated with “-”)</b>		<b>-11,203,967</b>	<b>-10,014,285</b>	<b>-25,079,289</b>	<b>-5,995,458</b>
Less: Income tax expenses	5	716,205	-645,254	1,412,531	1,253,401
<b>IV. Net profit (net loss stated with “-”)</b>		<b>-11,920,172</b>	<b>-9,369,030</b>	<b>-26,491,820</b>	<b>-7,248,859</b>
Including: Net profit attributable to the owners of the Parent Company		<b>-13,405,096</b>	<b>-11,246,527</b>	<b>-29,445,601</b>	<b>-10,165,436</b>
Minority interests		<b>1,484,923</b>	<b>1,877,497</b>	<b>2,953,781</b>	<b>2,916,577</b>
<b>V. Earnings per share</b>					
(I) Basic earnings per share	6	-0.0108	-0.0091	-0.0237	-0.0082
(II) Diluted earnings per share		-0.0108	-0.0091	-0.0237	-0.0082
<b>VI. Other comprehensive income</b>		<b>7,083</b>	<b>-267,890</b>	<b>1,312,862</b>	<b>-</b>
<b>VII. Total comprehensive income</b>		<b>-11,913,089</b>	<b>-9,636,920</b>	<b>-25,178,958</b>	<b>-7,248,859</b>
Including: Total comprehensive income attributable to owners of the Parent Company		<b>-13,398,013</b>	<b>-11,514,417</b>	<b>-28,132,739</b>	<b>-10,165,436</b>
Total comprehensive income attributable to minority shareholders		<b>1,484,923</b>	<b>1,877,497</b>	<b>2,953,781</b>	<b>2,916,577</b>

### 1. CORPORATE 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 Limited Liability Company (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 Block 01, No. 19 South Qingjiang Road, Gulou District, 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.

## 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 30 September		For the nine months ended 30 September	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Computer hardware and software products	117,267,398	34,327,025	247,922,551	170,463,273
Import & export of IT related products	–	257,923	–	6,104,119
System integration service	11,687,205	60,262,630	52,550,282	100,164,869
Provision of IT training	–	153,225	–	153,511
Property service	(2,093,717)	2,589,446	3,335,075	5,662,290
Total Sales	126,860,887	97,358,119	303,807,910	284,259,281

### 3. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Interest on bank loans wholly repayable within five years	5,583,458	6,076,809	16,623,935	13,493,079
Bank charges	71,368	45,946	164,437	133,295
	5,654,826	6,122,755	16,788,372	13,626,374

#### 4. DEPRECIATION AND AMORTISATION

(Loss)/profit before tax has been arrived at after charging:

	For the three months ended 30 September		For the nine months ended 30 September	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
Depreciation and amortisation on:				
– Property, plant and equipment	15,226,522	1,689,611	17,734,076	4,906,144
– Intangible assets (included in research and development costs)	–	157,550	–	472,650
Cost of Sale	114,625,332	81,343,581	267,497,556	230,859,696

#### 5. INCOME TAX EXPENSE

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 30 September		For the nine months ended 30 September	
	2015	2014	2015	2014
	RMB	RMB	RMB	RMB
The (credit)/charge comprises:				
PRC income tax	716,205	(645,254)	1,412,531	1,253,401



## Notes

### 6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss attributable to the holders of the Company of approximately RMB13,405,096 and RMB29,445,601 for the three and nine months ended 30 September 2015 and on 1,240,000,000 (2014: 1,240,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and nine months ended 30 September 2015 and 2014 as there were no potential dilutive securities in existence during the relevant periods.

### 7. RESERVES

Items	Equity interest attributable to the owners of the Parent Company						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
1 January 2014	110,400,000	78,634,414	54,359,271	19,962,462	138,601,336	38,922,719	440,880,202
Change for the period			13,867,891	4,922,682	-15,088,119	2,916,577	6,619,032
30 September 2014	<u>124,000,000</u>	<u>78,634,414</u>	<u>68,227,162</u>	<u>24,885,144</u>	<u>123,513,217</u>	<u>41,839,297</u>	<u>461,099,234</u>
1 January 2015	124,000,000	92,234,414	74,215,190	19,962,462	59,743,392	39,441,835	409,597,294
Change for the period			1,312,862	711,555	-29,445,601	2,953,781	-24,467,403
30 September 2015	<u>124,000,000</u>	<u>92,234,414</u>	<u>75,528,052</u>	<u>20,674,018</u>	<u>30,297,791</u>	<u>42,395,616</u>	<u>385,129,891</u>



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (2014: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Results

The unaudited turnover of the Group for the three months and nine months ended 30 September 2014 were approximately RMB126,951,987 and RMB303,899,010 respectively, representing an increase of approximately RMB29,593,867 and RMB19,639,728 or approximately 30.4% and 6.91% as compared with that of the corresponding period in 2014.

For the three months and nine months ended 30 September 2015, loss attributable to the equity holders of the parent company of the Group was approximately RMB13,405,095 and RMB29,445,601.

During the period, the increase of the loss attributable to the equity holders of the parent company of the Group was mainly due to the unprecedented competition under the rapid development in technology market especially for sale of computer products and system integration services decreased as compared to the same period in the 2014, which directly affects the market shares and competitive edge of the Group.

The Board believes that the Company's strategies to speed up the process of product development, as well as strengthen its sales network and expand its product market was in the interests of the Company's long-term development despite its evident effects to the results for the period.



## BUSINESS DEVELOPMENT REVIEW

### Research and development of IT technology and products

During the period, the Company continued its research and development in domestic cloud platform and electronic document system and completed its research and development in system management (including department management, user management, role management and rights management) of the electronic document project in order to link up the latest version of Lucene and complete the sample demo, also integrate the workflow of electronic document project and Lucene search engine for the further development of the preparation procedure of statement technology.

In respect of cloud computing, the Company has respectively completed the operating test of the basic function of Openstack cloud platform, the preparation of remote connection agreement (Spice), the development of client login arm structure and x86, the establishment of the external usbip data base and the selection and basic function test for the arm client equipment during the period.

### IT Service

In terms of systems integration, the Company undertook certain medium to large sized projects such as the construction project of Water Conservancy Bureau Data Center (Phrase I) in Jiangsu province, the procurement project of Jiangsu Maritime Bureau, the UPEG project of ZTE, the premises management project of Nanjing Agricultural University, the procurement project of Nanjing Daily News Group(南京報業集團), the Lianyungang Government Procurement Center project, Yangzhou Hanjiang Department of Education project, the light current engineering project of Yixing Jiuzhou Hotel(宜興沭洲大飯店), the light current engineering project of Nanjing Jiuzhoutong Logistics Phase III and the command center dispatch system of Jiangsu Fangyuan Group(江蘇方源集團) during the period.

In respect of the cloud platform and electronic document market, the Company will continue to further develop the electronic document management project of Nanjing Municipal Office, formulate a research team and procure the staff of Municipal Office to commence the relevant training of electronic document management, and subsequently file an application to perform a demonstration project with comprehensive promotion in the province. Also, the Company has completed the second round of testing concerning the Beijing Guodiantong desktop virtualization project and promotes desktop cloud products to various large hospitals in the province.



In the field of intelligent transportation, Jiangsu Changtian Zhiyuan Transportation Research Co., Ltd undertook various million dollar projects including the 2015 toll road network group project of Shaanxi Provincial Expressway Construction Group (陝西省高速公路建設集團), the G2001 Jinan beltway security facilities upgrade project of Jinan City Highway Administration Bureau, the airport highway procurement project of Nanning Urban Construction Investment Company, the 2015 three major system upgrade project of Nanjing Road Development Group, the transportation services hotline system upgrade project of Jiangsu Provincial Government, the Tongsha car and ferry administration toll system upgrade and construction project in Jiangsu province during the period.

### **Future prospects**

The Group will consider the IT business such as cloud platform, intelligent transportation, electronic document system as the principle activities with focus on exploring quality customers, integrating resources and positioning itself in the utility business including government, universities, hospitals, electronics, transportation, communication for gradually implementing the annual business plans with internet thinking to optimize and upgrade the existing principle business patterns as well as the corporate governance and investment and financing method. On the other hand, since the government strongly advocates the scientific research for accelerating the effective conversion, the Group will leverage the comprehensive advantages of Nanjing University in order to commercialize the high-quality research projects and improve and optimize the business chain concerning production, study and research of the Group.

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

At 30 September 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 the Laws of Hong Kong (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 on the GEM (the "GEM Listing Rules"), were as follows:

## Long positions in ordinary shares of the Company:

Name of Director	Type of Interest	Number of domestic shares	Number of H shares	Percentage of deemed beneficial interest in the Company's domestic share capital (Note 1)	Percentage of deemed beneficial interest in the Company's H share capital (Note 1)	Percentage of deemed beneficial interest in the Company's total share capital (Note 1)
Mr. Zhu Yong Ning	Interest of a controlled corporation	163,800,000 (Note 2)	-	20%	-	13.21%

### Notes:

- (1) As at 30 September 2015, the Company issued 819,000,00 domestic shares and 421,000,000 H shares, resulting 1,240,000,000 shares in total.
- (2) Such 163,800,000 domestic shares are held by Jiangsu Keneng Electricity Technology Co., Ltd. ("Jiangsu Keneng Electricity"), Mr. Zhu Yong Ning holding 90% shareholding in Jiangsu Keneng Electricity. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholding. Approval had been obtained from the shareholders of the Company on 10 April 2015 in respect of the issue of 163,800,000 domestic shares. As at 30 September 2015, the relevant capital verification procedures and securities registration were still pending.

Save as disclosed above, as at 30 September 2015, none of the directors, supervisors or chief executive of the Company 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 nine months ended 30 September 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 30 September 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 in ordinary shares of the Company:

Shareholder	Capacity	Number of domestic shares	Percentage of domestic shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic and H shares	Percentage of domestic and H shares (Note 1)
Nanjing University Asset Administration Company Limited (Note 2)	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 2 & Note 3)	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%
Jiangsu Co-Creation Education Development Limited ("Management Centre") (Notes 2 & 3)	Beneficial Owner	84,159,944	10.28%	-	-	84,159,944	6.79%
Jiangsu Keneng Electricity (Note 4)	Beneficial Owner	163,800,000	20%	-	-	163,800,000	13.21%

#### Notes:

- (1) As at 30 September 2015, the Company issued 819,000,000 domestic shares and 421,000,000 H shares, resulting 1,240,000,000 shares in total.
- (2) On 31 August 2010, 187,000,000 H shares (the “New H Shares”) have been allotted and issued which comprise of (i) 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.
- (3) Jiangsu Management Centre is a business 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.
- (4) Approval had been obtained from the shareholders of the Company on 10 April 2015 in respect of the issue of 163,800,000 domestic shares. As at 30 September 2015, the relevant capital verification procedures and securities registration were still pending.

Save as disclosed above, as at 30 September 2015, no person, other than the directors, supervisors and chief executive 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 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.

#### COMPETING INTERESTS

None of the 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 nine months ended 30 September 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 interest 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 third quarterly results announcement and the third quarterly report for the nine months ended 30 September 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 nine months ended 30 September 2015.

On behalf of the Board  
**Jiangsu NandaSoft Technology Company Limited\***  
江蘇南大蘇富特科技股份有限公司  
**Zhu Yong Ning**  
*Chairman*

Nanjing, the PRC, 6 November 2015

\* *For identification purpose only*