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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 2016**



## **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 RMB142,633,898 for the three months ended 31 March 2016.
- Accomplished an attributable net profit of approximately RMB-12,565,758 for the three months ended 31 March 2016.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2016.

## 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 2016.

For the three months ended 31 March 2016, the unaudited turnover is approximately RMB142,633,898, representing an increase of approximately RMB66,252,742, or approximately 86.74% in turnover as compared with that of the same period in 2015.

The unaudited attributable profit of the Group for three months ended 31 March 2016 is approximately RMB-12,565,758, representing a decrease of approximately RMB4,544,576, or approximately 56.66% in attributable profit as compared with that of the same period in 2015.

The unaudited results of the Group for the three months ended 31 March 2016 together with the unaudited comparative figures for the corresponding period in 2015 are as follows:

## CONSOLIDATED INCOME STATEMENT

Period for the three months ended 31 March 2016

Items	Notes	As of 31 March 2016	As of 31 March 2015
<b>I. Total operating revenue</b>	2	<b>142,633,898</b>	76,381,156
Including: Operating cost		<b>136,509,086</b>	63,069,114
Business tax and surcharges		<b>541,473</b>	757,632
Selling expenses		<b>3,856,798</b>	3,413,807
Administrative expenses		<b>8,979,220</b>	9,886,301
Finance expenses	3	<b>4,216,450</b>	5,738,990
Impairment losses on assets			
Add: Profit arising from changes in fair value (loss stated with “-”)			
Investment income (loss stated with “-”)		<b>68,027</b>	
Including: Investment income from associates and joint ventures			
Exchange income (loss stated with “-”)			
<b>II. Operating profit (loss stated with “-”)</b>		<b>-11,401,104</b>	-6,484,688
Add: Non-operating income		<b>1,500</b>	203,915
Including: gain on disposal of non-current assets			
Less: Non-operating expenses		<b>200,390</b>	26,300
Including: Loss on disposal of non-current assets			
<b>III. Total profit (total loss stated with “-”)</b>		<b>-11,599,994</b>	-6,307,073
Less: Income tax expenses	4	<b>276,743</b>	564,050

Items	Notes	As of 31 March 2016	As of 31 March 2015
<b>IV. Net profit (net loss stated with “-”)</b>		<b>-11,876,738</b>	-6,871,123
Including: Net profit attributable to the owners of the Parent Company		<b>-12,565,758</b>	-8,021,182
Profit and loss of minority shareholders		<b>689,020</b>	1,150,059
<b>V. Earnings per share</b>	5		
(I) Basic earnings per share		<b>-0.0101</b>	-0.0065
(II) Diluted earnings per share		<b>-0.0101</b>	-0.0065
<b>VI. Other comprehensive income</b>		<b>-</b>	1,209,666
<b>VII. Total comprehensive income</b>		<b>-11,876,738</b>	-5,661,457
Including: Total comprehensive income attributable to owners of the Parent Company		<b>-12,565,758</b>	-6,811,516
Total comprehensive income attributable to minority shareholders		<b>689,020</b>	1,150,059

## Notes

### 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 Block 1, 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.

### 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	
	2016 RMB	2015 RMB
Computer hardware and software products	96,689,421	60,689,650
Rendering of system integration	43,059,157	14,553,923
Other business	2,885,321	1,137,583
	<b>142,633,899</b>	<b>76,381,156</b>

## Notes

### 3. FINANCE COST

	For the three months ended 31 March	
	2016	2015
	RMB	RMB
Interest income	(240,214)	(663,810)
Interest on bank loans wholly repayable within five years	4,288,732	6,332,981
Bank charges	167,932	69,819
	<b>4,216,451</b>	<b>5,738,990</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 its 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	
	2016	2015
	RMB	RMB
The charge comprises: PRC income tax	<b>276,743</b>	564,050

### 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-12,565,758 (2015: RMB-8,021,182) 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 ended 31 March 2016 and 2015 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												
	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	Total shareholder's equity
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 through current period											-9,526,132	8,148,12	-8,711,320
31 March 2015	124,000,000				92,234,414		74,215,190		19,962,462		50,217,260	40,256,647	400,885,974
1 January 2016	124,000,000				93,873,332		82,280,708		19,962,462		-100,649,435	50,802,532	270,269,599
Change through current period											-12,565,758	3,689,020	-8,876,738
31 March 2016	124,000,000				93,873,332		82,280,708		19,962,462		-113,215,193	54,491,552	261,392,861

## Notes



## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2016. (2015: Nil)

## **FINANCIAL REVIEW**

Due to the adoption of various sales strategies, the total turnover of the Group for the three months ended 31 March 2016 was approximately RMB142,633,898, representing an increase of RMB66,252,742 or approximately 86.74% as compared with the same period last year.

However, due to the market competition and the increase in hardware trading volume, the net profit of the Group decreased. For the three months ended 31 March 2016, the net profit of the Group amounted to RMB-11,876,738, representing a decrease of 75.85% as compared with the same period last year; the net profit attributable to owners of the Company amounted to approximately RMB-12,565,758, representing a decrease of 56.66% as compared with the same period last year.

## **BUSINESS REVIEW**

### **R&D of Information Technology**

During the period, the Company continued the development of the electronic document management system and completed the foundation of the electronic document management system. The electronic document management system has already been demonstrated to the Municipal Committee Office of Nanjing. Currently, the Company embarks on the supplement of the interface documents and sorting out the authorization system between the electronic documents and application of upper level. Meanwhile, the Company continues the development of "Cloud Desktop System" and is currently developing the version 2.0 to experience a distinct improvement of the system as a whole; certain level of enhancement has been obtained on the deployment in a limited scale and the stability of usage; the system supports multi-VDI protocol to give full play to the advantages of various protocols. Currently, the Company is promoting the desktop cloud resolution for the Nanhu Community Hospital and the Nanjing College of Information Technology.

During the period, Changtian Zhiyuan Company continued the development of the operations management and transportation service system of expressway network and operations management service platform for joint network of expressway. R&D of the comprehensive safety monitoring system for transport system has also begun. Such project has created a comprehensive integrated transportation security monitoring system with full coverage through the implementation of the development of production target management, safety production management on potential risks, early risk warning system on safety production, collaborate supervision on safety production, consolidated statistic analysis on safety production, etc. to effectively enhance the integrated management level of quality and efficiency, intensifying the depth of integration and digging of integrated security monitoring data for the support to the statistic analysis and decision making. Meanwhile, the Company commenced the development of mobile video monitoring system. Such project makes the full use of mobile internet techniques and streaming media techniques, establishing mobile video applicable to video transcoding and decoding services and providing a mutual friendly experience for satisfying the need of mobile video monitoring. The intellectual mobile terminal provides convenient play and surf of the real-time videos as well as the real-time mobile monitoring videos of business such as daily operations management, emergency response and industry regulatory supervision.

During the period, the E-Reader of Health (健康電子閱讀寶) developed by Staterich Technology (Jiangsu) Company Limited has been selected to be the trial application of the new products and new technology of educational equipment by the Education Bureau of Jiangsu Province for the year 2014-2015, and the trial was completed in three schools with a relatively satisfactory appraisal.

## Software Services and System Integration

During the reporting period, the Group undertook the installation of security surveillance of the service area of Turban Expressway Bureau of Administration of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區吐魯番公路管理局服務區), information system and vehicle terminal project of car rental service management in Bozhou City, display systems of transportation service and safety emergency center in Jiangsu Province (江蘇省交通運輸出行服務與安全應急中心), electronical and mechanical system of Guangjing Xicheng Expressway (廣靖錫澄高速公路), the construction of ETC exclusive driveway between Jingjijie-Laishui section of Jingkun Expressway (京昆高速公路京冀界至涑水段), the toll system and internet communication and security technology services of Jiangsu Ningsuxu Expressways Co., Ltd. (江蘇寧宿徐高速公路有限公司), the maintenance service of security and communication technology of joint toll network of Suzhou Raocheng expressway (蘇州繞城高速公路聯網收費網絡安全及通信維護技術服務) and various IT service projects of architectural intelligent system of Fenghuang Yikang Project in Wuxi (無錫鳳凰宜康項目).

## Future Prospects

The Group will focus on the IT industry and the integration of resources to lead the transformation and upgrading of existing business via Internet business model, and seize the opportunity offered by the State in promoting in full scale the construction of smart cities. In addition, the Company will, relying on the comprehensive advantages of Nanjing University, promote the technological innovation in terms of Big Data, Cloud Computing, mobile Internet and other applications and develop certain software based on Internet platform and with its own intellectual property rights in China; the Company will lay its focus on the smart city industry of higher market value in which the Group has distinctive advantages, including government, education, intelligent transportation, finance and medical services.

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

As at 31 March 2016, 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 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	178,800,000 (Note 2)	-	21.84%	-	14.42%

### Notes:

- (1) As at 31 March 2016, the Company issued 819,000,00 domestic shares and 421,000,000 H shares, resulting 1,240,000,000 shares in total.
- (2) Such 178,800,000 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 31 March 2016, the relevant capital verification procedures and securities registration were still pending.

Save as disclosed above, as at 31 March 2016, 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 2016 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

As at 31 March 2016, 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	Percentage of	Number of	Percentage of	Number of	Percentage of
		domestic shares	domestic shares		H shares		H shares
			(Note 1)				(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%
Shanghai Shiyuan Network Technology Company Limited	Beneficial owner	55,000,000	6.72%	-	-	55,000,000	4.44%
Jiangsu Provincial IT Industrial Investment Company Limited	Beneficial owner	43,931,959	5.36%	-	-	43,931,959	3.54%
Jiang Su Co-Creation Education Development Company Limited (Note 2)	Beneficial owner	84,159,944	10.28%	-	-	84,159,944	6.79%
Jiangsu Keneng Electricity (Note 3)	Beneficial owner	178,800,000	21.83%	-	-	178,800,000	14.42%
Ms. Zhang Yan Ping	Beneficial owner	142,389,830	17.39%	-	-	142,389,830	11.48%
Mr. Zheng Chang Min (Note 4)	Interest of spouse	142,389,830	17.39%	-	-	142,389,830	11.48%
Mr. Wu Yun	Beneficial owner	121,271,186	14.81%	-	-	121,271,186	9.78%
Ms. Zhang Xian Zhi (Note 5)	Interest of spouse	121,271,186	14.81%	-	-	121,271,186	9.78%

*Notes:*

- (1) As at 31 March 2016, 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) 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 31 March 2016, the relevant capital verification procedures and securities registration were still pending.
- (4) Mr. Zheng Chang Min is the spouse of Ms. Zhang Yan Ping. Pursuant to SFO, Mr. Zheng Chang Min is deemed to be interested in the shares held by Ms. Zhang Yan Ping.
- (5) Ms. Zhang Xian Zhi is the spouse of Mr. Wu Yun. Pursuant to SFO, Ms. Zhang Xian Zhi is deemed to be interested in the shares held by Mr. Wu Yun.

Save as disclosed above, as at 31 March 2016, 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 2016.

## **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. The Company 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, the Company bears the social responsibility and therefore, the Company has 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, risk management and internal control system of the Group. The audit committee has reviewed the first quarterly results announcement and the first quarterly report for the three months ended 31 March 2016 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 2016.

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  
**Zhu Yong Ning**  
*Chairman*

6 May 2016, Nanjing, the PRC

\* For identification purpose only