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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  
2017**

## **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 of the Stock Exchange 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 that the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; and there are no other matters the omission of which would make any statement misleading herein or this report misleading.*

## HIGHLIGHTS

- Achieved a turnover of approximately RMB94,304,384 for the three months ended 31 March 2017.
- Recorded a net loss attributable to owners of the Company of approximately RMB12,143,960 for the three months ended 31 March 2017.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2017.

## 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 2017.

For the three months ended 31 March 2017, the Group’s unaudited turnover is approximately RMB94,304,384, representing a decrease of approximately RMB48,329,514, or approximately 33.88% as compared with that of the same period in 2016.

The Group’s unaudited net loss attributable to the owners of the Company for the three months ended 31 March 2017 is approximately RMB12,143,960, representing a decrease in loss of approximately RMB421,798, or approximately 3.36% as compared with that of the same period in 2016.

The unaudited results of the Group for the three months ended 31 March 2017 together with the unaudited comparative figures for the corresponding period in 2016 are as follows:

## CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2017

Items	Notes	31 March 2017 RMB	31 March 2016 RMB
I. Total operating revenue	2	<b>94,304,384</b>	142,633,898
Including: Operating cost		<b>81,722,157</b>	136,509,087
Tax and surcharges		<b>928,300</b>	541,473
Selling expenses		<b>2,541,759</b>	3,856,799
Administrative expenses		<b>12,362,181</b>	8,979,220
Finance expenses	3	<b>7,898,292</b>	4,216,451
Impairment losses on assets			
Add: Income arising from changes in fair value (loss stated with "-")			
Investment income (loss stated with "-")		<b>195,050</b>	68,027
Including: Investment income from associates and joint ventures			
Exchange income (loss stated with "-")			
II. Operating profit (loss stated with "-")		<b>-10,953,255</b>	-11,401,105
Add: Non-operating income		<b>42,586</b>	1,500
Including: Gain on disposal of non-current assets			
Less: Non-operating expenses		<b>2,820</b>	200,390
Including: Loss on disposal of non-current assets			
III. Total profit (total loss stated with "-")		<b>-10,913,489</b>	-11,599,995
Less: Income tax expenses	4	<b>67,529</b>	276,743

Items	Notes	31 March 2017 RMB	31 March 2016 RMB
IV. Net profit (net loss stated with “-”)		<b>-10,981,018</b>	-11,876,738
Including: Net profit attributable to the owners of the Parent Company		<b>-12,143,960</b>	-12,565,758
Profit and loss of minority shareholders		<b>1,162,942</b>	689,020
V. Earnings per share	5		
(I) Basic earnings per share		<b>-0.0087</b>	-0.0101
(II) Diluted earnings per share		<b>-0.0087</b>	-0.0101
VI. Other comprehensive income			
VII. Total comprehensive income		<b>-10,981,018</b>	-11,876,738
Including: Total comprehensive income attributable to owners of the Parent Company		<b>-12,143,960</b>	-12,565,758
Total comprehensive income attributable to minority shareholders		<b>1,162,942</b>	689,020

## 1. COMPANY INFORMATION

Jiangsu NandaSoft Technology Company Limited (hereinafter referred to as the "Company"; or the "Group" when subsidiaries are included) was a stock limited liability company jointly established by Nanjing University Asset Administration Company Limited, Jiangsu Zongyi Co., Ltd., Work Union of Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Co-Creation Education Development Company Limited, Jiangsu Provincial Management Centre for Education Equipment and Self-supporting School, Jiangsu Information Construction Investment Limited, and Jiangsu High-Ti Investment Group, overall converted based on Jiangsu NandaSoft Software Co., Ltd. on 30 December 1999.

As of 31 March 2017, the total equity of the Company was RMB140.38 million representing the total number of 1,403.8 million shares which include 982.8 million unlisted shares, representing 70.01% of the total equity, and 421 million outstanding public H shares, representing 20.99% of the total equity.

The registered address of the Company: Block 01, No. 19 South Qingjiang Road, Gulou District, Nanjing; the Company's principal place of business in Hong Kong was changed to 14th Floor, St. John's Building, 33 Garden Road, Central, Hong Kong; legal representative: Zhu Yong Ning.

The Company's business scope mainly includes: research and development, production, manufacture, sales and maintenance of computer software and hardware, network communications equipment, multi-media, electronic products, instruments and apparatuses and information industry related products; technical services, transfer, training and consultancy in relation to computer system integration, sales of office automatic equipment, proprietary operation and agency for imports and exports of commodities and technologies, research and development of medical materials and medical equipment product, provision of services in relation to building installation and information system integration (projects subject to approval by laws, operating activities shall be carried out after obtained approval by related department).

The Group is mainly engaged in the sales of computer hardware and software products, trading business of IT related products and equipment, provision of IT training services, develop, manufacture and marketing network security software, Internet application software, education software and business application software, and provides systems integration services, research and development of medicine and medical equipment, provision of services in relation to building installation and information system integration etc.

## 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	
	2017	2016
	<i>RMB</i>	<i>RMB</i>
Computer hardware and software products	<b>65,494,835</b>	96,689,421
Rendering of system integration services	<b>25,780,574</b>	43,059,157
Other business	<b>3,028,975</b>	2,885,320
	<b>94,304,384</b>	142,633,898

### 3. FINANCE COST

	For the three months ended 31 March	
	2017	2016
	<i>RMB</i>	<i>RMB</i>
Interest income	<b>(39,836)</b>	(240,214)
Interest on bank loans wholly repayable within five years	<b>7,907,430</b>	4,288,733
Bank charges	<b>30,698</b>	167,932
	<b>7,898,292</b>	4,216,451

## Notes

### 4. INCOME 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 in Hong Kong during the period.

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>RMB</b>	RMB
The charge comprises:		
PRC income tax	<b>67,529</b>	276,743

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

The calculation of basic earnings per share is based on the loss attributable to ordinary equity holders of the Company of RMB12,143,960 (2016: RMB-12,565,758) and on 1,403,800,000 (2016: 1,240,000,000) shares in issue during the period.

No diluted earnings per share is presented for the three months ended 31 March 2017 and 2016 as there were no potential dilutive securities during the relevant periods.

### 6. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

*Unit: RMB*

Items	Equity attributable to owners of the Parent Company						Total shareholder's equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Unallocated profit	Minority interests	
1 January 2016	124,000,000	93,873,332	82,280,708	19,962,462	-100,649,435	50,802,532	270,269,599
Changes 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
1 January 2017	140,380,000	121,718,414	84,239,840	19,962,462	-210,258,758	56,031,548	212,073,506
Changes through current period					-12,143,960	1,162,942	-10,981,018
31 March 2017	140,380,000	121,718,414	84,239,840	19,962,462	-222,402,718	57,194,490	201,092,488



## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 31 March 2017 (2016: Nil).

## **FINANCIAL REVIEW**

As affected by the economic environment and the policies on tender, bidding and tax, the number of orders contracted from Changtian Zhi Yuan and Computer Fixtures, our subsidiaries, was decreased, at the same time, the Group made the strategic adjustment on the parent company and the system integration company, and controlled the development of trade project businesses with very low gross profit margin and capital need. The total turnover of the Group for the three months ended 31 March 2017 was approximately RMB94,304,384, representing a decrease of RMB48,329,514 or approximately 33.88% as compared with the same period in last year.

As the Group achieved a certain effect in strengthening its cost control, the net loss of the Group for the three month ended 31 March 2017 amounted to approximately RMB10,981,018, representing a decrease in loss of approximately RMB895,720 or approximately 7.54% as compared with the same period in last year; the loss attributable to owners of the Company amounted to approximately RMB12,143,960, representing a decrease in loss of approximately RMB421,798 or approximately 3.36% as compared with the same period in last year.

## **BUSINESS REVIEW**

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

During the period, the Company continued to carry out the research and development of Soft electronic file management system, the product currently under R&D is the model version of "Electronic File Management System V2.0". The R&D of Soft cloud computing management system was also in progress, the product currently under R&D is the model version of "Cloud Computing Management System V2.0". During the period, the Company undertook the big data platform system project of Nanjing Civil Affairs Bureau. At the same time, the Company is currently providing 280 locations of desktop cloud system solutions for the Health Bureau of Jianye District so as to promote the marketing of Soft desktop cloud products.

For remote medical service, the products currently under R&D is the model versions of "Remote Surgery Platform including PC Terminal and Pad Version" and "Haixinshu (好心舒) Coronary Heart Disease Steward app For Doctors Patients and Doctors". The remote surgery platform primarily serves the critical disease network medical treatment projects in Jiangsu Province, which focuses on Jiangsu Province Hospital and has pooled the expert teams of coronary heart disease from different regions together so as to designate them to primary hospitals of various regions to carry out real time surgical guidance, whereby providing important ideas for realizing quality medical resources sharing, reducing treatment expenses of patients, especially solving the treatment issues of heart disease in remote areas and medical underdeveloped areas. Such platform has carried out pilot operation in remote medical distribution of over 20 public hospitals including Fuping People's Hospital in Shaanxi, Yili People's Hospital in Xinjiang, Jiangyin People's Hospital, Wujiang People's Hospital, Haian People's Hospital, Dongtai People's Hospital and Jintan Chinese Medicine Hospital. The Haixinshu (好心舒) Coronary Heart Disease Steward is the first "one-stop" medical service platform in PRC operated based on the chronic coronary heart disease development cyclical management. It has utilized the mobile Internet technology to provide users with free on-line enquiry, one-on-one renowned doctor consultation, medical treatment guidance, and hotspot information and other services. Such platform has reached cooperation agreements with a number of hospitals nationwide to provide professional, high-efficient and comprehensive chronic coronary heart disease cyclical management service for patients all over the country that have coronary heart disease. During the period, the Company undertook the coronary heart disease diagnosis and treatment software customized development project. Such software is the professional medical remote information platform, which has integrated the regional medical imaging information system, regional medical records system, remote multi-party video consultation system and remote multi-parameters vital signs monitoring system, and applied such technologies like Internet of things, mobile Internet and cloud computing to achieve the interactive transmission of medical records and high-digital imaging information among hospitals, real-time remote surgical guidance and real-time monitoring of a wide range of vital signs, with its scope of application covering all aspects of remote medical services. At the same time, the Company developed a new customer, namely Jiangsu Nursing Association, and undertakes the project development of its home health care platform.

During the period, the Company initiated the high-tech enterprises re-examination project, and the "Intellectual Property Standard" project was also under trial operation stage.

## IT Services

For the system integration, the Company undertook the data center project of Oriental Energy Engineering Co., Ltd., (東華能源工程有限公司) and the network reform project of Health Bureau of Jianye District, Nanjing city. The data center project of Oriental Energy Engineering Co., Ltd. (東華能源工程有限公司) adopted the method of combining hardware and software to achieve integrated delivery, which earmarked the Company's foothold into the new energy industry. The network reform project of the Health Bureau of Jianye District, Nanjing city laid a solid foundation for the continuous undertaking information projects by the Company in the health industry in future. Meanwhile, the Company developed a new customer, namely the Information Center of Jianye District, which helped the Company to undertake the information projects of all government functional departments at Jianye District in the future. During the period, the Company obtained a number of qualifications including Grade 3 System Integration (系統集成3級), Grade A Professional Design of Building Intelligent System (建築智能化系統設計專項甲級), Grade I Professional Contractor of Electronic Building Intelligent Engineering (電子與智能化工程專業承包一級), ISO 9001 and ISO 14001.

For the intelligent transportation, the Company undertook several important projects, such as the cable additional project of the highway around Suzhou, the Phase II construction project of the data center of Jiangsu Yangtze Bridge Co., Ltd., the section 204WJCXT-SG of the road networking operation monitoring and service system construction project for the expansion project of 204 national road from Xinpu, Lianyungang to Guannan section (urban section) (204國道連雲港新浦至灌南段改擴建工程(市區段)路網運行監測與服務系統施工項目204WJCXT-SG標段).

For online education, the Company is currently cooperating with Law School of Nanjing University and Qidian Top-up Training Institution (啟點專轉本培訓機構) respectively in designing the common knowledge course with course name of "Regulations on Innovation and Entrepreneurship of University Students" (《大學生創新創業法規》) and the online video course of "Top-up Training" (《專轉本培訓》), and has developed new customers, namely the Office of Educational Administration, Department of Tourism, Department of Mechanical Engineering, Department of Electrical and Electronic Engineering, Department of Economic Management of Changzhou Vocational Institute of Light Industry, as well as the Office of Academic Affairs of Changzhou Textile Garment Institute.

During the period, Nanjing Zhonggao Intellectual Property Co., Ltd. (南京中高知識產權股份有限公司), in which part of its capital is contributed by the Company, was established officially. By strictly focusing on the construction of national intellectual property operation system, the company paved a proactive operation way for university patent achievements, promoted the conversion rate of university patent achievements and led the intellectual property operation of the PRC universities, demonstrating that its intellectual property operation develops toward a new stage.

## **FUTURE PROSPECTS**

Looking forward, the Company will seize the opportunities arising from the national development strategy shifting from factor-driven to innovation-driven. By strictly relying on the scientific research strength of Nanjing University, the Company will give full play of the advantages of its technology and talents, and consolidate and promote the market position of traditional strong business including government, education, software development, energy, intelligent transportation, finance and medical service. At the same time, the Company will continue to innovate, research and develop and provide IT technology and service with innovative concept, advanced technology and stable operation which meets the market demand.

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

As at 31 March 2017, the interests and short positions of the directors, supervisors and chief executives 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)
Zhu Yong Ning	Interest of a controlled corporation	178,800,000 (Note 2)	-	21.84%	-	14.42%

Notes:

- (1) As at 31 March 2017, the Company issued 982,800,000 domestic shares and 421,000,000 H shares, resulting 1,403,800,000 shares in total.
- (2) Such 178,800,000 domestic shares were 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. Among which, 163,800,000 domestic shares were approved by the shareholders of the Company to be issued on 10 April 2015; and the relevant verification process and securities registration were completed on 29 June 2016.

Save as disclosed above, as at 31 March 2017, 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 2017 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 2017, the following interests and short positions were held by shareholders interested in 5% or more of the shares and underlying shares of the Company (excluding directors, supervisors and chief executives of the Company) which 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	Type of interest	Number of	Percentage	Number of	Percentage of	Number of	Percentage
		domestic	of domestic		H shares	H shares	domestic
		shares	shares	H shares	H shares	shares and	shares and
			(Note 1)		(Note 1)	H shares	H shares
							(Note 1)
Nanjing Vegetables & Subsidiary Food Co., Ltd. (南京市蔬菜副食品集團有限公司)	Beneficial Owner	263,661,016	26.83%	-	-	263,661,016	18.78%

Shareholder	Type of interest	Number of	Percentage	Number of	Percentage of	Number of	Percentage
		domestic	of domestic		H shares	H shares	domestic
		shares	shares		shares	H shares	shares and
			(Note 1)		(Note 1)		H shares
							(Note 1)
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 1)	Beneficial Owner	178,800,000	18.19%	-	-	178,800,000	12.74%
Nanjing University Asset Administration Company Limited	Beneficial Owner	127,848,097	13.01%	-	-	127,848,097	9.11%
Zhong Chuang BaoYing (Beijing) Investment Fund Management Co., Ltd	Beneficial Owner	121,000,000	12.31%	-	-	121,000,000	8.62%
Jiangsu Education Development Company Limited	Beneficial Owner	84,159,944	8.56%	-	-	84,159,944	6.00%
Shanghai Shiyuen Network Technology Company Limited	Beneficial Owner	55,000,000	5.60%	-	-	55,000,000	3.92%

**Notes:**

- (1) Such 178,800,000 domestic shares were 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.

Save as disclosed above, as at 31 March 2017, 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.

## **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 2017.

## **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.

## **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 four independent non-executive directors, namely Dr. Li Daxi, Mr. Xie Man Lin, Ms. Xu Xiao Qin and Mr. Shi Zhong Hua. 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 2017 and agreed to their contents.



## **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 2017.

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*

Nanjing, the PRC, 12 May 2017

\* *For identification purpose only*