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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)



2020

First Quarterly
Report

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange 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 of Hong Kong Limited for the purpose of giving information with regard to Jiangsu NandaSoft Technology Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief 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 herein or this report misleading.

HIGHLIGHTS

- Achieved a turnover of approximately RMB132,738,000 for the three months ended 31 March 2020.
- Incurred a net loss of approximately RMB2,380,000 for the three months ended 31 March 2020.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2020.

FIRST QUARTERLY RESULTS

The board of directors (“**Board**”) of Jiangsu NandaSoft Technology Company Limited (the “**Company**”) announced the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2020.

For the three months ended 31 March 2020, the unaudited turnover of the Group is approximately RMB132,738,000, representing an increase of approximately RMB34,904,000 or an increase of approximately 35.7% as compared with that of the corresponding period in 2019.

The unaudited loss attributable to the owners of the Company for three months ended 31 March 2020 is approximately RMB2,380,000, and represents a decrease of approximately RMB3,281,000 or a decrease of approximately 58.0% compared with the corresponding period in 2019.

The unaudited results of the Group for the three months ended 31 March 2020 together with the unaudited comparative figures for the corresponding period in 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2020

	Notes	31 March 2020 RMB'000	31 March 2019 RMB'000
Revenue	2	132,738	97,834
Cost of sales		(118,156)	(84,799)
Gross profit		14,582	13,035
Other income		657	1,025
Selling and distribution expenses		(2,830)	(3,522)
Administrative expenses		(11,236)	(12,714)
Finance costs	3	(2,756)	(1,804)
Sharing result of associated companies		984	–
Loss before income tax		(599)	(3,980)
Income tax expense	4	(57)	(273)
Loss for the period		(656)	(4,253)
Loss for the period attributable to:			
– Owners of the Company		(2,380)	(5,661)
– Non-controlling interests		1,724	1,408
		(656)	(4,253)
Loss per share	5		
– Basic and diluted (RMB cents)		(0.07)	(0.17)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2020

	For the three months ended	
	31 March	
	2020	2019
	RMB'000	RMB'000
Loss for the period	(656)	(4,253)
Other comprehensive income/(loss) exchange differences on translation of foreign operation	472	(293)
Other comprehensive loss for the period, net of tax	(184)	(4,546)
Total comprehensive loss attributable to:		
Owners of the Company	(1,908)	(5,954)
Non-controlling interests	1,724	1,408
	(184)	(4,546)

Notes

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (the “**Company**”) was incorporated as company with limited liability in the People’s Republic of China (the “**PRC**”) on 18 September 1998. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 24 April 2001.

The principal place of business and registered office of the Company and its subsidiaries (collectively, the “**Group**”) is located at SoftTech Innovation Park, No. 19 South Qingjiang Road, Nanjing, China. The Company’s registered office in Hong Kong is located at 9E, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Group is mainly engaged in the sales of computer hardware and software products, provision of system integration services and properties investments.

2. REVENUE

Disaggregation of revenue from contracts with customers for the period

	For the three months ended 31 March	
	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Computer hardware and software products	444	17,499
Provision of system integration services	128,535	76,645
Rental and property management income	3,759	3,690
	132,738	97,834

Notes

Performance obligations for contracts with customers

(i) Sales of computer hardware and software products

Revenue from trading of computer hardware and software products are recognised at a point in time when the goods have been delivered to the customer's specific location.

(ii) Provision of system integration service

The Group provides system integration service to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time.

(iii) Rental and properties management service income

The Group provides rental and properties management service to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time.

3. FINANCE COST

	For the three months ended 31 March	
	2020 RMB'000	2019 RMB'000
Interest on bank loans	2,679	1,615
Expense on finance lease	77	189
	2,756	1,804

4. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. No Hong Kong profits tax was provided for the period ended 31 March 2020 and 2019 as the Group did not have assessable profit arising or derived from Hong Kong during both years. Enterprise income tax arising from subsidiary operating in the PRC was calculated at either 15% or 25% (2019: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

On 27 December 2017, the Company obtained a China High-Tech Enterprise Certificate which is valid for three years. The entities qualifying for the Hi-tech status could enjoy a PRC Enterprise Income Tax preferential treatment starting from the year obtaining the Hi-tech certificate. As a result, the Company was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2017.

	For the three months ended	
	31 March	
	2020	2019
	RMB'000	RMB'000
Tax charges comprise:		
PRC income tax	57	273

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

The calculation of basic loss per share is based on the loss attributable to holders of ordinary equity of the Company of approximately RMB2,380,000 (2019: RMB5,661,000) for the three months ended 31 March 2020 and the 3,288,000,000 (2019: 3,288,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March 2020 and 2019 as there were no potential dilutive securities in existence during the relevant periods.

Notes

6. MOVEMENTS OF THE EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the period ended 31 March 2020

	Equity attributable to owners of the Company							Total	Non-controlling interests	Total Equity
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	328,800	214,069	81,862	20,134	(547)	(2,574)	(323,409)	318,335	53,317	371,652
Total comprehensive loss for the period	-	-	-	-	(293)	-	(5,661)	(5,954)	1,408	(4,546)
At 31 March 2019	328,800	214,069	81,862	20,134	(840)	(2,574)	(329,070)	312,381	54,725	367,106
At 1 January 2020	328,800	214,069	81,862	20,277	619	(3,666)	(426,632)	215,329	55,049	270,378
Total comprehensive loss for the period	-	-	-	-	472	-	(2,380)	(1,908)	1,724	(184)
At 31 March 2020	328,800	214,069	81,862	20,277	1,091	(3,666)	(429,012)	213,421	56,773	270,194

DIVIDEND

The Board does not recommend the payment of dividend for the period ended 31 March 2020 (2019: Nil).

FINANCIAL REVIEW

Due to the phased settlement and projects completion for Jiangsu Changtian Zhiyuan Transportation Technology Company Limited, the holding subsidiary of the company, revenue recognition for the period increased by RMB44,474,000 over the same period, the consolidated turnover of the Group for the three months ended 31 March 2020 was approximately RMB132,738,000, representing an increase of approximately RMB34,904,000 or approximately 35.7% as compared with the same period of last year.

During the three months ended 31 March 2020, the Group recorded the loss for the period of RMB656,000, representing a decrease of approximately RMB3,597,000 or a decrease of approximately 84.6% as compared with the same period of last year; and loss attribute to owners of the Company was approximately RMB2,380,000, which represented a decrease of approximately RMB3,281,000 or a decrease of approximately 58.0% as compared with the same period of last year, which was due to the group's efforts in recent years to adjust its business strategy of reducing low gross profit margin and controlling costs.

BUSINESS REVIEW

During the Period, the Company continued to focus on the operation and construction of the "Internet +" platforms as its core objective and steadily promoted the orderly implementation of the intelligent businesses on various platforms. Meanwhile, the Company still actively pursued new business despite the effect of COVID-19, striving to lay a solid foundation for the results in the new year.

Intelligent Transportation

During the Period, Jiangsu Changtian Zhiyuan Transportation Technology Company Limited ("**Changtian Zhiyuan**"), which is controlled by the Company, focused on promoting the construction and maintenance of multiple major preliminary projects, and strived to mitigate the adverse impact of the pandemic on project progress, ensuring the timely delivery of the projects under construction. While steadily promoting the existing projects, Changtian Zhiyuan also actively developed new customers, establishing the initial intention of cooperation with a bureau of SINOHYDRO (中國水利水電). Meanwhile, Changtian Zhiyuan added an invention patent during the Period, obtaining the Invention Patent Certificate for the Method and System of Self-adjusting Smooth Playing of Platform-level Video Streaming Based on Bandwidth Detection issued by the National Intellectual Property Administration.

Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. (“**Zhiya Online**”), which is controlled by the Company, continued to focus on the construction of the practical training base of Changzhou Science and Education City and proactively developed application-oriented training courses for colleges and universities in the Science and Education City, focusing on the research and development of products including VR courses for practical automobile training and intelligent classrooms. Meanwhile, continuing to revolve around “Zhiya Online Cloud Platform” as the core of its business development, the Company upgraded and transformed the Zhiya Online Cloud Platform to further tap the educational resources of Changzhou Science and Education City and explore more business cooperation models.

Smart Medical Service

Jiangsu NandaSoft Medical Technology Co., Ltd. (“**NandaSoft Medical**”), in which the Company is a shareholder, continued to focus on remote medical service, and intensified research in the field of digitalized medical information of major chronic diseases. During the Period, NandaSoft Medical developed a quality control and management platform for symptoms of terminal-stage nephrosis. The platform is an instrumental APP for peritoneal dialysis patients. It applies intelligent algorithm to the evaluation of peritoneal dialysis, facilitating the correct evaluation and tracking of the health of nephrosis patients. Meanwhile, NandaSoft Medical continued to enhance the promotion and maintenance of preliminary projects.

Intellectual Property Trading Platform of Chinese Universities and Colleges

The intellectual property trading platform of universities and colleges which is operated by an associated company, Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Zhonggao Company**”), operated steadily in the first quarter. The number of stores opened through “Patentpal” was nearly 300, and the number of expert flagship stores opened through “Patent Bag” was approximately 2,700. The platform matched over 100 demands of enterprises in relation to intellectual property and technology services. As of the first quarter, the “Intellectual Property Custody System” of Zhonggao Company had over 8,500 registered enterprise users and monitored nearly 45,000 patents. Meanwhile, the Company established initial cooperation with State Grid Jiangsu Electric Power Co., Ltd. (國網江蘇省電力有限公司) and Nanjing Forestry University (南京林業大學) on patent evaluation as well as management and operation.

PROSPECTS

Looking forward, as a university-based listed company, the Company will continue to closely follow the national policy direction, firmly rely on the subject resources and talent advantages of Nanjing University, closely monitor the market demands, and grasp industry development trend. With building an industry leading “Internet +” platform-based enterprise as its development goal, the Company will implement model innovation, business innovation, and technological innovation to further expand its business in the fields of intelligent medical service, intellectual property trading, smart education and intelligent transportation, thereby chartering a wider development course.

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

As at 31 March 2020, 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register referred to therein 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 ("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 controlled corporation	820,783,735 (Note 2)	-	29.49%	-	24.96%

Notes:

- As at 31 March 2020, the Company issued 2,782,800,000 domestic shares and 505,200,000 H shares, i.e. 3,288,000,000 shares in total.
- 808,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. ("**Jiangsu Keneng Electricity**") which Mr. Zhu Yong Ning held 90% ownership, and 11,983,735 domestic shares were owned by Jiangsu Jintao Investment Holding Company Ltd. ("**Jiangsu Jintao**") which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholdings of Jiangsu Keneng Electricity and Jiangsu Jintao.

Save as disclosed above, as at 31 March 2020, 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 2020 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 2020, the following interests and short positions of 5% or more of the shares and underlying shares of the Company held by shareholders (excluding directors, supervisors and chief executives of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Shareholder	Nature	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)
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 2)	Beneficial Owner	808,800,000	29.06%	-	-	808,800,000	24.60%
Anhui Jiuxi Property Investment Co., Ltd	Beneficial Owner	577,592,975	20.76%	-	-	577,592,975	17.57%
Fuji Investment Company Limited (Note 3)	Beneficial Owner	450,000,000	16.17%	-	-	450,000,000	13.69%
Jiangsu Fuchuang Electronic Business Company Limited	Beneficial owner	225,000,000	8.09%	-	-	225,000,000	6.84%
Jiangsu Yuchang Modern Agricultural Development Company Limited	Beneficial Owner	225,000,000	8.09%	-	-	225,000,000	6.84%
Oriental Petroleum (Yangtze) Limited (Note 3)	Beneficial Owner	-	-	84,200,000	16.67%	84,200,000	2.56%

Notes:

- (1) As at 31 March 2020, the Company had 2,782,800,000 issued domestic shares and 505,200,000 issued H shares, totalling 3,288,000,000 shares.
- (2) 808,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. ("**Jiangsu Keneng Electricity**") which Mr. Zhu Yong Ning held 90% ownership and 11,983,735 domestic shares were owned by Jiangsu Jintao Investment Holding Company Ltd. ("**Jiangsu Jintao**") which Mr. Zhu Yong Wing held 90% ownership. Pursuant to section XV of the SFO, Mr. Zhu Yong Ning was deemed as to be interested in the above shareholding of Jiangsu Keneng Electricity and Jiangsu Jintao.
- (3) Oriental Petroleum (Yangtze) Limited and Fuji Investment Company Limited were controlled by the same shareholder.

Save as disclosed above, as at 31 March 2020, no person, other than the directors, supervisors and 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 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 three months ended 31 March 2020.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 15 of the GEM Listing Rules, save for the deviation from CG Code provision A.2.1. 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 believes that adopting the highest corporate governance standards 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 gained recognition from the market.

AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000, it currently comprises three independent non-executive directors, namely, Mr. Xie Man Lin, Ms. Xu Xiao Qin and Mr. Shi Zhong Hua. The primary duties of the audit committee are to review and provide supervision over the financial reporting, risk management and internal control system of the Group. The audit committee has reviewed the first quarter results announcement and first quarterly report for the three months ended 31 March 2020 and agreed to their contents.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the three months ended 31 March 2020.

By order of the Board
Jiangsu NandaSoft Technology Company Limited*
Zhu Yong Ning
Chairman

Nanjing, the PRC, 8 May 2020

* For identification purpose only