



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
2020

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

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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 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 this report or any statement herein misleading.

HIGHLIGHTS

- Achieved a turnover of approximately RMB357,938,000 for the nine months ended 30 September 2020, representing an approximately 73.9% increase as compared with that of the corresponding period in 2019.
- Incurred a net loss of approximately RMB7,543,000 for the nine months ended 30 September 2020.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2020.

THIRD 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 and nine months ended 30 September 2020.

For the three months and nine months ended 30 September 2020, the unaudited turnover of the Group were RMB108,150,000 and RMB357,938,000 respectively, representing an increase of approximately RMB36,520,000 and RMB152,144,000 or an increase of approximately 51.0% and 73.9% respectively in turnover as compared with those of the corresponding period in 2019.

The unaudited net loss attributable to the owners of the Company for the three months and nine months ended 30 September 2020 were RMB2,638,000 and RMB7,543,000 respectively, representing a decrease in net loss attributable to the owners of the Company of approximately RMB1,175,000 and RMB5,153,000 or a decrease in loss of approximately 30.8% and 40.6% respectively as compared with the corresponding period in 2019.

The unaudited results of the Group for the three months and nine months ended 30 September 2020, together with the unaudited comparative figures for the corresponding period in 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 30 September 2020

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	2	108,150	71,630	357,938	205,794
Cost of sales		(94,191)	(58,555)	(315,446)	(169,734)
Gross profit		13,959	13,075	42,492	36,060
Other income		3,602	461	4,559	2,048
Selling and distribution expenses		(2,318)	(2,391)	(6,393)	(7,726)
Administrative expenses		(12,715)	(12,423)	(33,978)	(34,653)
Finance costs	3	(2,346)	(1,057)	(7,523)	(4,446)
Sharing result of associated companies		-	-	984	-
Profit/(Loss) before income tax	4	182	(2,335)	141	(8,717)
Income tax expense	5	(326)	(344)	(1,064)	(1,064)
Loss for the period		(144)	(2,679)	(923)	(9,781)
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of financial statement of foreign operations		(966)	279	(389)	89
Total comprehensive loss for the period		(1,110)	(2,400)	(1,312)	(9,692)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period attributable to:					
– Owners of the Company		(2,638)	(3,813)	(7,543)	(12,696)
– Non-controlling interests		2,494	1,134	6,620	2,915
Loss for the period		(144)	(2,679)	(923)	(9,781)
Total comprehensive loss for the period attributable to:					
– Owners of the Company		(3,604)	(3,534)	(7,932)	(12,607)
– Non-controlling interests		2,494	1,134	6,620	2,915
Total comprehensive loss for the period		(1,110)	(2,400)	(1,312)	(9,692)
Loss per share	6				
– Basic and diluted (RMB cents)		(0.08)	(0.12)	(0.23)	(0.39)

Notes

1. COMPANY INFORMATION

Jiangsu NandaSoft Technology Company Limited (the “**Company**”) was incorporated as a 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, Gulou District, Nanjing, China. The Company’s principal place of business 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 30 September		For the nine months ended 30 September	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Computer hardware and software products	12,956	13,367	31,265	38,302
Provision of system integration services	90,544	54,309	314,458	156,290
Rental and properties management service income	4,650	3,880	12,185	11,128
Other business	–	74	30	74
Total	108,150	71,630	357,938	205,794

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 30 September		For the nine months ended 30 September	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings	2,276	1,057	7,302	4,446
Interest on finance lease	70	–	221	–
Total	2,346	1,057	7,523	4,446

Notes

4. PROFIT/(LOSS) BEFORE INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<i>Profit/(Loss) before income tax is arrived at after charging/(crediting):</i>				
Depreciation of property, plant and equipment	1,778	1,548	5,251	4,586
Amortisation of intangible asset	17	16	42	46
Depreciation of right-of-use asset	270	–	817	–
Cost of inventories cost recognised as expenses	94,191	58,555	315,446	169,734

5. 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 as the Group did not have assessable profit arising or derived from Hong Kong during both periods. 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 period.

On 6 December 2019, one of the subsidiaries of the Group 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 of obtaining the Hi-Tech certificate. As a result, this subsidiary was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2019.

Notes

On 27 December 2017, the Company obtained a China High-Tech Enterprise Certificate again 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 continuously subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2017.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Tax charges comprise:				
PRC income tax	326	344	1,064	1,064

6. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the loss attributable to the owners of the Company of RMB2,638,000 and RMB7,543,000 for the three months and nine months ended 30 September 2020 (2019: RMB-3,813,000 and RMB-12,696,000) 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 and nine months ended 30 September 2020 and 2019 as there were no potential dilutive securities during the relevant periods.

Notes

7. RESERVE

	Equity attributable to owners of the Company							Non-		
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses	Total	controlling interest	Controlling interest
	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	-	-	-	-	89	-	(12,696)	(12,607)	2,915	(9,692)
Transfer to surplus reserve	-	-	-	(7)	-	-	7	-	-	-
At 30 September 2019	328,800	214,069	81,862	20,127	(458)	(2,574)	(336,098)	305,728	56,232	361,960
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	-	-	-	-	(389)	-	(7,543)	(7,932)	6,620	(1,312)
At 30 September 2020	328,800	214,069	81,862	20,277	230	(3,666)	(434,175)	207,397	61,669	269,066

DIVIDEND

The Board does not recommend the payment of an interim dividend during the period (2019: Nil).

FINANCIAL REVIEW

During the period, as a result of the Group's constant efforts in recent years to diminish the size of the computer hardware sales business which had a lower gross profit margin under the impacts of the e-commerce market, as well as the year-on-year increase of RMB153,925,000 or approximately 87.0% in the revenue recognition for the phased settlement of projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (Changtian Zhiyuan), a holding subsidiary of the company, the consolidated turnovers of the Group for the three months and nine months ended 30 September 2020 were RMB108,150,000 and RMB357,938,000, representing an increase of approximately RMB36,520,000 or approximately 51.0% and RMB152,144,000 or approximately 73.9%, respectively, as compared with the same period of last year.

During the period, loss attributable to owners of the Company for the three months and nine months ended 30 September 2020 was approximately RMB2,638,000 and RMB7,543,000 respectively, representing a decrease in loss of approximately RMB1,175,000 or approximately 30.8% and RMB5,153,000 or approximately 40.6% as compared with the same period of last year. The reduce of loss attributable to owners of the Company was in line with the increase in gross profit generated from the projects undertaken by Changtian Zhiyuan.

BUSINESS REVIEW

During the period, although the impact of the Novel Coronavirus ("COVID-19") pandemic subsided domestically, it remained a challenge throughout the world. On the one hand, the Company continued to consolidate the foundation of each existing intelligent platform business and carried out various "Internet +" platform businesses in an orderly manner. On the other hand, it continued to make strategic adjustments to relevant segments to explore broader business channels and tap more potential development opportunities, so as to proactively mitigate the impacts of the COVID-19 pandemic on business.

Intelligent Transportation

Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“**Changtian Zhiyuan**”), which is controlled by the Company, maintained stable business development in the third quarter. It actively participated in the tender project of transportation resources and expanded key projects outside the province, undertaking a major project for the electromechanical engineering of the Pingliang (Huating) to Tianshui Segment of the Pingliang-Mianyang National Highway (G8513), and steadily pushing forward the smooth implementation of projects undertaken in previous periods. Meanwhile, Changtian Zhiyuan added an invention patent during the period, obtaining the Invention Patent Certificate for the Method and System of Identifying Anomalies in Contrast of Surveillance Images Based on Video Processing 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, negotiated initial cooperation with relevant functional departments of the Changzhou Municipal Government and service providers for system integration of cloud platforms, aiming to discover cooperation opportunities in the field of intellectual property trading platform and to actively push forward the testing and compatibility of the trading platform at early stage to make preliminary preparation for achieving the goal of building a highly influential comprehensive corporate service platform in East China. Meanwhile, continuing to revolve around “Zhiya Online Cloud Platform” as the core of its business development, the company actively expanded its presence beyond the Science and Education City to explore more business cooperation models.

Smart Medical Service

Jiangsu NandaSoft Medical Technology Co., Ltd. (“**NandaSoft Medical**”), which is an associated company, has been focusing on chronic disease health monitoring and taking medical information software services as its business core to gradually penetrate into the area of chronic disease health management. During the period, NandaSoft Medical strived to develop the orthopaedics platform of Jiangsu Province, and strengthen the maintenance and upgrade of the quality control and management platform for symptoms of terminal-stage nephrosis, further intensified research in the field of digitalized medical information of major chronic disease as well as the field of medical care, and actively stepped up market promotion of existing products to provide smart medical service solutions for more grass-root medical institutions.

Intellectual Property Trading Platform of Chinese Universities and Colleges

During the period, Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Zhonggao Company**”), which is an associated company, focused on the construction of technological innovation public service platforms in various regions based on the development of the pandemic and strategic adjustments. During the period, the company completed the development planning for and officially launched the Lianyungang Science and Technology Supermarket (連雲港科技大市場) and Ningxia Zhongning Wolfberry Industry Platform (寧夏中寧枸杞產業平台) to assist in the matching of supply and demand information of various regions. During the period, the “Intellectual Property Custody System” of Zhonggao Company had an aggregate of nearly 15,000 registered users and paid annual fees for over 1,000 patents on behalf of customers. Meanwhile, the Enterprise-University Connect System (企校通系統) developed by Zhonggao Company was officially launched to facilitate better matching of demand information of enterprises with the patents, research results, and scientific research experts of higher education institutions.

Disposal of Investment Properties

Since January 2020, the outbreak of COVID-19 has impact on the global business environment, it has also affected the schedule for the Company to resume for the Disposal of the Consented Properties. The Company keeps continuous attention on the situation of the COVID-19 and has started to carry out the requisite formalities to complete the transfers of the Properties from the Company to the relevant Purchasers during the period.

PROSPECTS

Looking forward, as an “Internet+” platform-based enterprise with university development background, the Company will continue to leverage its higher education research advantages to carry out business innovation and transformation and explore the integrated application of the Internet in more fields on top of continuing to consolidate the foundations for each intelligent business segment, so as to provide more cutting-edge intelligent solutions for various industries.

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

As at 30 September 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	820,783,735 (Note 2)	-	29.49%	-	24.96%

Notes:

- (1) As of 30 September 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.
- (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 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 30 September 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 nine months ended 30 September 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 30 September 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 30 September 2020, the Company had 2,782,800,000 domestic shares and 505,200,000 H shares in issue, 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. 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 30 September 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 nine months ended 30 September 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 third quarter results announcement and third quarterly report for the nine months ended 30 September 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 nine months ended 30 September 2020.

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, 6 November 2020

* For identification purpose only