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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
2021

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 RMB121,379,000 for the three months ended 31 March 2021.
- Incurred a net loss of approximately RMB2,992,000 for the three months ended 31 March 2021.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2021.

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 2021.

For the three months ended 31 March 2021, the unaudited turnover of the Group is approximately RMB121,379,000, representing a decrease of approximately RMB11,359,000 or a decrease of approximately 8.6% as compared with that of the corresponding period in 2020.

The unaudited loss attributable to the owners of the Company for three months ended 31 March 2021 is approximately RMB2,992,000, and represents an increase of approximately RMB612,000 or an increase of approximately 25.7% compared with the corresponding period in 2020.

The unaudited results of the Group for the three months ended 31 March 2021 together with the unaudited comparative figures for the corresponding period in 2020 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2021

	Notes	For the three months ended 31 March	
		2021 RMB'000	2020 RMB'000
Revenue	2	121,379	132,738
Cost of sales		(104,228)	(118,156)
Gross profit		17,151	14,582
Other income		665	657
Selling and distribution expenses		(2,681)	(2,830)
Administrative expenses		(13,702)	(11,236)
Finance costs		(2,100)	(2,756)
Sharing result of associated companies	3	–	984
Loss before income tax		(667)	(599)
Income tax expense	4	(306)	(57)
Loss for the period		(973)	(656)
Loss for the period attributable to:			
– Owners of the Company		(2,992)	(2,380)
– Non-controlling interests		2,019	1,724
		(973)	(656)
Loss per share	5		
– Basic and diluted (RMB cents)		(0.09)	(0.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Period ended 31 March 2021*

	For the three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
Loss for the period	(973)	(656)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	13	472
Other comprehensive loss for the period, net of tax	(960)	(184)
Total comprehensive profit/(loss) attributable to:		
Owners of the Company	(2,979)	(1,908)
Non-controlling interests	2,019	1,724
	(960)	(184)

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (the “**Company**”) was incorporated as an exempted 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 principal activities of the Company and its subsidiaries (the “Group”) are the sales of computer hardware and software products, provision of system integration services, and properties investments.

The consolidated financial statements are presented in thousands of units of Renminbi (“RMB’000”), unless otherwise stated, which is also the functional currency of the Company.

2. REVENUE

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.

Notes

(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) Properties management service income

The Group provides 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. For contracts that includes both lease and non-lease components (properties management services), the Group applies HKFRS 15 to allocate the consideration to separate lease and non-lease components on a relative stand-alone selling price basis. Advance consideration allocated to the properties management services is recognised as a contract liability and is released over the period of services.

(iv) Transaction allocated to the remaining performance obligation for contracts with customers

Except for the revenue from provision of system integration service, the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to all of its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract that had an original expected duration of one year or less. As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing system integration contracts will be recognised as the expected revenue in future when or as the work is completed which is expected to occur within the next 5 years.

Notes

Disaggregation of revenue from contracts with customers for the period

	For the three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
Trading of computer hardware and software products	1,950	444
Provision of system integration services	115,305	128,535
Property management service income	731	551
Revenue from contract with customers	117,986	129,530
Revenue from other source:		
Rental income	3,393	3,208
	121,379	132,738
Timing of revenue recognition		
At a point in time	1,950	444
Over-time	119,429	132,294
	126,379	132,738

3. FINANCE COST

	For the three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
Interest on bank and other borrowings	2,037	2,679
Expense on lease liabilities	63	77
	2,100	2,756

Notes

4. INCOME TAX EXPENSE

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

On 6 December 2019, a subsidiary of 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 subsidiary was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2019.

Except for the above subsidiary, the other subsidiaries in the PRC were subject to a tax rate of 25% for this quarter.

On 2 December 2020, 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 2020.

	For the three months ended	
	31 March	
	2021	2020
	RMB'000	RMB'000
Tax charges comprise:		
PRC income tax	306	57

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 RMB2,992,000 (2020: RMB-2,380,000) for the three months ended 31 March 2021 and the 3,288,000,000 (2020: 3,288,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March 2021 and 2020 as there were no potential dilutive securities in existence during the relevant periods.

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

For the period ended 31 March 2021

	Equity attributable to owners of the Company								Non-controlling interests	Total Equity
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
At 1 January 2021	328,800	214,069	81,862	20,422	(673)	(7,076)	(457,458)	179,946	71,987	251,933
Total comprehensive loss for the period	-	-	-	-	13	-	(2,992)	(2,979)	2,019	(960)
At 31 March 2021	328,800	214,069	81,862	20,422	(660)	(7,076)	(460,450)	176,967	74,006	250,973

DIVIDEND

The Board does not recommend the payment of dividend for the period ended 31 March 2021 (2020: Nil).

FINANCIAL REVIEW

The consolidated turnover of the Group for the three months ended 31 March 2021 was approximately RMB121,379,000, representing a decrease of approximately RMB11,359,000 or 8.6% as compared with the same period of last year, which was due to a year-on-year decrease of RMB11,737,000 in revenue recognised for progress payments of work-in-progress projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“**Changtian Zhiyuan**”), a majority-owned subsidiary of the Company.

Loss attributable to owners of the Company for the three months ended 31 March 2021 was approximately RMB2,992,000, representing an increase of approximately RMB612,000 or 25.7% in loss as compared with the same period of last year. The increase was mainly attributable to the increase in administrative expense as a result of the increasing of salaries and consultancy fee. The administrative expense increased by approximately 21.9% when compared with the same period in last year.

BUSINESS REVIEW

In the first quarter, the Company paid close attention to industry dynamics, and managed to maintain its business advantages in the field of intelligent transportation in line with the strategic deployment of existing intelligent platform-based operations. At the same time, the Company made intensified efforts to expand the business scale and scope of the intellectual property trading platform of Chinese colleges and universities, and promoted the orderly and steady development of its “Internet Plus” platform-based business through in-depth cooperation with colleges and universities, new-type research and development institutes and education campuses.

Intelligent Transportation

In the first quarter, Changtian Zhiyuan, a company controlled by the Company, maintained sound business momentum. It actively expanded transportation business outside Jiangsu Province and entered into cooperation with Anhui Transportation Holding Group to undertake the electromechanical engineering project of the S11 Wuhu-Huangshan Expressway, the electromechanical engineering project of the Guzhen-Bengbu Expressway and the electromechanical engineering project for the reconstruction and expansion of Hefei-Dagudian Section (within Anhui Province) of G40 Shanghai-Shaanxi (Hurong) Expressway, laying a solid foundation for its business development in the year. While proactively securing new projects, Changtian Zhiyuan steadily promoted the construction and maintenance of projects in progress to ensure that the projects will be delivered on schedule and well maintained.

Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. ("**Zhiya Online**"), a company controlled by the Company, continued to promote the development of the training base at the Industrial Centre of the Changzhou Science and Education City ("**SE Park**"), focused on cooperation in the field of the intellectual property trading platform so as to integrate intellectual property into the cloud platform of the SE Park, and promoted the implementation of the intellectual property-related project of colleges and universities in Changzhou. Relying on the main functions of the training base in the SE Park, Zhiya Online actively developed model projects in the SE Park in a bid to build a demonstration base for practical training courses of vocational colleges.

Intellectual Property Trading Platform of Chinese Colleges and Universities

The intellectual property trading platform of colleges and universities, which is operated by an associated company, Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Nanjing Zhonggao**”), maintained stable operation during the first quarter. The platform provided online and offline services to 1,200 enterprises, and the number of registered users of the intellectual property custody and service system exceeded 21,000. In the period, Nanjing Zhonggao provided analysis reports on the “sleeping status” of all patents for several key universities in Nanjing City, and started to provide custody services to several new-type research and development institutes for all their patents, which would help the transfer and commercialisation of those sleeping patents in key industries in Nanjing City

In addition, Nanjing Zhonggao was engaged by the SE Park in the period to undertake the construction of the centre for transfer and commercialisation of research results of the SE Park and the related operation platform. The preparatory works of the SE Park, such as operation mode and establishment, were basically completed in the first quarter, and the project is proceeding steadily.

PROSPECTS

Looking forward, as a university-based listed company, the Company will continue to give full play to its advantages in scientific research, build on the academic resources and talent advantages of Nanjing University, pay close attention to market demand and align with technological development trends, so as to provide more cutting-edge intelligent solutions for various industries. With the rapid advancement of the “Internet Plus” – based innovation-driven strategy, the Company will further expand its business in the areas of intellectual property trading, smart education and intelligent transportation to open up a broader growth space.

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

As at 31 March 2021, 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:

- (1) As at 31 March 2021, 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 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 2021, 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 2021 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 2021, 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 and 4)	Beneficial Owner	240,000,000	8.62%	-	-	240,000,000	7.30%
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%
Jiata'er (Nanjing) Energy Company Limited (Note 4)	Beneficial Owner	210,000,000	7.55%	-	-	210,000,000	6.39%
Oriental Petroleum (Yangtze) Limited (Note 3)	Beneficial Owner	-	-	84,200,000	16.67%	84,200,000	2.56%

Notes:

- (1) As at 31 March 2021, 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.
- (4) On 5 February 2021, Fuji Investment Company Limited, a shareholder of the Company, had transferred 210,000,000 domestic shares it held to Jiata’er (Nanjing) Energy Company Limited (嘉塔爾(南京)能源有限公司) and the above domestic shares had been registered in China Securities Depository and Clearing Company Limited.

Save as disclosed above, as at 31 March 2021, 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 2021.

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. Zhou Mei Lin, Mr.Zhang Zheng Tang and Ms. Xu Xiao Qin. 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 2021 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 2021.

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

Nanjing, the PRC, 12 May 2021

* For identification purpose only