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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the annual report of Jiangsu NandaSoft Technology Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2017 (the “**Annual Report**”).

#### **BACKGROUND**

As disclosed in the Annual Report, the auditors of the Company, Elite Partners CPA Limited (the “**Auditors**”) issued two qualified opinions on the Company’s consolidated financial statements for the year ended 31 December 2017, in which the first opinion relates to two issues: (i) the Company’s intended disposal of certain investment properties as the Company is uncertain whether the sale and purchase contract entered will continue to be fulfilled due to government policy restrictions and (ii) some units of certain investment properties (the “**IP Units**”) were occupied without consideration (collectively, the “**Audit Qualifications**”).

It is the intention of the Company to remove the Audit Qualifications in the year ending 31 December 2018. To achieve this end, board of directors (the “**Board**”) of the Company wishes to supplement the following information in relation to the above issues that result in the qualified opinion from the Auditors.

## (I) INTENDED DISPOSAL OF CERTAIN INVESTMENT PROPERTIES

The Company has been negotiating with two identified buyers under the intended disposal of certain investment properties (the “**Identified Buyers**”). The Identified Buyers are Nanjing Jianying Hongyi Technology Development Co., Ltd.\* 南京建盈鴻億科技發展有限公司 and Nanjing Pengda Technology Development Co., Ltd.\* 南京鵬大科技發展有限公司 which are PRC research and development enterprises and are related to the chairman of the Board and the executive director of the Company, Mr. Zhu Yong Ning. The Company understands that the Identified Buyers are willing to purchase the investment properties on condition that the freezing order which resulted from the unsettled lawsuit initiated by 中核華辰建築工程有限公司 (formerly known as 中核華興建設有限公司) is released. In this regard, reference is made to the announcement of the Company on 9 June 2017, in which the particulars of the new repayment arrangement (the “**Repayment Arrangement**”) were disclosed. The construction development of the 39 residential properties (the “**Settlement Properties**”) which are to be transferred to 中國核工業華興建設有限公司 (“**Huaxing**”) pursuant to the Repayment Arrangement was completed by the end of December 2017. Given that there had been delays in the post-completion filing process, the developer of the Settlement Properties was able to prepare all the requisite materials for the application for the issuance of title deeds only until 20 April 2018. The freezing order is expected to be released on or before 30 June 2018. The transfer of title to the Settlement Properties is in progress and the Company has been using and will continue to use its best endeavours to carry out necessary works to facilitate the release of the freezing order.

On the other hand, the Company understands that both the buyers under the pre-existing sale and purchase contracts and the occupants of the relevant IP Units are still inclined to purchase these units. Therefore, the Company has actively conversed with the PRC government authorities to explore the possibility of a policy relaxation. The Company will seek to ensure that the buyers and the occupants will comply with the requirements outlined by the government should the government policy restrictions be relaxed. However, where the government restrictions remain unchanged or are subject to further negotiations by 31 July 2018, the Company tends to dispose of these units by way of sale to the Identified Buyers after the freezing order is released. If the government restrictions are relaxed only after 31 July 2018, depending on the then existing circumstances, the Company may consider sacrificing the preliminary work done for the intended disposal to the Identified Buyers and resort to complete the existing sale and purchase agreements with the buyers and to enter into formal sale and purchase agreements with the occupants.

## **(II) OCCUPANTS OF CERTAIN INVESTMENT PROPERTIES**

The Company has been maintaining frequent communications and a strong and stable relationship with the occupants of certain IP Units. Once the freezing order is lifted pursuant to the completion of the Repayment Arrangement, the Company will negotiate with the occupants for entering into formal sale and purchase agreements. As regards the impact on the Company's financial position created by the fact that the occupancy concerned has been without consideration, the Company, until the financial year in 2016, was of the view that the profit gained from the sale of the relevant IP Units could compensate any loss consequent on failing to obtain the rental income. However, as there were signs indicating that the average annual increase in the fair market value of the relevant IP Units would begin to level off in 2016 financial year, the Company had considered different approaches to restore the occupancy of the relevant IP Units, including but not limited to long-term lease arrangements. Nevertheless, as the Identified Buyers are inclined to maintain the status quo, the Company opines that stabilising and strengthening the relationship with the occupants is the most appropriate approach in the present circumstances.

## **VIEW OF THE AUDIT COMMITTEE**

The Audit Committee of the Company accepted the Audit Qualifications and confirmed that it had critically reviewed and agreed with the management's position on the judgmental areas in relation to the two aforementioned issues. The Company's procedural approach and its action plan which seek to remove the Audit Qualifications are sufficient and moderate given that feasible options are limited.

The Company will publish further announcement(s) to update the Shareholders and potential investors of the status of the removal of the Audit Qualifications as and when appropriate.

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, 1 June 2018

*As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr. Zhu Yong Ning (Chairman) and Mr. Wu Qing An, four are non-executive directors, namely Mr. Wong Wa Tak, Mr. Yin Shou Rong, Mr. Xu Zhi Bin and Mr. Sha Min and three are independent non-executive directors, namely Mr. Xie Man Lin, Ms. Xu Xiao Qin and Mr. Shi Zhong Hua.*

*This announcement, for which the directors of the Company 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 the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (iii) all opinions expressed in this announcement (if any) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at [www.nandasoft.com](http://www.nandasoft.com).*

*\* For identification purposes only*