



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 2022



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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 RMB143,368,000 for the three months ended 31 March 2022.
- Incurred a net loss of approximately RMB10,200,000 for the three months ended 31 March 2022.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022.

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 2022.

For the three months ended 31 March 2022, the unaudited turnover of the Group is approximately RMB143,368,000, representing an increase of approximately RMB21,989,000 or an increase of approximately 18.1% as compared with that of the corresponding period in 2021.

The unaudited loss attributable to the owners of the Company for three months ended 31 March 2022 is approximately RMB10,200,000, and represents an increase of approximately RMB7,208,000 or an increase of approximately 240.9% compared with the corresponding period in 2021.

The unaudited results of the Group for the three months ended 31 March 2022 together with the unaudited comparative figures for the corresponding period in 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2022

	Notes	For the three months ended 31 March	
		2022 RMB'000	2021 RMB'000
Revenue	2	143,368	121,379
Cost of sales		(130,457)	(104,228)
Gross profit		12,911	17,151
Other income		272	665
Selling and distribution expenses		(5,349)	(2,681)
Administrative expenses		(15,168)	(13,702)
Finance costs		(2,669)	(2,100)
Sharing result of associated companies	3	–	–
Loss before income tax		(10,003)	(667)
Income tax expense	4	(90)	(306)
Loss for the period		(10,093)	(973)
Loss for the period attributable to:			
– Owners of the Company		(10,200)	(2,992)
– Non-controlling interests		107	2,019
		(10,093)	(973)
Loss per share	5		
– Basic and diluted (RMB cents)		(0.31)	(0.09)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Period ended 31 March 2022*

	For the three months ended	
	31 March	
	2022	2021
	RMB'000	RMB'000
Loss for the period	(10,093)	(973)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	2	13
Other comprehensive loss for the period, net of tax	(10,091)	(960)
Total comprehensive profit/(loss) attributable to:		
Owners of the Company	(10,198)	(2,979)
Non-controlling interests	107	2,019
	(10,091)	(960)

Notes

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 March 2022, 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trading of computer hardware and software products	4,439	1,950
Provision of system integration services	134,120	115,305
Property management service income	925	731
Revenue from contract with customers	139,484	117,986
Revenue from other source:		
Rental income	3,884	3,393
	143,368	121,379
Timing of revenue recognition		
At a point in time	4,439	1,950
Over-time	138,929	119,429
	143,368	121,379

3. FINANCE COST

	For the three months ended	
	31 March	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	2,662	2,037
Expense on lease liabilities	47	63
	2,669	2,100

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	
	2022	2021
	RMB'000	RMB'000
Tax charges comprise:		
PRC income tax	90	306

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 RMB10,200,000 (2021: RMB2,992,000) for the three months ended 31 March 2022 and the 3,288,000,000 (2021: 3,288,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months ended 31 March 2022 and 2021 as there were no potential dilutive securities in existence during the relevant periods.

DIVIDEND

The Board does not recommend the payment of dividend for the period ended 31 March 2022 (2021: Nil).

FINANCIAL REVIEW

The consolidated turnover of the Group for the three months ended 31 March 2022 was approximately RMB143,368,000, representing an increase of approximately RMB21,989,000 or 18.1% as compared with the same period of last year, which was due to a year-on-year increase of RMB21,774,000 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 2022 was approximately RMB10,200,000, representing an increase of approximately RMB7,208,000 or 240.9% in loss as compared with the same period of last year. The increase was mainly attributable to the increase in cost of sales, selling and distribution expenses. The cost of sales increased by approximately 25.2% when compared with the same period in last year. Selling and distribution expenses increased by approximately 99.5% as compared with the same period of last year.

BUSINESS REVIEW

In the first quarter of the year, despite the adverse impacts of multiple sporadic outbreaks of the COVID-19 pandemic in China, the Company got off to a steady start in terms of overall business operations and effectively implemented the strategic deployment of its major intelligent platform-based operations, laying a solid foundation for business development in the year.

Intelligent Transportation

Jiangsu Changtian Zhiyuan Transportation Technology Development Company Limited ("**Changtian Zhiyuan**"), a company controlled by the Company, maintained a stable business momentum in the first quarter of the year. Overcoming the difficulties in conducting business amid the COVID pandemic, it proactively developed new customers and secured a new project, i.e., the LHKJ-JDBT tender section of the provisional electromechanical maintenance project for the expansion works of the Lianyungang-Huai' an section of the Changchun-Shenzhen Expressway. While making active efforts in seeking new projects, Changtian Zhiyuan also steadily pushed ahead with the construction and maintenance of projects in progress to ensure the delivery of these projects as scheduled and sped up the process of project settlement, thereby ensuring operational efficiency.

Smart Education

China has made the development of vocational education a major national strategy for talent cultivation, which will drive the rapid growth of various businesses in the vocational education sector in China, and also provide huge spaces for the development of online vocational education. During the period, Jiangsu Zhiya Online Education Technology Ltd. ("**Zhiya Online**"), a company controlled by the Company, continued to consolidate the foundation of its existing projects, seized the opportunities for the development of online vocational education, and actively explored cooperation with major higher vocational colleges by building on its existing practical training courses and training base, striving to build a demonstration base for practical training programs of higher vocational colleges.

Intellectual Property Trading Platform of Chinese Colleges and Universities

The intellectual property trading platform of universities and colleges, which is operated by Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Nanjing Zhonggao**”), an associated company of the Company, continued to maintain stable operation during the first quarter of the year. The platform has added key customers such as NJUST Technology Transfer Center Co., Ltd. (南京理工大學技術轉移中心有限公司) and NTU Technology Transfer Center Co., Ltd. (南通大學技術轉移中心有限公司), and its total registered users exceeded 26,000, with its brand influence further enhanced. During the period, Nanjing Zhonggao continued to strengthen its in-depth cooperation with Jiangsu Proprietary Technology Exchange Center with a focus on “awakening sleeping patents”, and had awakened approximately 300 sleeping patents as at the end of the first quarter of the year. Meanwhile, Nanjing Zhonggao strengthened its product research and development so as to continuously optimize the search and matching functions of the platform and improve user experience, enabling universities, experts and enterprises to access buyers or sellers for patents in a more accurate way. In addition, Nanjing Zhonggao continued to push forward the development and construction of Ningxia Productivity Promotion Center, NJUST Lianyungang Research Institute, the Changzhou Science and Education City and other sub-centers and projects, and maintained the implementation of its existing projects as scheduled.

Capital Reorganisation and placing of H Shares Issuance Plan

An announcement was posted on 8 March 2022 by the Company to implement the Capital Reorganisation and placing of additional H shares so as to bring in strategic investors as soon as practicable and power the Company to move to a higher level. The Capital Reorganisation and placing additional H shares plan of the Company is disclosed in the circular dated 14 April 2022 and will be proposed to the general meeting and class meetings for consideration and approval on 13 May 2022.

PROSPECTS

Looking ahead, as a university-based listed company, the Company has obvious advantages in terms of scientific research talents and is able to provide more professional solutions for businesses in the Internet Plus fields. Amid an uncertain market environment, the Company will continue to conduct in-depth research and analysis on the development trend of the industry, increase its research efforts on market demand, and adjust and optimize its business strategies as and when necessary while furthering the development of each of its existing intelligent platform-based business, so as to adapt to the new environment and strive to open up a broader space for development and create greater value for its shareholders.

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

As at 31 March 2022, 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 2022, 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 2022, 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 2022 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 2022, 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	593,592,975	18.05%	–	–	593,592,975	21.33%
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 2022, 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 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.
- (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 2022, 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 2022.

CORPORATE GOVERNANCE

The Company is committed to upholding good corporate governance. This year considerable efforts were made to identify and formalise the best practices according to international standards. As at 31 March 2022, the Company has complied with the provisions set out in Appendix 15 of the code provision of the Corporate Governance Code (the “**CG Code**”) of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”), save for the deviation from CG Code provision A.2.1. The Board has adopted the CG Code, ensuring greater transparency and quality of disclosure as well as more effective risk control. We believe our commitment to the highest standards of governance will translate into long-term value and ultimately maximise returns to shareholders and stakeholders.

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 2022 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 2022.

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

Nanjing, the PRC, 13 May 2022

* For identification purpose only