



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 RESULTS ANNOUNCEMENT
(FOR THE THREE MONTHS ENDED 31 MARCH 2023)**

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This announcement, 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 announcement 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 announcement or any statement herein misleading.



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HIGHLIGHTS

- Turnover for the three months ended 31 March 2023 amounted to approximately RMB38,687,000.
- Net loss attributable to owners of the Company for the three months ended 31 March 2023 was approximately RMB6,889,000.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023.

FIRST QUARTERLY RESULTS

The board of directors (“**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 ended 31 March 2023.

For the three months ended 31 March 2023, the unaudited turnover of the Group was approximately RMB38,687,000, representing a decrease of approximately RMB104,681,000 or 73.0% as compared with the corresponding period in 2022.

The unaudited net loss attributable to the owners of the Company for three months ended 31 March 2023 was approximately RMB6,889,000, representing a decrease in loss of approximately RMB3,311,000 or approximately 32.5% compared with the corresponding period in 2022.

The unaudited results of the Group for the three months ended 31 March 2023 together with the unaudited comparative figures for the corresponding period in 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2023

	Notes	For the three months ended 31 March	
		2023 RMB'000	2022 RMB'000
Revenue	2	38,687	143,368
Cost of sales		<u>(32,624)</u>	<u>(130,457)</u>
Gross profit		6,063	12,911
Other income		128	272
Selling and distribution expenses		(936)	(5,349)
Administrative expenses		(10,202)	(15,168)
Finance costs	3	<u>(1,960)</u>	<u>(2,669)</u>
Loss before income tax		(6,907)	(10,003)
Income tax expense	4	<u>(25)</u>	<u>(90)</u>
Loss for the period		<u><u>(6,932)</u></u>	<u><u>(10,093)</u></u>
Loss for the period attributable to:			
– Owners of the Company		(6,889)	(10,200)
– Non-controlling interests		<u>(43)</u>	<u>107</u>
		<u><u>(6,932)</u></u>	<u><u>(10,093)</u></u>
Loss per share	5		(restated)
– Basic and diluted (RMB cents)		<u><u>(1.68)</u></u>	<u><u>(2.48)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2023

	For the three months ended 31 March	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the period	(6,932)	(10,093)
Other comprehensive loss		
Exchange differences arising on translation of foreign operations	<u> —</u>	<u> 2</u>
Other comprehensive loss for the period, net of tax	<u><u>(6,932)</u></u>	<u><u>(10,091)</u></u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	(6,889)	(10,198)
Non-controlling interests	<u> (43)</u>	<u> 107</u>
	<u><u>(6,932)</u></u>	<u><u>(10,091)</u></u>

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 shares of the Company have been listed on GEM (“**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 are the sales of computer hardware and software products, provision of system integration services, and property investments.

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

2. REVENUE

Performance obligations for contracts with customers

Trading of computer hardware and software products

Revenue from trading of computer hardware and software products is recognised at a point in time when control of computer hardware and software products is transferred to the customers, being at the point that the customers obtain the control of the computer hardware and software products and the Group has present right to payment and the collection of the consideration is probable.

Provision of system integration services

The Group provides system integration service to customers. Such services are recognised as performance obligation satisfied over time as the Group creates or enhances an assets that the customer controls the asset is created or enhanced. Revenue for these services is recognised based on the stage of completion of the contracts using input method. The directors of the Company consider that input method would faithfully depict the Group’s performance towards complete satisfaction of the performance obligations in these contracts under HKFRS 15.

Property management service income

The provision of property management services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligations, as the customers simultaneously receive and consume the benefits from the Group’s performance. 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.

Transaction price allocated to the remaining performance obligation for contracts with customers

Except for the revenue from provision of system integration services, 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.

Disaggregation of revenue from contracts with customers for the period

	For the three months ended 31 March	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Computer hardware and software products	1,974	4,439
Provision of system integration services	32,209	134,120
Property management services	779	925
Revenue from contracts with customers	34,962	139,484
Revenue from other source		
Rental income	3,725	3,884
Total revenue	38,687	143,368
Timing of revenue recognition		
At a point in time	1,974	4,439
Over time	36,713	138,929
Total revenue	38,687	143,368

3. FINANCE COSTS

	For the three months ended 31 March	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank and other borrowings	1,931	2,622
Interest on lease liabilities	29	47
	1,960	2,669

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.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation Regulation of the EIT Law, the tax rates of the PRC subsidiaries is 25% for both periods.

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 is subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2020, while other subsidiaries in the PRC are subject to a tax rate of 25% for this quarter.

	For the three months ended 31 March	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Tax charges comprise:		
Income tax expense	<u>25</u>	<u>90</u>

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 RMB6,889,000 (2022: RMB10,200,000) and the 411,000,000 (2022: 411,000,000 (restated)) shares in issue during the period.

A share consolidation of 8 shares into 1 shares of the Company had been completed on 13 July 2022. The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the period ended 31 March 2023 and 2022.

Diluted loss per share is not presented for the three months ended 31 March 2023 and 2022 as there were no potential dilutive securities during the periods.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2023 (2022: Nil).

FINANCIAL REVIEW

The consolidated turnover of the Group for the three months ended 31 March 2023 was approximately RMB38,687,000, representing a decrease of approximately RMB104,681,000 or 73.0% as compared with the same period of last year. During the period, the projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (the “**Changtian Zhiyuan**”) were delayed the development due to the COVID-19 epidemic and thus there was significant decline in revenue for the first quarter of 2023.

Loss attributable to owners of the Company for the three months ended 31 March 2023 was approximately RMB6,889,000, representing a decrease of approximately RMB3,311,000 or 32.5% in loss as compared with the same period of last year. The decrease was mainly due to (i) the decrease of selling and distribution expenses by 82.5% as compared with the same period of last year; (ii) gross profit margin increased by 74.1%.

BUSINESS REVIEW

In the first quarter of the year, the Company paid close attention to the industry dynamics and continued to maintain its business advantages in the field of intelligent transportation in line with the strategic deployment of its existing smart platform-based operations. At the same time, the Company continued to develop its business relating to the intellectual property trading platform of colleges and universities in China and strengthened in-depth cooperation with colleges and universities, new R&D institutions and the Changzhou Science and Education City, thereby promoting the orderly and stable development of its “Internet Plus” platform-based business.

Intelligent Transportation

Changtian Zhiyuan, a company controlled by the Company, delayed the development of a number of projects during the late stage of the COVID-19 epidemic in the first quarter of the year and saw a significant decline in business in the beginning of the year, which greatly affected the overall business of the Group. Changtian Zhiyuan strengthened communication and coordination with customers and relevant authorities to minimise negative impacts and push for the settlement progress of major projects undertaken. At the same time, despite being impacted by the epidemic, Changtian Zhiyuan managed to maintain its edges in the industry by proactively optimising its strategic deployment, pooling talent resources, enhancing product and technical advantages and strengthening channel rollout, thus laying solid groundwork for subsequent business development.

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 projects of colleges and universities in Changzhou. Relying on the main functions of the training base at 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 for Chinese Colleges and Universities

The intellectual property trading platform of colleges and universities, which is operated by Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Nanjing Zhonggao**”), an associated company of the Company, maintained stable operation during the first quarter of the year. The platform provided online and offline services to 18,370 enterprises, and the number of registered users of the intellectual property custody and service system exceeded 28,400.

In addition, Nanjing Zhonggao continued to strengthen development of products for both the government end and the university end and completed the individualized project requirements of regional sub-centers during the first quarter, including the testing of intellectual property management systems of Nanjing University of Information Science & Technology and Nantong University and teaming up with the Management Committee of Suqian Economic and Technological Development Zone in Jiangsu to launch a series of activities for the “3 + 1” industries in the development zone, thereby broadening business network and channels for boosting the performance of the whole year.

PROSPECTS

In the first quarter of the year, China’s economy in general rebounded, with the pace of recovery in various industries accelerating. 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 2023, 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	102,597,967 (Note 2)	–	29.49%	–	24.96%

Notes:

- (1) As at 31 March 2023, the Company issued 347,850,000 domestic shares and 63,150,000 H shares, i.e. 411,000,000 shares in total.
- (2) 101,100,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. (“**Jiangsu Keneng Electricity**”) which Mr. Zhu Yong Ning held 90% ownership, and 1,497,967 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 2023, 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 2023 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 2023, the following interests and short positions of 5% or more in 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 required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Shareholder Type	Type of Interest	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	101,100,000	29.06%	–	–	101,100,000	24.60%
Anhui Jiuxi Property Investment Co. Ltd	Beneficial owner	74,199,122	20.76%	–	–	74,199,122	17.57%
Fuji Investment Company Limited (Note 3)	Beneficial owner	30,000,000	8.62%	–	–	30,000,000	7.30%
Jiangsu Fuchuang Electronic Business Company Limited	Beneficial owner	28,125,000	8.09%	–	–	28,125,000	6.84%
Jiangsu Yuchang Modern Agricultural Development Company Limited	Beneficial owner	28,125,000	8.09%	–	–	28,125,000	6.84%
Jiata'er (Nanjing) Energy Company Limited	Beneficial owner	26,250,000	7.55%	–	–	26,250,000	6.39%
Oriental Petroleum (Yangtze) Limited (Note 3)	Beneficial owner	–	–	10,525,000	16.67%	10,525,000	2.56%

Notes:

- As at 31 March 2023, the Company issued 347,850,000 domestic shares and 63,150,000 H shares, i.e. 411,000,000 shares in total.
- 101,100,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. (“**Jiangsu Keneng Electricity**”) which Mr. Zhu Yong Ning held 90% ownership, and 1,497,967 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.
- Fuji Investment Company Limited and Oriental Petroleum (Yangtze) Limited were controlled by the same shareholder.

Save as disclosed above, as at 31 March 2023 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 2023.

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 maximise 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 systems of the Group. The audit committee has reviewed the first quarter results announcement and first quarterly report for the three months ended 31 March 2023 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 2023.

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, 15 May 2023

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. Xu Zhi Bin, Mr. Sha Min, Mr. Xu Hao and Mr. Yin Jian Kang and three are independent non-executive directors, namely Mr. Zhou Mei Lin, Mr. Zhang Zheng Tang and Ms. Xu Xiao Qin.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for 7 days from the date of its posting and on the Company’s website at www.nandasoft.com.

* *For identification purpose only*