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南大苏富特科技

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)

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## **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 RMB134,165,000 for the six months ended 30 June 2019, representing an approximately 29.2% decrease as compared with that of the corresponding period in 2018.
- The net loss attributable to the owners of the Company is RMB8,883,000 for the six months ended 30 June 2019, representing a substantial decrease in loss of 54.8% as compared with the corresponding period in 2018.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

## INTERIM 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 six months ended 30 June 2019.

For the three months and six months ended 30 June 2019, the unaudited turnover of the Group were RMB36,330,000 and RMB134,165,000 respectively, representing a decrease of approximately RMB60,039,000 and RMB55,254,000 or a decrease of approximately 62.3% and 29.2% respectively in turnover as compared with those of the corresponding period in 2018.

The unaudited net loss attributable to the owners of the Company for the three months and six months ended 30 June 2019 were RMB3,222,000 and RMB8,883,000 respectively, representing a decrease in net loss attributable to the owners of the Company of approximately RMB9,519,000 and RMB10,790,000 or a decrease in loss of approximately 74.7% and 54.8% respectively as compared with the corresponding period.

The unaudited results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 are as follows:

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

For the three months and six months ended 30 June 2019

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
<b>Revenue</b>	2	<b>36,330</b>	96,369	<b>134,165</b>	189,419
Cost of sales		<b>(26,380)</b>	(89,130)	<b>(111,179)</b>	(168,846)
Gross profit		<b>9,950</b>	7,239	<b>22,986</b>	20,573
Other income		<b>561</b>	133	<b>1,587</b>	199
Selling and distribution expenses		<b>(1,813)</b>	(2,583)	<b>(5,336)</b>	(5,125)
Administrative expenses		<b>(9,515)</b>	(12,700)	<b>(22,230)</b>	(22,614)
Finance costs	3	<b>(1,585)</b>	(4,284)	<b>(3,389)</b>	(10,322)
Sharing result of associated companies		-	500	-	500
<b>Loss before income tax</b>	4	<b>(2,402)</b>	(11,695)	<b>(6,382)</b>	(16,789)
Income tax expense	5	<b>(447)</b>	(395)	<b>(720)</b>	(625)
<b>Loss for the period</b>		<b>(2,849)</b>	(12,090)	<b>(7,102)</b>	(17,414)
<b>Other comprehensive income that may be reclassified subsequently to profit or loss:</b>					
Exchange difference arising on translation of financial statement of foreign operations		<b>103</b>	1,740	<b>(190)</b>	344
<b>Total comprehensive loss for the period</b>		<b>(2,746)</b>	(10,350)	<b>(7,292)</b>	(17,070)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
<b>Loss for the period attributable to:</b>					
– Owners of the Company		(3,222)	(12,741)	(8,883)	(19,673)
– Non-controlling interests		373	651	1,781	2,259
<b>Loss for the period</b>		<b>(2,849)</b>	<b>(12,090)</b>	<b>(7,102)</b>	<b>(17,414)</b>
<b>Total comprehensive loss for the period attributable to:</b>					
– Owners of the Company		(3,119)	(11,001)	(9,073)	(19,329)
– Non-controlling interests		373	651	1,781	2,259
		<b>(2,746)</b>	<b>(10,350)</b>	<b>(7,292)</b>	<b>(17,070)</b>
<b>Loss per share</b>					
– Basic and diluted (RMB cents)	6	(0.10)	(0.85)	(0.27)	(1.32)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Other current assets</b>			
Property, plant and equipment		73,801	76,622
Prepaid land lease premium		4,432	4,485
Intangible assets		276	306
Investment properties		555,240	555,240
Interest in associated companies		82,221	83,062
Goodwill		23,408	23,408
Available-for-sale financial assets		5,708	5,708
Deferred tax assets		2,968	2,968
Total non-current assets		<b>748,054</b>	751,799
<b>Current assets</b>			
Inventories		41,759	35,414
Trade receivables	7	82,587	91,637
Prepayment, deposit and other receivables		211,413	217,163
Cash and cash equivalents		73,069	101,032
Total current assets		<b>408,828</b>	445,246
Total assets		<b>1,156,882</b>	1,197,045
<b>Current liabilities</b>			
Trade payables	8	141,591	170,747
Amount due to related parties		790	790
Advance from customers		113,508	104,954
Accrual and other payables		165,601	167,808
Dividend payables		2,954	3,454
Bank and other borrowings		9,665	13,665
Tax payables		14,518	17,944
Total current liabilities		<b>448,627</b>	479,362
<b>Net current liabilities</b>		<b>(39,799)</b>	(34,116)
<b>Total assets less current liabilities</b>		<b>708,255</b>	717,683

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
<b>Non-current liabilities</b>		
Bank and other borrowings	<b>280,491</b>	282,627
Deferred tax liabilities	<b>63,404</b>	63,404
Total non-current liabilities	<b>343,895</b>	346,031
<b>Total liabilities</b>	<b>792,522</b>	825,393
<b>NET ASSETS</b>	<b>364,360</b>	371,652
<b>CAPITAL AND RESERVE</b>		
Share capital	<b>328,800</b>	328,800
Reserves	<b>(19,538)</b>	(10,465)
Equity attributable to owners of the Company	<b>309,262</b>	318,335
Non-controlling interests	<b>55,098</b>	53,317
<b>TOTAL EQUITY</b>	<b>364,360</b>	371,652

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months ended 30 June 2019

	For the six months ended 31 March	
	2019 RMB'000	2018 RMB'000
Cash flows from operating activities	(22,877)	(264,043)
Cash flows from investing activities	273	(16,823)
Cash flows from financing activities	(5,359)	265,419
Net decrease in cash and cash equivalents	(27,963)	(15,447)
Cash and cash equivalents at the beginning of the period	101,032	75,151
Cash and cash equivalents at the end of the period	73,069	59,704



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	Equity attributable to owners of the Company								Non-controlling interest	Controlling interest
	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		
At 1 January 2018	148,800	129,469	81,862	20,020	2,285	-	(264,151)	118,285	50,668	168,953
Total comprehensive loss for the period	-	-	-	-	344	-	(19,673)	(19,329)	2,259	(17,070)
Transfer to surplus reserve	-	-	-	1,030	-	-	(1,030)	-	-	-
At 30 June 2018	148,800	129,469	81,862	21,050	2,629	-	(284,854)	98,956	52,927	151,883
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	-	-	-	-	(190)	-	(8,883)	(9,073)	1,781	(7,292)
Transfer to surplus reserve	-	-	-	(7)	-	-	7	-	-	-
At 30 June 2019	328,800	214,069	81,862	20,127	(737)	(2,574)	(332,285)	309,262	55,098	364,360

### 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 (“GEM”) of The Stock Exchange of Hong Kong Limited 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 Unit 01–05, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and its legal representative is Zhu Yong Ning.

The Group is mainly engaged in the sales of computer hardware and software products, trading business of IT related products and equipment, provision of IT training services, develop, manufacture and marketing of network security software, internet application software, education software and business application software, and provision of system integration services, research and development of medicine and pharmaceutical equipment, provision of services in relation to building installation and information system integration etc.

## Notes

### 2. REVENUE

Revenue, which is also the Group's turnover, represents (a) the net invoiced value of goods sold, net of value-added tax and after allowances for returns and trade discounts; (b) the value of services rendered, net of value-added tax; and (c) gross rental income and properties management service income received and receivable from investment properties during the period.

	For the three months ended 30 June		For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Computer hardware and software products	7,436	40,986	24,936	72,768
Provision of system integration services	25,336	51,701	101,981	109,262
Rental and properties management service income	3,558	3,593	7,248	7,284
Other business	–	89	–	105
<b>Total</b>	<b>36,330</b>	<b>96,369</b>	<b>134,165</b>	<b>189,419</b>

## 3. FINANCE COST

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	1,585	4,284	3,200	9,902
Interest on finance lease	–	–	189	420
Total	1,585	4,284	3,389	10,322

## 4. LOSS BEFORE INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation: – Property, plant and equipment	1,375	1,873	3,038	3,615
Inventory cost identified as expenses	26,380	89,130	111,179	168,846

## Notes

### 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% (2018: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

On 27 December 2018, 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 2018.

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Tax charges comprise:				
PRC income tax	447	395	720	625

## Notes

### 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 RMB8,883,000 (2018: RMB-19,673,000) and the 3,288,000,000 (2018: 1,488,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2019 and 2018 as there were no potential dilutive securities during the relevant periods.

### 7. TRADE RECEIVABLES

	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Trade receivables	<b>204,028</b>	213,078
Less: Allowance for impairment loss of trade receivables	<b>(121,441)</b>	(121,441)
Net amount	<b>82,587</b>	91,637

The Group did not hold any collateral as security or other credit enhancements over the trade receivables. The credit period on sales of goods for recurring customers is 30 to 90 days from invoice date. The ageing analysis of trade receivables based on the invoice date and net of impairment loss allowance at the reporting date is as follows:

<b>Items</b>	<b>Unaudited 30 June 2019 RMB'000</b>	Audited 31 December 2018 RMB'000
Within 3 months	<b>28,476</b>	63,262
3 to 6 months	<b>12,229</b>	3,654
7 to 12 months	<b>24,994</b>	10,857
Over 1 year	<b>16,888</b>	13,864
Net amount	<b>82,587</b>	91,637

## Notes

The Group set up the responsible team for confirming the credit terms, reviewing the credit policy in order to reduce credit risk, and executing supervisory procedures to ensure that measures have been taken to retrieve expired claims. In addition, the Group has reviewed the recoverability ability for every outstanding receivable at each balance sheet date, ensuring sufficient bad-debt provisions have been made for unrecoverable amounts. Trade receivables that are past due but not impaired are related to a number of independent customers having a good track record with the Group. Based on past experience, the directors of the Company believe that no impairment allowance is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable. Trade receivables are interest-free.

### 8. TRADE PAYABLES

The ageing analysis of the trade payables of the Group based on the invoice date at the reporting date is as follows:

Items	Unaudited	Audited
	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	11,021	46,078
Over 3 months	130,570	124,669
	<b>141,591</b>	<b>170,747</b>

### 9. SEGMENT REPORTING

According to the internal organizational structure of the Group, requirement for managements and internal reporting system, the operating business is classified into three reporting segments:

- (a) computer hardware and software products segment;
- (b) system integration service segment; and
- (c) property investment segment.

The unreported operating segments including business aggregated as “others”. The management of the Group will evaluate the results of these report segments to determine the distribution of resources and evaluation on its results. The Group operates principally in the PRC. Over 90% of the Group’s revenue is derived from the sales of goods and rendering of IT services in the PRC and over 90% of the Group’s assets are located in the PRC. Accordingly, no further disclosures by the reportable segments based on geographical segment were made.

Segment results represent the gross profits earned by each segment.



## Notes

The following is an analysis of the Group's revenue and results by reportable segment:

Items	Computer hardware and software products		System integration service		Property investment		Others		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	24,936	72,768	101,981	109,262	7,248	7,284	-	105	134,165	189,419
Reportable segment profit	1,665	4,512	16,115	11,648	5,206	4,336	-	77	22,986	20,573
Government grants									1,310	44
Interest income									122	135
Other income									155	20
Share of results of associated companies									-	500
Finance costs									(3,389)	(10,322)
Unallocated corporate expenses									(27,566)	(27,739)
Loss before income tax									(6,382)	(16,789)

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend during the period (2018: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

During the period, as affected by the e-commerce technology market and the Company's overall adjustment of business with low gross profit margin, the business of computer hardware and software business drop for approximately RMB33,550,000. As such, the consolidated turnover of the Group has significant drop for the three months and six months ended 30 June 2019 were RMB36,330,000 and RMB134,165,000, respectively, representing a decrease of approximately 62.3% and 29.2% respectively as compared with the same period of last year. However, the Company adjusted the strategy by concentration on high-profit margin business. Moreover, the Company took active move in its transformation and adjustment to research and development as well as selling of intelligent projects.

During the period, losses attributable to owners of the Company of the Group for the three months and six months ended 30 June 2019 were approximately RMB3,222,000 and RMB8,883,000, representing a decrease of approximately RMB9,519,000 or approximately 74.7% and RMB10,790,000 or approximately 54.8% as compared with the same period of last year. Having settled the actual mediation amount to Nanjing Pengda Technology Development Co., Ltd. in relation to the project funds and interests owned by the Company to China Nuclear Industry Huaxing Construction Company Limited last year, the Group's finance costs decreased significantly by approximately 67.2% when compared with the same period of last year.

### **Financial Resources and Liquidity**

As at 30 June 2019, the equity attributable to owners of the Company of the Group amounted to approximately RMB309,262,000.

As at 30 June 2019, current assets amounted to approximately RMB408,828,000, of which RMB73,069,000 were cash and cash equivalents. The Group had current liabilities amounting to approximately RMB448,627,000, which were mainly trade payables, advances from customers, accrued expenses and other payables, and tax payables. As at 30 June 2019, the net asset value per share of the Group was RMB0.094.

As at 30 June 2019, the gearing ratio of the Group was 68.5%.

## **Material Investment, Acquisition and Disposal**

Save as disclose in the business review, the Group had no material investment, acquisition and disposal during the period.

## **Charge on Group Assets**

As at 30 June 2019, the Group had no charge on group assets (2018: Nil).

## **Capital Commitments**

As at 30 June 2019, the Group did not have any contracted for but not yet provided for capital commitment.

## **Foreign Currency Risk**

During the six months period ended 30 June 2019, as substantially over 90% of the Group's sales and purchases were denominated in Renminbi, the Board considers that the potential foreign exchange exposure of the Group is limited.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2019, total remuneration cost for the Group was approximately RMB12,963,000 (2018: RMB15,001,000) and the Group had 280 employees (2018: 317 employees). Remuneration is determined by reference to market rates and the performance, qualifications and experience of individual employees. Discretionary bonuses on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contribution to retirement scheme, medical scheme, unemployment insurance and housing fund.

## **BUSINESS REVIEW**

In the first half of the year, China's economy maintained a stable development with its GDP up by 6.3%. The contributions of scientific and technological innovation to the economy was further enhanced, and innovation-driven strategy led the future development direction of new economy. 5G, AI and Internet+ have become hot spots in the industry. NandaSoft continued to propel the steady development of its relevant businesses by adhering to the core objective of establishing an "Internet+" platform-based enterprise.

### **Intelligent Transportation**

Jiangsu Changtian Zhiyuan Transportation Technology Company Limited ("Changtian Zhiyuan"), which is controlled by the Company, increased its business volume significantly in the second quarter by undertaking four major projects, including the electromechanical engineering of Beijing – Hong Kong – Macao Expressway Shuanghu Road Interchange project, the electromechanical engineering of National Expressway Deshang Line Juye Shanxian (Shandong and Anhui border) Section project, the electromechanical construction project of the ETC gantry system of Jiangsu Nanjing-Hangzhou Expressway Company Limited, and the construction tender section, SDJD02, of the electromechanical engineering of Linxia Shuangcheng to Dariga (Gangsu and Qinghai boarder) highway construction project, with a total amount of RMB150 million. These projects lay a solid foundation for the business development of the Company for the entire year. At the same time, Changtian Zhiyuan was awarded the patent certificate of "RTSP-based Equipment Control and Channel Limitation Method, Device and System" issued by State Intellectual Property Bureau in May 2019.

### **Computer Hardware Sales Service**

During the period, as affected by the development of e-commerce and the Company's overall adjustment of businesses with low gross profit margin, the hardware sales business of Jiangsu NandaSoft Computer Equipment Co., Ltd. ("Computer Equipment"), which is controlled by the Company, continued to decline, which affected the overall business of the Company for the period to a certain extent. Computer Equipment was committed to conduct strategic transformation and was in active research of intelligent IT projects such as large screen system and cloud classrooms.

## Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. (“Zhiya Online”), which is controlled by the Company, continued to focus on the construction of the training bases of the industrial center of Changzhou Science and Education City, actively developed practical training courses for colleges and universities in the park, upgraded Zhiya Online Cloud Platform 2.0 and automobile VR practical training courses, and carried out the research and development of new products including Smart Classroom, Innovative and Entrepreneurial Fund (雙創基金), video surveillance system and vertical display system. By leveraging on the cloud platform of Science and Education City, Zhiya Online took the training base of Science and Education City as the starting point to actively promote its application to vocational colleges and enterprises outside the park.

## Smart Medical Service

Jiangsu NandaSoft Medical Technology Co., Ltd. (“NandaSoft Medical”), which is the 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. In the second quarter, NandaSoft Medical continued to take chronic disease management system as its research and development direction to upgrade part of the detection modules, which improved the convenience and compliance of patients. At the same time, NandaSoft obtained 8 software copyrights including provincial remote consultation system IOS user terminal V1.0 and chronic disease cloud terminal care and treatment integration platform IOS user terminal software V1.0 during the period.

## Intellectual Property Trading Platform of Chinese Universities and Colleges

The intellectual property trading platform of universities and colleges which is operated by an associated company, Nanjing Zhonggao Intellectual Property Co., Ltd. (“Zhonggao Company”), has been operating steadily in the second quarter. As of the second quarter, colleges and universities opened nearly 300 stores through the “Patentpal” platform, and experts opened over 1,800 expert flagship stores through “Patent Bag”. The platform has connected the demands of enterprises for intellectual property rights and scientific and technological services on over 150 occasions cumulatively. At the same time, Zhonggao Company promoted the sub-platform establishment in various regions, among which, the sub-platform projects in Hebei and Hunan provinces progressed smoothly. The company also connected the demands with the department of science and education in Qingdao, Changzhou and Lianyungang and actively prepared for platform cooperation plans.

## **Additional H Shares Issuance Plan**

To further improve its financial and cashflow position, the Company entered into the placing agreement issuance of new H Shares. Reference to announcement dated on 14 May 2019. The Company intends to place no more than 3,000,000,000 H Shares at a placing price of HK\$0.12 with the aggregate value approximately HK\$360,000,000. The funds to be raised will be mainly used for repaying the Company's existing debts, and as supplemental working capital of the Group. The additional share issuance plan of the Company is disclosed in the circular dated 26 July 2019 and will be proposed to the general meeting and class meetings for consideration and approval on 9 September 2019.

## **Major Asset Disposal Plan**

On 28 June 2019, date of annual general meeting, the Company passed the resolution of major asset disposal as set out in the circular dated 6 June 2019. After obtaining the approval from the government departments, the Company will facilitate the implementation of this disposal plan as soon as possible. It is expected that such disposal will generate a cash income of RMB230,000,000 for the Company, and the proceeds will be used for the building construction of the phase III of SoftTech Innovation Park and as supplemental working capital of the Company. Meanwhile, upon the completion of the Company's disposal plan, the audit qualifications may be removed from the audit report.

## **PROSPECTS**

Science and technology lead the future, and innovation drives the development. As a high-tech enterprise deeply rooted in the "Internet+" industry, we pay constant attention to the implementation of national innovation-driven strategy and comply with the new trend of technological development. By relying on the scientific research and technological achievements of Nanjing University, we will continue to explore and innovate in those sectors such as intelligent transportation, remote education, smart medical service, and intellectual property trading, so as to provide more cutting-edge intelligent solutions for various industries and strive to become an excellent intelligent platform-based benchmark enterprise.

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

As at 30 June 2019, 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 of 30 June 2019, 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 June 2019, 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 six months ended 30 June 2019 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 June 2019, 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 (Note 4)	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%



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 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 June 2019, 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 holding the above interest of shares.
- (3) Oriental Petroleum (Yangtze) Limited and Fuji Investment Company Limited were controlled by the same shareholder.
- (4) On 16 January 2019, Jiangsu Hightech Investment Group Company has transferred 43,931,959 domestic shares to Anhui Jiuxi Property Investment Co., Ltd and the transfer registration has been completed on 16 April 2019 in China Securities Registration Settlement Company Limited.

Save as disclosed above, as at 30 June 2019, 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 six months ended 30 June 2019.

## **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 interim results announcement and interim report for the six months ended 30 June 2019 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 six months ended 30 June 2019.

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

Nanjing, the PRC, 13 August 2019

\* *For identification purpose only*