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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)



2020
INTERIM REPORT

CHARACTERISTICS OF THE 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 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 RMB249,787,000 for the six months ended 30 June 2020, representing an approximately 86.2% increase as compared with that of the corresponding period in 2019.
- The net loss attributable to the owners of the Company is RMB4,905,000 for the six months ended 30 June 2020, representing a decrease in loss of 44.8% as compared with the corresponding period in 2019.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 2020.

For the three months and six months ended 30 June 2020, the unaudited turnover of the Group were RMB117,050,000 and RMB249,787,000 respectively, representing an increase of approximately RMB80,720,000 and RMB115,622,000 or an increase of approximately 222.2% and 86.2% respectively in turnover as compared with those of the corresponding period in 2019.

The unaudited net loss attributable to the owners of the Company for the three months and six months ended 30 June 2020 were RMB2,525,000 and RMB4,905,000 respectively, representing a decrease in net loss attributable to the owners of the Company of approximately RMB697,000 and RMB3,978,000 or a decrease in loss of approximately 21.6% and 44.8% respectively as compared with the corresponding period.

The unaudited results of the Group for the three months and six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019 are as follows:

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

For the three months and six months ended 30 June 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	3	117,050	36,330	249,787	134,165
Cost of sales		(103,099)	(26,380)	(221,254)	(111,179)
Gross profit		13,951	9,950	28,533	22,986
Other income		300	561	957	1,587
Selling and distribution expenses		(1,245)	(1,813)	(4,074)	(5,336)
Administrative expenses		(10,027)	(9,515)	(21,263)	(22,230)
Finance costs	4	(2,421)	(1,585)	(5,178)	(3,389)
Sharing result of associated companies		–	–	984	–
Profit/(Loss) before income tax	5	558	(2,402)	(41)	(6,382)
Income tax expense	6	(681)	(447)	(738)	(720)
Loss for the period		(123)	(2,849)	(779)	(7,102)
Other comprehensive income/(expense) that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of financial statement of foreign operations		105	103	577	(190)
Total comprehensive loss for the period		(18)	(2,746)	(202)	(7,292)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period attributable to:					
– Owners of the Company		(2,525)	(3,222)	(4,905)	(8,883)
– Non-controlling interests		2,402	373	4,126	1,781
Loss for the period		(123)	(2,849)	(779)	(7,102)
Total comprehensive loss for the period attributable to:					
– Owners of the Company		(2,420)	(3,119)	(4,328)	(9,073)
– Non-controlling interests		2,402	373	4,126	1,781
Total comprehensive loss for the period		(18)	(2,746)	(202)	(7,292)
Loss per share					
– Basic and diluted (RMB cents)	7	(0.08)	(0.10)	(0.15)	(0.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		54,326	57,942
Right-of-use assets		8,280	8,827
Intangible assets		530	555
Investment properties		280,300	280,300
Interest in associated companies		65,066	66,418
Goodwill		23,408	23,408
Equity instruments at fair value through other comprehensive income		3,016	4,616
Deferred tax assets		2,968	2,968
Total non-current assets		437,894	445,034
Current assets			
Inventories		75,724	52,809
Trade receivables	8	167,000	86,307
Prepayment, deposit and other receivables		172,615	205,396
Cash and cash equivalents		49,396	132,611
		464,735	477,123
Non-current assets classified as held for sale		210,716	210,716
Total current assets		675,451	687,839
Total assets		1,113,345	1,132,873
Current liabilities			
Trade payables	9	167,337	167,981
Contract liabilities		114,365	152,932
Accrual and other payables		217,188	196,191
Lease liabilities		421	807
Tax payables		17,978	16,989
Total current liabilities		517,289	534,900
Net current assets		158,162	152,939
Total assets less current liabilities		596,056	597,973

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Non-current liabilities		
Bank and other borrowings	278,908	280,623
Lease liabilities	3,693	3,693
Deferred tax liabilities	43,279	43,279
Total non-current liabilities	325,880	327,595
Total liabilities	843,169	862,495
NET ASSETS	270,176	270,378
CAPITAL AND RESERVE		
Share capital	328,800	328,800
Reserves	(117,799)	(113,471)
Equity attributable to owners of the Company	211,001	215,329
Non-controlling interests	59,175	55,049
TOTAL EQUITY	270,176	270,378

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Cash flows from operating activities	(79,470)	(22,877)
Cash flows from investing activities	(3,637)	273
Cash flows from financing activities	(108)	(5,359)
Net decrease in cash and cash equivalents	(83,215)	(27,963)
Cash and cash equivalents at the beginning of the period	132,611	101,032
Cash and cash equivalents at the end of the period	49,396	73,069

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Equity attributable to owners of the Company							Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
At 1 January 2020	328,800	214,069	81,862	20,277	619	(3,666)	(426,632)	215,329	55,049	270,378
Total comprehensive loss for the period	-	-	-	-	577	-	(4,905)	(4,328)	4,126	(202)
At 30 June 2020	328,800	214,069	81,862	20,277	1,196	(3,666)	(431,537)	211,001	59,175	270,176

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 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, Gulou District, Nanjing, China. The Company’s principal place of business in Hong Kong is located at 9E, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Group is mainly engaged in the sales of computer hardware and software products, provision of system integration services and properties investments.

2. BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the unaudited financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The consolidated financial statements have been prepared under the historical cost basis except for equity investment at fair value through other comprehensive income and investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company.

Notes

The unaudited condensed financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 December 2019 (“2019 Financial Statements”) which have been prepared in accordance with the accounting policies which conforms to the HKFRSs. The details of which have been set out below.

(a) Adoption of new or revised HKFRSs

In the current period, the Group has applied all of the amendments to HKFRSs issued by the HKICPA that are relevant to its operations and effective for the Group’s financial year beginning on 1 January 2020. The adoption of these amendments to HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

(b) New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS that have been issued but are not yet effective:

Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ²

¹ Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2020

The application of other new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers for the period

	For the three months ended 30 June		For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Computer hardware and software products	17,865	7,436	18,309	24,936
Provision of system integration services	95,379	25,336	223,913	101,981
Rental and properties management service income	3,776	3,558	7,535	7,248
Other business	30	–	30	–
Total	117,050	36,330	249,787	134,165

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.

(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) Rental and properties management service income

The Group provides rental and 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.

Notes

4. FINANCE COST

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	2,347	1,585	5,026	3,389
Interest on lease liabilities	74	–	152	–
Total	2,421	1,585	5,178	3,389

5. LOSS BEFORE INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Loss before income tax is arrived at after charging:</i>				
Depreciation of property, plant and equipment	1,749	1,375	3,473	3,038
Amortisation of intangible asset	13	12	25	30
Depreciation of right-of-use asset	302	–	547	–
Cost of inventories cost recognised as expenses	103,099	26,380	221,254	111,179

6. 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% (2019: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

Notes

On 6 December 2019, one of the subsidiaries of the Group 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 of obtaining the Hi-Tech certificate. As a result, this subsidiary was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2019.

On 27 December 2017, 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 2017.

	For the three months ended 30 June		For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Tax charges comprise:				
PRC income tax	681	447	738	720

7. 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 RMB4,905,000 (2019: RMB-8,883,000) and the 3,288,000,000 (2019: 3,288,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2020 and 2019 as there were no potential dilutive securities during the relevant periods.

8. TRADE RECEIVABLES

	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Trade receivables	299,648	218,937
Less: allowance for credit losses	(132,648)	(132,630)
	167,000	86,307

Notes

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 90 days from invoice date. The ageing analysis of trade receivables based on the invoice date at the reporting date is as follows:

Items	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Within 3 months	101,043	64,502
3 to 6 months	11,429	2,236
7 to 12 months	43,260	19,569
Over 1 year	11,268	–
	167,000	86,307

9. 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 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
Within 3 months	38,315	40,227
Over 3 months	129,022	127,754
	167,337	167,981

10. 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.

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	18,309	24,936	223,913	101,981	7,535	7,248	30	-	249,787	134,165
Reportable segment profit	634	1,665	22,117	16,115	5,752	5,206	30	-	28,533	22,986
Government grants									695	1,310
Interest income									131	122
Other income									131	155
Share of results of associated companies									984	-
Finance costs									(5,178)	(3,389)
Unallocated corporate expenses									(25,337)	(27,566)
Loss before income tax									(41)	(6,382)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend during the period (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The consolidated turnover of the Group for the three months and six months ended 30 June 2020 was approximately RMB117,050,000 and RMB249,787,000, representing an increase of approximately 222.2% and 86.2% respectively as compared with the same period of last year. Since some of the projects and phased settlement of Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (the “Changtian Zhiyuan”), an owned subsidiary of the Company were completed and revenue recognition for Changtian Zhiyuan during the period increased by RMB127,385,000 or approximately 114.2% over the same period of last year.

During the period, loss attributable to owners of the Company for the three months and six months ended 30 June 2020 was approximately RMB2,525,000 and RMB4,905,000 respectively, representing a decrease in loss of approximately RMB697,000 or approximately 21.6% and RMB3,978,000 or approximately 44.8% as compared with the same period of last year. The reduce of loss attributable to owners of the Company was in line with the increase in turnover from the projects undertaken by Changtian Zhiyuan.

Financial Resources and Liquidity

As at 30 June 2020, the equity attributable to owners of the Company of the Group amounted to approximately RMB211,001,000.

As at 30 June 2020, current assets amounted to approximately RMB675,451,000, of which RMB49,396,000 were cash and cash equivalents. The Group had current liabilities amounting to approximately RMB517,289,000, which were mainly trade payables, contract liabilities, accrual and other payables, and tax payables.

As at 30 June 2020, the net asset value per share of the Group was RMB0.064.

As at 30 June 2020, the gearing ratio of the Group was 25.1%.

Material Investment, Acquisition and Disposal

As disclosed in the Company's announcement dated 17 February 2020 (the "Announcement"), the relevant PRC government authority has recently given an unconditional consent to the carrying out of the requisite formalities to complete the transfers of the Properties from the Company to the relevant Purchasers in the form of issuing a no-objection letter ("No-objection Letter").

After obtaining of the No-objection Letter of the Properties under the relevant laws and regulations in relation to the Disposal and the Agency in respect of the Consented Properties being obtained by the Company, the Company has resumed the completion of the Disposal in respect of the Consented Properties.

Unless the context otherwise requires, the above terms in the above paragraphs have the same meanings as the Announcement.

Save as disclosed above, the Group had no material investment, acquisition and disposal during the period.

Charge on Group Assets

As at 30 June 2020, the Group had no charge on group assets (2019: Nil).

Capital Commitments

As at 30 June 2020, 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 2020, 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 2020, total remuneration cost for the Group was approximately RMB15,190,000 (2019: RMB12,963,000) and the Group had 271 employees (2019: 280 employees). Remuneration is determined by reference to market rates and the performance, qualifications and experience of individual employees. The Group will recognize and reward their contributions according to their performance. Other benefits include contribution to retirement scheme, medical scheme, unemployment insurance and housing fund.

BUSINESS REVIEW

In the first half of the year, due to the impact from the outbreak of COVID-19, the overall business development of the Company was affected to a certain degree. The Company took prompt prevention and control measures and made great efforts to ensure the stable and healthy development of the “Internet+” platform business. Meanwhile, the Company enhanced communication with strategic partners of all business segments to explore more potential cooperation opportunities, in an effort to mitigate the impact of the epidemic on our core businesses.

Intelligent Transportation

Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“Changtian Zhiyuan”), which is controlled by the Company, increased its business volume in the second quarter by undertaking three major projects including the CZJC-01 tender section of the construction project of the dynamic weighing system for the national and provincial trunk highway in Suzhou City (municipal area of Zhangjiagang) and Zhangjiagang municipal highways, the electromechanical engineering of the regulatory facility against overloaded trucks for the tailing engineering of the renovation project of Linzhi-Lhasa section of National Highway 318 and the WFS-92 tender section of the electromechanical construction project of Wufengshan Toll Bridge and North-South Approach Expressways, laying a solid foundation for the business development of the Company for the entire year. While making continuous efforts to explore new businesses, Changtian Zhiyuan also made steady progress in project completion and settlement, so as to ensure delivery as well as inspection and acceptance of such projects on schedule, boosting the operation performance in the first half of the year.

Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. (“Zhiya Online”), which is controlled by the Company, continued to revolve around “Zhiya Online Cloud Platform” as the core of its business development and focus on the establishment of the intellectual property trading platform of higher vocational colleges (designed for science and education cities). Through in-depth cooperation with higher vocational colleges located within the science and education industrial park, the Company upgraded and transformed the “Zhiya Online Cloud Platform” to significantly improve the content quality of the Zhiya Online Cloud Platform. Meanwhile, focusing on the construction of the practical training base of Changzhou Science and Education City and based on the existing basic courses, Zhiya Online continued to push forward the research and development of products including intelligent classrooms, in an effort to tap into the science and education industrial park market and establish demonstrative practical training bases and information system model projects.

Smart Medical Service

During the period, Jiangsu NandaSoft Medical Technology Co., Ltd. (“NandaSoft Medical”), in which the Company is a shareholder, strengthened the research and development of healthcare products, and cooperated with the orthopaedics division of the First Affiliated Hospital of Soochow University to jointly establish the orthopaedics platform of Jiangsu Province. Based on the actual needs of the users, the platform mainly provides patients subject to orthopaedic surgery with a wide variety of services such as consultation services, door-step service appointment, outpatient service appointment, healthcare mall and medical recording. With the product prototype basically in shape and the process review completed, the project has entered into the development phase. Leveraging on the Internet technology and the specialist nurse resources of the Grade Class A hospital, NandaSoft Medical provides patients subject to orthopaedic surgery with high-quality online and offline home nursing services, which also further expands its medical product portfolio.

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 nearly 3,000 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 300 occasions cumulatively. After completion of the comprehensive upgrading and deployment of the “Intellectual Property Custody System”, the system had nearly 15,000 registered enterprise users. At the same time, Zhonggao Company promoted the sub-platform establishment in various regions, connected the demands with Changzhou Science and Technology City, Shenfu New District of Liaoning and other regions and actively prepared for platform cooperation plans.

Additional H Shares Issuance Plan

Due to the impact of COVID-19 pandemic on global business environment and the generally downward market conditions, the intended placing of 3,000,000,000 H Shares by the Company (which has been approved by the China Securities Regulatory Commission in January 2020) was postponed. On 14 May 2020, the Company and the Placing Agent entered into a supplemental agreement to extend the date for fulfillment of all conditions precedent to completion of the Placing to 30 August 2020.

PROSPECTS

Looking forward, the Company will continue to closely follow the national policy direction and closely monitor the market demands, so as to develop business catering to market demands. By relying on the scientific research and technology achievements of Nanjing University and focusing on strengthening the market research and development activities and market exploration for core businesses, the Company will continue to innovate in those sectors such as intelligent transportation, remote education, smart medical service and intellectual property trading, so as to providing 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 2020, 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 2020, 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 2020, 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 2020 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 2020, the following interests and short positions of 5% or more of the shares and underlying shares of the Company held by shareholders (excluding directors, supervisors and chief executives of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company

Shareholder	Nature	Number of domestic shares	Percentage of domestic Shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic and H shares	Percentage of domestic and H shares (Note 1)
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 2)	Beneficial owner	808,800,000	29.06%	-	-	808,800,000	24.60%
Anhui Jiuxi Property Investment Co. Ltd	Beneficial owner	577,592,975	20.76%	-	-	577,592,975	17.57%
Fuji Investment Company Limited (Note 3)	Beneficial owner	450,000,000	16.17%	-	-	450,000,000	13.69%
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 2020, 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 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.

Save as disclosed above, as at 30 June 2020, 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 2020.

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 2020 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 2020.

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, 14 August 2020

* For identification purpose only