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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)

2022 Interim Report

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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 any statement herein or this report misleading.

HIGHLIGHTS

Turnover amounted to approximately RMB179,035,000 for the six months ended 30 June 2022, representing a decrease of approximately 31.5% as compared with the corresponding period in 2021.

Net loss attributable to owners of the Company was approximately RMB13,746,000 for the six months ended 30 June 2022, representing an increase in loss of approximately 86.2% as compared with the corresponding period in 2021.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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 2022.

For the three months and six months ended 30 June 2022, the unaudited turnover of the Group was approximately RMB35,666,000 and RMB179,035,000 respectively, representing a decrease of approximately RMB104,361,000 and RMB82,371,000 or a decrease of approximately 74.5% and 31.5% respectively as compared with the corresponding periods in 2021.

The unaudited net loss attributable to owners of the Company for the three months and six months ended 30 June 2022 was approximately RMB3,545,000 and RMB13,746,000 respectively, representing a decrease in loss of approximately RMB844,000 or 19.2% and an increase in loss of approximately RMB6,365,000 or 86.2% respectively as compared with the corresponding periods in 2021.

The unaudited results of the Group for the three months and six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding periods in 2021 are as follows:

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

For the three months and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	4	35,666	140,027	179,035	261,406
Cost of sales		(31,570)	(124,953)	(162,028)	(229,181)
Gross profit		4,096	15,074	17,007	32,225
Other income		57	567	329	1,232
Selling and distribution expenses		(902)	(1,992)	(6,252)	(4,673)
Administrative expenses		(4,481)	(14,161)	(19,649)	(27,864)
Finance costs	5	(2,347)	(2,014)	(5,016)	(4,113)
Loss before income tax	6	(3,577)	(2,526)	(13,581)	(3,193)
Income tax expense	7	(13)	(358)	(103)	(664)
Loss for the period		(3,590)	(2,884)	(13,684)	(3,857)
Other comprehensive (loss)/ income that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of financial statements of foreign operations		664	(314)	666	(301)
Total comprehensive loss for the period		(2,926)	(3,198)	(13,018)	(4,158)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Loss for the period attributable to:					
– Owners of the Company		(3,545)	(4,389)	(13,746)	(7,381)
– Non-controlling interests		(45)	1,505	62	3,524
Loss for the period		(3,590)	(2,884)	(13,684)	(3,857)
Total comprehensive loss for the period attributable to:					
– Owners of the Company		(2,881)	(4,703)	(13,080)	(7,682)
– Non-controlling interests		(45)	1,505	62	3,524
Total comprehensive loss for the period		(2,926)	(3,198)	(13,018)	(4,158)
Loss per share					
– Basic and diluted (RMB cents)	8	(0.11)	(0.13)	(0.42)	(0.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2022*

	Unaudited	Audited
	30 June	31 December
	2022	2021
<i>Notes</i>	RMB'000	<i>RMB'000</i>
ASSETS AND LIABILITIES		
Other current assets		
Property, plant and equipment	39,525	44,027
Right-of-use assets	6,300	6,789
Intangible assets	429	453
Investment properties	276,409	276,409
Interest in associated companies	68,361	69,966
Goodwill	23,408	23,408
Equity instruments at fair value through other comprehensive income ("FVTOCI")	741	741
Total non-current assets	415,173	421,793
Current assets		
Trade receivables	9 169,446	176,700
Prepayments, deposits and other receivables	314,868	266,868
Cash and cash equivalents	93,906	143,915
	578,220	587,483
Non-current assets classified as held for sale	203,716	203,716
Total current assets	781,936	791,199
Total assets	1,197,109	1,212,992
Current liabilities		
Trade payables	10 251,516	251,564
Contract liabilities	140,666	169,531
Accruals and other payables	248,368	220,721
Lease liabilities	532	1,023
Tax payables	15,084	16,170
Total current liabilities	656,166	659,009
Net current assets	125,770	132,190
Total assets less current liabilities	540,943	553,983

	Unaudited	Audited
	30 June	31 December
	2022	2021
<i>Notes</i>	RMB'000	RMB'000
Non-current liabilities		
Other borrowings	297,757	297,779
Lease liabilities	1,760	1,760
Deferred tax liabilities	42,305	42,305
Total non-current liabilities	341,822	341,844
Total liabilities	997,988	1,000,853
NET ASSETS	199,121	212,139
CAPITAL AND RESERVES		
Share capital	328,800	328,800
Reserves	(202,714)	(189,634)
Equity attributable to owners of the Company	126,086	139,166
Non-controlling interests	73,035	72,973
TOTAL EQUITY	199,121	212,139

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)*For the six months ended 30 June 2022*

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities	(49,663)	(57,612)
Cash flows from investing activities	(126)	(587)
Cash flows from financing activities	(220)	(2,000)
Net decrease in cash and cash equivalents	(50,009)	(60,199)
Cash and cash equivalents at the beginning of the period	143,915	181,231
Cash and cash equivalents at the end of the period	93,906	121,032

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the six months ended 30 June 2022*

	Equity attributable to owners of the Company							Total	Non-controlling interests	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 2021	328,800	214,069	81,862	20,422	(673)	(7,076)	(457,458)	179,946	71,987	251,933
Total comprehensive loss for the period	-	-	-	-	(301)	-	(7,381)	(7,682)	3,524	(4,158)
At 30 June 2021	328,800	214,069	81,862	20,422	(974)	(7,076)	(464,839)	(172,264)	75,511	247,775
At 1 January 2022	328,800	214,069	81,862	20,560	(996)	(7,541)	(497,588)	139,166	72,973	212,139
Total comprehensive loss for the period	-	-	-	-	666	-	(13,746)	(13,080)	62	(13,018)
At 30 June 2022	328,800	214,069	81,862	20,560	(330)	(7,541)	(511,334)	126,086	73,035	199,121

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 of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 24 April 2001.

The address of the Company’s registered office is 12/F, NandaSoft Softech Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, China and its principal place of business in Hong Kong is 9E, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are the trading of computer hardware and software products, provision of system integration services, and property investments.

The Company’s ultimate controlling shareholder is Mr. Zhu Yong Ning.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”).

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for equity instruments at FVTOCI and investment properties, which are measured at fair value at the end of the reporting period.

Notes

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes

3. APPLICATION OF AMENDMENTS TO HKFRSs**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

Notes

- ¹ Effective for annual periods beginning on or after 1 April 2021.
- ² Effective for annual periods beginning on or after 1 January 2022.
- ³ Effective for annual periods beginning on or after 1 January 2023.
- ⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

Disaggregation of revenue from contracts with customers

	For the three months ended 30 June		For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Trading of computer hardware and software products	645	1,889	5,083	3,839
Provision of system integration services	31,041	133,985	165,162	249,290
Property management services	499	559	1,424	1,290
Revenue from contracts with customers	32,185	136,433	171,669	254,419
Revenue from other source				
Rental income	3,481	3,594	7,366	6,987
Total revenue	35,666	140,027	179,035	261,406
Timing of revenue recognition				
At a point in time	645	1,889	5,083	3,839
Over time	35,021	138,138	173,952	257,567
	35,666	140,027	179,035	261,406

Notes

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 the 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 services to customers. Such services are recognised as performance obligation satisfied over time as the Group creates or enhances an assets that the customer controls as the asset is created or enhanced. Revenue for these services is recognised using output method. i.e. based on the relevant services completed by the Group to date with reference to periodic progress reports as verified by the customers. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of the performance obligations under HKFRS 15.

Property management service income

Income from 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 (property 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 property management services is recognised as a contract liability and is released over the period of services.

Notes

5. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Interest on other borrowings	2,304	1,955	4,926	3,991
Interest on lease liabilities	43	59	90	122
Total	2,347	2,014	5,016	4,113

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:	For the three months ended 30 June		For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Depreciation of property, plant and equipment	2,250	2,012	4,504	3,999
Amortisation of intangible assets	12	14	25	28
Depreciation of right-of-use assets	245	258	490	512
Cost of inventories recognised as expenses	31,570	124,953	162,028	229,181

7. 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 rate of the PRC subsidiaries is 25% for both years.

Notes

On 2 December 2020, the Company obtained a China High-Tech Enterprise Certificate which is valid for three years. The entities qualifying for the High-Tech status could enjoy a PRC Enterprise Income Tax preferential treatment starting from the year obtaining the High-Tech certificate. Accordingly, the Company is subject to PRC Enterprise Income Tax at the preferential rate of 15% for three years commencing from 2020. Enterprise income tax (“EIT”) arising from subsidiaries operating in the PRC was calculated at either 15% or 25% (2021: 15% or 25%) of the estimated assessable profits of the subsidiaries during the period ended 30 June 2022.

	For the three months ended 30 June		For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Tax charges comprise:				
PRC income tax	13	358	103	664

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB13,746,000 (2021: –RMB7,381,000) and the 3,288,000,000 (2021: 3,288,000,000) shares in issue during the period.

Diluted earnings per share is not presented for the three months and six months ended 30 June 2021 and 2022 as there were no potential dilutive securities during the relevant periods.

Notes

9. TRADE RECEIVABLES

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 <i>RMB'000</i>
Trade receivables from contracts with customers and other source	287,891	296,625
Less: Allowance for credit losses	(134,934)	(134,934)
Trade receivables (net of allowance for credit losses)	152,957	161,691
Contract assets	16,489	15,009
Total trade receivables	169,446	176,700

Note: Retention receivables in respect of the system integration services are settled in accordance with the terms of the respective contracts.

The Group did not hold any collateral as security or other credit enhancements over its trade receivables. The credit period for recurring customers is 90 days from invoice date.

The following is an aging analysis of trade receivables (excluding retention receivables and net of allowance for credit losses) presented based on the earlier of the invoice date or the date of revenue recognition:

Items	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 <i>RMB'000</i>
Within 3 months	32,237	54,486
3 to 6 months	6,261	1,057
6 to 12 months	50,270	42,238
Over 1 year	64,189	63,910
	152,957	161,691

Notes

As at 30 June 2022 and 31 December 2021, the Group's contract assets were arising from the provision for system integration services. The Group has rights to considerations from customers for provision of system integration services. Contract assets arise when the Group has right to consideration for completion of the provision of system integration services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivable when such right becomes unconditional.

The Group also typically agrees to a retention period ranging from 1 to 3 years for certain percentage of the total contract value. Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within retention period from the date of completion of the provision of system integration services, in accordance with the terms specified in the relevant contracts. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional. As at 30 June 2022, included in carrying amount of contract assets comprises retention money of RMB16,489,000 (31 December 2021: RMB15,009,000).

Items	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Retention monies		
On demand or within 1 year	7,250	6,066
Over 1 year	9,239	8,943
	16,489	15,009

Notes

10. TRADE PAYABLES

The following is an ageing analysis of the Group's trade payables based on the invoice date at the reporting date:

Items	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Within 3 months	30,680	117,605
4 to 6 months	98,718	8,233
7 to 12 months	10,298	11,299
Over 1 year	111,820	114,427
	251,516	251,564

11. SEGMENT REPORTING

According to the Group's internal organizational structure, requirements for management and internal reporting system, the Group's operations are organised into three reportable segments:

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

Unreported operating segments are included in the aggregated business termed "Others". The management of the Group regularly evaluates the results of these reportable segments to determine the allocation of resources among them and to evaluate their performance.

Notes

The Group operates principally in the PRC. Over 90% of the Group's revenue is derived from the sale of goods and rendering of IT services in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, there is no further disclosure by geographical location for the reportable segments. 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 services		Property investment		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	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	5,083	3,839	165,162	249,290	8,790	8,277	179,035	261,406
Reportable segment profit	784	1,252	10,373	26,055	5,850	4,918	17,007	32,225
Government grants							11	400
Interest income							288	383
Other income							30	449
Finance costs							(5,016)	(4,113)
Unallocated corporate expenses							(25,901)	(32,537)
Loss before income tax							(13,581)	(3,193)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The consolidated turnover of the Group for the three months and six months ended 30 June 2022 was approximately RMB35,666,000 and RMB179,035,000, representing a decrease of approximately 74.5% and 31.5% respectively as compared with the corresponding periods of last year. The decrease was mainly due to a year-on-year decrease of approximately RMB82,000,000 or 32.4% in revenue recognised for progress payments of ongoing projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited, a majority-owned subsidiary of the Company, as a number of provinces and cities (including Jilin Province and Zhengzhou City of Henan Province), where such projects are located, were placed under lockdowns for most of the time during the period under review amid resurgence of COVID-19 infections.

The increase in loss of the Company was mainly due to reducing of the gross profit margin and the increasing in selling and distribution expenses and finance costs for the period. The gross profit margin for the period decreased by approximately 22.9% as compared with the corresponding period of last year, and the selling and distribution expenses and finance costs increased by approximately 33.8% and 22.0% respectively as compared with the corresponding period of last year. For the three months and six months ended 30 June 2022, loss attributable to owners of the Company was approximately RMB3,545,000 and RMB13,746,000 respectively, representing a decrease in loss of approximately RMB844,000 or approximately 19.2% and an increase in loss of approximately RMB6,365,000 or approximately 86.2% respectively as compared with the corresponding periods of last year.

Financial Resources and Liquidity

As at 30 June 2022, the equity attributable to owners of the Company amounted to approximately RMB126,086,000.

As at 30 June 2022, the Group's current assets amounted to approximately RMB781,936,000, of which approximately RMB93,906,000 was cash and cash equivalents; and current liabilities amounted to approximately RMB656,166,000, mainly comprising trade payables, contract liabilities, accruals and other payables, and tax payables.

As at 30 June 2022, the net asset value per share of the Group was approximately RMB0.038.

The Group's gearing ratio is expressed as a percentage of total debts over total assets. As at 30 June 2022, the Group had a gearing ratio of approximately 24.9%.

Material Investments, Acquisitions and Disposals

The Group had no material investments, acquisitions or disposals during the period.

Charge on Group Assets

As at 30 June 2022, the Group had no charges on group assets (2021: Nil).

Capital Commitments

As at 30 June 2022, 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 2022, the Board considers that the potential foreign exchange exposure of the Group was limited as over 90% of the Group's sales and purchases were denominated in Renminbi.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the total remuneration cost of the Group was approximately RMB14,990,000 (2021: RMB18,700,000) and the Group had 260 employees (2021: 284 employees). Remuneration is determined with reference to market rates and the performance, qualifications and experience of individual employees. Discretionary bonuses are paid to employees based on individual performance to recognise and reward their contributions. Other benefits include contributions to retirement and medical schemes, unemployment insurance and housing allowances.

BUSINESS REVIEW

In the first half of the year, although the COVID-19 epidemic was generally under control in China as a whole, there were still serious local outbreaks. As the development of new businesses of the Company in the areas plagued by outbreaks of the COVID-19 was impacted, and the results of the Company for the first half of the year were noticeably affected.

Under the unfavourable circumstances, the Company rose to the challenges and managed to maintain the operations of its platform projects and ensure the stability and continuation of its existing businesses, thereby building a solid foundation for business development in the second half of the year.

Intelligent Transportation

In the first half of the year, Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“**Changtian Zhiyuan**”), a majority-owned subsidiary of the Company, overcame difficulties in on-site construction and maintenance of projects caused by the epidemic, worked hard to develop new customers, and secured a key project – the LHKJ-JDBT tender section of the provincial electromechanical maintenance for the expansion project of the Lianyungang-Huai’an section of the Changchun-Shenzhen Expressway. Meanwhile, with a focus on the maintenance of ongoing projects, Changtian Zhiyuan adopted innovative remote control methods to ensure the progress of projects during the outbreaks of the COVID-19 epidemic, mitigating the impact of the epidemic on project construction and maintenance. Moreover, Changtian Zhiyuan continued to strengthen its research and development efforts to improve the quality of each project and enhance customer satisfaction.

Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. (“**Zhiya Online**”), a company controlled by the Company, continued to focus on the construction and maintenance of the training base at the Industrial Centre of the Changzhou Science and Education City (“**SE Park**”) and explore in-depth cooperation with the intellectual property trading platform in the commercialization of scientific and technological achievements. Besides, taking the SE Park as the teaching, research and training platform for vocational education, Zhiya Online further explored various possibilities of online vocational education in the future, strived to build an online vocational education ecology at the SE Park, and made active promotion efforts.

Intellectual Property Trading Platform of Chinese Colleges and Universities

The intellectual property trading platform of colleges and universities, which is operated by an associated company, Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Nanjing Zhonggao**”), maintained stable operation during the second quarter. As of the end of the second quarter, the platform had over 27,000 registered users, with over 200 patents under its custody on a monthly average basis during the period. During the period, Nanjing Zhonggao increased its efforts in the iteration and innovation of product technology, expanded external application interface services, and further enhanced the platform’s capabilities for data analysis, consolidation and application so as to better target at market demand. Meanwhile, Nanjing Zhonggao strengthened its in-depth cooperation with the Jiangsu Proprietary Technology Exchange Center to promote the project of “**awakening sleeping patents**”.

Capital Reorganisation and H Shares Issuance Plan

On 8 March 2022, the Company announced the implementation of the Capital Reorganisation and placing of additional H shares so as to bring in strategic investors as soon as practicable and power the Company to move to a higher level. The Capital Reorganisation and placing additional H shares plan of the Company was approved on the general meeting and class meeting on 13 May 2022. The Company has obtained the necessary pre-requisite approval by and registration with the relevant People’s Republic of China authority(ies) to effect the Capital Reorganisation as a whole and has been granted the listing approval by the Stock Exchange as scheduled and the dealing in Consolidated H shares was commenced on 13 July 2022.

For details, please refer to the announcements dated 8 March 2022, 13 May 2022 and 12 July 2022.

PROSPECTS

In the post-pandemic business environment, the integration of “Internet Plus” and various industries will further be deepened, which will contribute more to economic development. As a high-tech enterprise rooted in the “Internet Plus” industry, we have always adhered to the national innovation-driven strategy and catered to the needs of economic and social development.

We will, as always, build on the scientific research and technological achievements of Nanjing University. In the second half of the year, we will continue to make pioneering efforts and pursue new achievements and innovations in such areas as intelligent transportation, remote education and intellectual property trading so as to seek for new opportunities and more extensive strategic cooperation and lay a solid foundation for the stable growth and performance of the Company in the future.

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

As at 30 June 2022, the interests and short positions of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”), as recorded in the register referred to therein pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (“GEM Listing Rules”), were as follows:

Long positions in ordinary shares of the Company

Name of Director	Type of Interest	Number of domestic shares	Number of H shares	Percentage of deemed beneficial interest in the Company’s domestic share capital (Note 1)	Percentage of deemed beneficial interest in the Company’s H share capital (Note 1)	Percentage of deemed beneficial interest in the Company’s total share capital (Note 1)
Mr. Zhu Yong Ning	Interest of controlled corporation	820,783,735 (Note 2)	–	29.49%	–	24.96%

Notes:

- (1) As of 30 June 2022, the Company issued 2,782,800,000 domestic shares and 505,200,000 H shares, i.e. 3,288,000,000 shares in total.
- (2) 808,800,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. (“**Jiangsu Keneng Electricity**”) which Mr. Zhu Yong Ning held 90% ownership, and 11,983,735 domestic shares were owned by Jiangsu Jintao Investment Holding Company Ltd. (“**Jiangsu Jintao**”) which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholdings of Jiangsu Keneng Electricity and Jiangsu Jintao.

Save as disclosed above, as at 30 June 2022, none of the directors, supervisors or chief executives of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2022 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following interests and short positions of 5% or more of the shares and underlying shares of the Company held by shareholders (excluding directors, supervisors and chief executives of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Shareholder	Nature	Number of	Percentage of	Number of	Percentage of	Number of	Percentage of
		domestic shares	domestic Shares (Note 1)		H shares	H shares (Note 1)	domestic and H shares
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) (Note 4)	Beneficial owner	240,000,000	8.62%	-	-	240,000,000	7.30%
Jiangsu Fuchuang Electronic Business Company Limited	Beneficial owner	225,000,000	8.09%	-	-	225,000,000	6.84%
Jiangsu Yuchang Modern Agricultural Development Company Limited	Beneficial owner	225,000,000	8.09%	-	-	225,000,000	6.84%
Jiata'er (Nanjing) Energy Company Limited (Note 4)	Beneficial owner	210,000,000	7.55%	-	-	210,000,000	6.39%
Oriental Petroleum (Yangtze) Limited (Note 3)	Beneficial owner	-	-	84,200,000	16.67%	84,200,000	2.56%

Notes:

- (1) As at 30 June 2022, 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.

- (3) Fuji Investment Company Limited and Oriental Petroleum (Yangtze) Limited were controlled by the same shareholder.
- (4) On 13 July 2022, the Company completed the share consolidation and capital reduction. The Company currently has a total of 411,000,000 shares and a registered capital of RMB41,100,000.

Save as disclosed above, as at 30 June 2022, no person, other than the directors, supervisors and chief executives of the Company, whose interests are set out in the section “Directors’, Supervisors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPETING INTERESTS

None of the directors or controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding directors’ and supervisors’ securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all directors and supervisors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors and supervisors adopted by the Company throughout the six months ended 30 June 2022.

CORPORATE GOVERNANCE

The Company is committed to upholding good corporate governance. This year considerable efforts were made to identify and formalise the best practices according to international standards. As at 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 15 to the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”), save for the deviation from CG Code provision A.2.1. The Board has adopted the CG Code, ensuring greater transparency and quality of disclosure as well as more effective risk control. We believe our commitment to the highest standards of governance will translate into long-term value and ultimately maximise returns to shareholders and stakeholders.

AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000, it currently comprises three independent non-executive directors, namely, Mr. Zhou Mei Lin, Ms. Xu Xiao Qin and Mr. Zhang Zheng Tang. 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 2022 and agreed to their contents.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2022.

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, 12 August 2022

As at the date of this report, 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 report will remain on GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the date of its posting.

* For identification purpose only