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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

THIRD QUARTERLY REPORT

CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 RMB202,536,000 for the nine months ended 30 September 2022, representing a decrease of approximately 45.4% as compared with that of the corresponding period in 2021.
- Incurred a net loss attributable to owners of the Company of approximately RMB18,836,000 for the nine months ended 30 September 2022.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2022.

THIRD QUARTERLY 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 nine months ended 30 September 2022.

For the three months and nine months ended 30 September 2022, the unaudited turnover of the Group were approximately RMB23,501,000 and RMB202,536,000 respectively, representing a decrease of approximately RMB86,101,000 or approximately 78.6% and RMB168,472,000 or approximately 45.4% as compared with the corresponding period in 2021.

The Group’s unaudited net loss attributable to owners of the Company for the three months and nine months ended 30 September 2022 were approximately RMB5,091,000 and RMB18,836,000 respectively, representing an increase in loss of approximately RMB3,435,000 or approximately 207.4% and RMB9,799,000 or approximately 108.4% respectively as compared to the corresponding period in 2021.



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

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

For the three months and nine months ended 30 September 2022

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	2	23,501	109,602	202,536	371,008
Cost of sales		(19,929)	(90,820)	(181,956)	(320,001)
Gross profit		3,572	18,782	20,580	51,007
Other Income		45	268	374	1,499
Selling and distribution expenses		(845)	(1,999)	(7,096)	(6,672)
Administrative expenses		(5,947)	(13,063)	(25,597)	(40,926)
Finance costs	3	(2,062)	(2,191)	(7,078)	(6,304)
Share of results of associated companies		-	-	-	-
Profit/(Loss) before income tax	4	(5,237)	1,797	(18,817)	(1,396)
Income tax expense	5	-	(337)	(103)	(1,001)
Profit/(Loss) for the period		(5,237)	1,460	(18,920)	(2,397)
Other comprehensive income/ (expense) that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of financial statement of foreign operations		189	6	854	(295)
Total comprehensive income/(loss) for the period		(5,048)	1,466	(18,066)	(2,692)

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	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
Notes	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the period attributable to:				
– Owners of the Company	(5,091)	(1,656)	(18,836)	(9,037)
– Non-controlling interests	(146)	3,116	(84)	6,640
Profit/(Loss) for the period	(5,237)	1,460	(18,920)	(2,397)
Total comprehensive loss for the period attributable to:				
– Owners of the Company	(4,902)	(1,650)	(17,982)	(9,332)
– Non-controlling interests	(146)	3,116	(84)	6,640
	(5,048)	1,466	(18,066)	(2,692)
Loss per share				
– Basic and diluted (RMB cents)	6 (4.58)	(2.20)	(1.24)	(0.40)



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.

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



Notes

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 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Computer hardware and software products	5,861	2,074	10,944	5,913
Provision of system integration services	13,954	103,462	179,116	352,752
Property management services	967	849	2,391	2,139
Revenue from contracts with customers	20,782	106,385	192,451	360,804
Revenue from other sources				
Rental income	2,719	3,217	10,085	10,204
Total revenue	23,501	109,602	202,536	371,008
Timing of revenue recognition				
At a point in time	5,861	2,074	10,944	5,913
Over time	17,640	107,528	191,592	365,095
	23,501	109,602	202,536	371,008

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 asset 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 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	2,024	2,136	6,950	6,127
Interest on lease liabilities	38	55	128	177
Total	2,062	2,191	7,078	6,304

6. LOSS BEFORE INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Loss before income tax is arrived at after charging</i>				
Property, plant and equipment	2,227	2,006	6,731	6,005
Amortisation of intangible assets	13	10	38	38
Depreciation of right-of-use assets	245	256	735	768
Cost of inventories recognised as expenses	19,929	90,820	181,956	320,001

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 September 2022.

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Tax charges comprise:				
PRC income tax	-	337	103	1,001

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

On 12 July 2022, the Company implemented the capital reorganisation which comprising of the share consolidation of every eight (8) shares of RMB0.1 each into one (1) consolidation share of RMB0.8 each and the capital reduction for reduction the nominal value of the consolidated shares from RMB0.8 each to RMB0.1 each (the “Share consolidation”).

The calculation of basic loss per share is based on the loss attributable to ordinary equity holders of the Company of approximately RMB5,091,000 (2021: RMB-1,656,000) and RMB18,836,000 (2021: RMB-9,037,000) for the three months and nine months ended 30 September 2022 respectively. The weighted average number of shares used for the purpose of calculating the basic loss per share in issue of 411,000,000 (2021: 411,000,000 restated) which has been adjusted to reflect the Share Consolidation approved on 12 July 2022. Basic loss per share for the three months and nine months ended 30 September 2021 has been restated accordingly.

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

Notes

9. RESERVE

Item	Equity attributable to owners of the Company									
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	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	-	-	-	-	(295)	-	(9,037)	(9,332)	6,640	(2,692)
At 30 September 2021	328,800	214,069	81,862	20,422	(968)	(7,076)	(466,495)	170,614	78,627	249,241
At 1 January 2022	328,800	214,069	81,862	20,560	(996)	(7,541)	(497,588)	139,166	72,973	212,139
Share consolidation	(287,700)	287,700	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	854	-	(18,836)	(17,982)	(84)	(18,066)
At 30 September 2022	41,100	501,769	81,862	20,560	(142)	(7,541)	(516,424)	121,184	72,889	194,073

DIVIDEND

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

FINANCIAL REVIEW

The consolidated turnover of the Group for the three months and nine months ended 30 September 2022 was approximately RMB23,501,000 and RMB202,536,000 respectively, representing a decrease of approximately RMB86,101,000 or approximately 78.6% and RMB168,472,000 or approximately 45.4% respectively as compared with the corresponding periods of last year. The decreases were mainly due to a year-on-year decrease of approximately RMB166,396,000 or approximately 46.7% in revenue recognised for progress payments of the projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited ("**Changtian Zhiyuan**"), a majority-owned subsidiary of the Company, as these projects were severely impacted by the resurgences of COVID-19 infections during the periods.

During the period, the Company faced with the continuing challenge with the unprecedented impact of COVID-19 pandemic on the global economic outlook, which also impacted the general economic and market conditions in People's Republic of China (the "**PRC**") and the industry in which we operate. For the three months and nine months ended 30 September 2022, loss attributable to owners of the Company was approximately RMB5,091,000 and RMB18,836,000 respectively, representing an increase in loss of approximately RMB3,435,000 or approximately 207.4% and RMB9,799,000 or approximately 108.4% respectively as compared with the corresponding periods of last year which is mainly due to the gross profit margin decreased by 26.1% from RMB51.0 million for the period ended 30 September 2021 to RMB20.6 million for the period ended 30 September 2022.

Management is continuously monitoring the situation and maintaining the positions of the Company as a software development provider in PRC. During the period, the management implemented strictly control on the administrative expenses, thus, the administrative expenses has dropped for 37.5% when compared with the same period of 2021.

BUSINESS REVIEW

In the third quarter of 2022, the Company managed to navigate the fallout from COVID-19 outbreaks in the second quarter of 2022 and implemented an overall strategy for steady development, focusing on maintaining the progress of ongoing projects and breaking new ground for business development for a better annual performance.



Intelligent Transportation

Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“**Changtian Zhiyuan**”), a majority-owned subsidiary of the Company, continued to tackle multiple challenges in the third quarter of 2022. Despite a number of projects were put on hold due to COVID-19 outbreaks, Changtian Zhiyuan worked hard to promote the construction process, prioritised the construction progress of projects in Jiangsu Province and accelerated the construction progress of projects outside the province to prepare the ground for a last-ditch effort to boost the performance for the whole year. Its business and management teams formulated and optimized debt collection strategies, strengthened communication with existing customers, and made efforts to promote the progress of project settlement and improve the company’s operational efficiency. As the same time, Changtian Zhiyuan has been preparing for the application of qualifications in the field of information innovation as well as developing relevant technologies, aiming to open up new opportunities for future development.

Smart Education

During the period, Jiangsu Zhiya Online Education Technology Ltd. (“**Zhiya Online**”), a majority-owned subsidiary of the Company, continued to concentrate on the platform operations of the Changzhou Science and Education City (“**SE Park**”), and strengthened its efforts in developing new products to meet the actual teaching needs of more higher education institutions. Zhiya Online continued to tap into the platform functions of the SE Park, further integrated the resources of higher vocational colleges inside and outside the SE Park, and took advantage of the SE Park to tailor more diversified and characteristic online professional courses for higher vocational colleges in the province. Besides, Zhiya Online continued to strengthen technological iterations, and made use of artificial intelligence, VR and other technologies to enhance the interactive teaching experience of remote courses, which has received positive market feedback.



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**”), recorded rapid business growth in the third quarter of 2022, adding two key clients – Zhuhai Qiyi Intellectual Property Service Co., Ltd. (珠海企宜知識產權服務有限公司) and Nanjing Climber Intellectual Property Co., Ltd. (南京攀登者知識產權代理有限公司) and its total registered users reaching 28,000, including over 18,000 corporate users. The platform’s capability in providing market-oriented services was significantly enhanced, and its influence was further strengthened. During the period, Nanjing Zhonggao focused on strengthening the research and development of products at government ends and college ends and improving product indicators and user experience, so as to more accurately cater to user needs and more effectively connecting the patent supply and demand sides. In respect of the construction of sub-centres, Nanjing Zhonggao, despite the difficulties of working in remote locations, completed the acceptance of the technology transfer service platform in the eastern and western parts of Ningxia as scheduled, and passed the testing of the intellectual property platform of the Jiangsu-Liaoning Cooperation Innovation Park and other key projects.

PROSPECTS

Looking ahead, China’s economy is gradually breaking out of the downward trend with increasingly clear signs of recovery. A number of favourable policies have injected momentum into China’s economic growth, but uncertainty still dominates. As a player in the Internet industry, we need to study and analyse latest economic situation and explore more new opportunities for business development.

The Company will continue to put more effort on study and analysis of latest economic situation, conduct in-depth research on the development trend of the industry, strengthen the research on market demand, further develop its existing intelligent platform operations, and keep adjusting and optimizing its business strategy, so as to adapt to the new development environment and open up a broader space for development.



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

As at 30 September 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 share capital	Percentage of deemed beneficial interest in the Company's H share capital	Percentage of deemed beneficial interest in the Company's total share capital
				(Note 1)	(Note 1)	(Note 1)
Mr. Zhu Yong Ning	Interest of controlled corporation	102,597,967	–	29.49% (Note 3)	–	24.96%

Notes:

- (1) As of 30 September 2022, the Company issued 347,850,000 domestic shares and 63,150,000 H shares, i.e. 411,000,000 shares in total.
- (2) On 12 July 2022, the Company implemented the capital reorganisation which comprise the share consolidation on the basis that every eight (8) Existing Domestic Shares of nominal value of RMB0.10 each be consolidated into one (1) Consolidated Domestic Share of nominal value of RMB0.80 each (the “Consolidated Domestic Share”); and every eight (8) Existing H Shares of nominal value of RMB0.10 each be consolidated into one (1) Consolidated H Share of nominal value of RMB0.80 each, (the “Consolidated H Share”).

Immediately following the share consolidation, the registered capital of the Company is proposed to be reduced by a reduction of the nominal value of each Consolidated Domestic Share and each Consolidated H Share from RMB0.80 to RMB0.10, such reduction will comprise a cancellation of the registered capital of the Company to the extent of RMB0.70 per Consolidated Domestic Share and Consolidated H Share respectively so that each Consolidated Domestic Share and each Consolidated H Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following the Capital Reduction. The credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of the PRC and the Articles.

- (3) 101,100,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. ("**Jiangsu Keneng Electricity**") which Mr. Zhu Yong Ning held 90% ownership, and 1,497,967 domestic shares were owned by Jiangsu Jintao Investment Holding Company Ltd. ("**Jiangsu Jintao**") which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholdings of Jiangsu Keneng Electricity and Jiangsu Jintao.

Save as disclosed above, as at 30 September 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 nine months ended 30 September 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 SHARE

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

Long positions in ordinary shares of the Company:

Shareholder	Type of Interest	Number of domestic shares	Percentage of domestic Shares (Note 1)	Number of H shares	Percentage of H shares (Note 1)	Number of domestic and H shares	Percentage of domestic and H shares (Note 1)
Jiangsu Keneng Electricity Technology Co., Ltd. (Note 3)	Beneficial owner	101,100,000	29.06%	-	-	101,100,000	24.60%
Anhui Jiuxi Property Investment Co. Ltd	Beneficial owner	74,199,122	20.76%	-	-	74,199,122	17.57%
Fuji Investment Company Limited (Note 4)	Beneficial owner	30,000,000	8.62%	-	-	30,000,000	7.30%
Jiangsu Fuchuang Electronic Business Company Limited	Beneficial owner	28,125,000	8.09%	-	-	28,125,000	6.84%
Jiangsu Yuchang Modern Agricultural Development Company Limited	Beneficial owner	28,125,000	8.09%	-	-	28,125,000	6.84%
Jiata'er (Nanjing) Energy Company Limited	Beneficial owner	26,250,000	7.55%	-	-	26,250,000	6.39%
Oriental Petroleum (Yangtze) Limited (Note 4)	Beneficial owner	-	-	-	10,525,000	10,525,000	16.67%

Notes:

- As of 30 September 2022, the Company issued 347,850,000 domestic shares and 63,150,000 H shares, i.e. 411,000,000 shares in total.
- On 12 July 2022, the Company implemented the capital reorganisation which comprise the share consolidation on the basis that every eight (8) Existing Domestic Shares of nominal value of RMB0.10 each be consolidated into one (1) Consolidated Domestic Share of nominal value of RMB0.80 each (the "**Consolidated Domestic Share**"); and every eight (8) Existing H Shares of nominal value of RMB0.10 each be consolidated into one (1) Consolidated H Share of nominal value of RMB0.80 each, (the "**Consolidated H Share**").

Immediately following the share consolidation, the registered capital of the Company is proposed to be reduced by a reduction of the nominal value of each Consolidated Domestic Share and each Consolidated H Share from RMB0.80 to RMB0.10, such reduction will comprise a cancellation of the registered capital of the Company to the extent of RMB0.70 per Consolidated Domestic Share and Consolidated H Share respectively so that each Consolidated Domestic Share and each Consolidated H Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following the Capital Reduction. The credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of the PRC and the Articles.

- (3) 101,100,000 domestic shares were owned by Jiangsu Keneng Electricity Technology Co., Ltd. (“**Jiangsu Keneng Electricity**”) which Mr. Zhu Yong Ning held 90% ownership, and 1,497,967 domestic shares were owned by Jiangsu Jintao Investment Holding Company Ltd. (“**Jiangsu Jintao**”) which Mr. Zhu Yong Ning held 90% ownership. Pursuant to Part XV of the SFO, Mr. Zhu Yong Ning is deemed to be interested in the above shareholdings of Jiangsu Keneng Electricity and Jiangsu Jintao.
- (4) Fuji Investment Company Limited and Oriental Petroleum (Yangtze) Limited were controlled by the same shareholder.

Save as disclosed above, as at 30 September 2022, no person, other than the directors, supervisors and chief executives of the Company, whose interests are set out in the section headed “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 nine months ended 30 September 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 September 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, which currently comprises three independent non-executive directors, namely, Mr. Zhou Mei Lin, Mr. Zhang Zheng Tang and Ms. Xu Xiao Qin. The primary duties of the audit committee are to review and provide supervision over the financial reporting, risk management and internal control systems of the Group. The audit committee has reviewed the third quarter results announcement and third quarterly report for the nine months ended 30 September 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 nine months ended 30 September 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, 11 November 2022

* *For identification purpose only*

