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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JIANGSU NANDASOFT TECHNOLOGY COMPANY LIMITED*, you should at once hand this circular and the accompanying forms of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) PROPOSED CAPITAL REORGANISATION;
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;
- (3) PROPOSED PLACING OF NEW CONSOLIDATED H SHARES UNDER SPECIFIC MANDATE;
- (4) PROPOSED AMENDMENT TO ARTICLES; AND
- (5) NOTICES OF EXTRAORDINARY GENERAL MEETING AND CLASS MEETINGS

Placing Agent



Yuet Sheung International Securities Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" of this circular. A letter from the Board is set out on pages 11 to 33 of this circular. The notices dated 14 April 2022 convening the GM, the Existing Domestic Share Class Meeting and the Existing H Share Class Meeting (each "Meeting", collectively, "Meetings") of the Company to be held at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 10:00 a.m., 10:30 a.m. (or immediately after the GM) and 11:00 a.m. (or immediately after the Existing Domestic Share Class Meeting) respectively are set out on pages GM-1, DCM-1 and HCM-1 of this circular. Whether or not you intend to attend such Meetings, you are reminded to complete the proxy forms enclosed with this circular in accordance with the instructions printed thereon and return the same to the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC (for holders of Existing Domestic Shares) or to the office of the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of Existing H Shares) as soon as possible but in any event not less than 24 hours before the respective time fixed for holding such Meetings or any adjournment thereof. Completion and delivery of the said proxy forms will not prevent you from attending and voting in person at the Meetings or at any adjourned Meetings if you so wish.

PRECAUTIONARY MEASURES FOR THE MEETINGS

The Company will implement the following measures at the Meetings to prevent and control the spread of the coronavirus disease 2019 ("COVID-19") and to safeguard the health and safety of the attending Shareholders, staff members of the Company and other participants:

- compulsory body temperature check
- compulsory wearing of surgical face mask
- no serving of refreshments or drinks
- appropriate seating arrangement in line with the relevant laws and regulations

Depending on the COVID-19 situation, the Company reserves the right to change the arrangements in respect of the Meetings or take further measures as appropriate in order to minimise any risk to the Shareholders and other participants attending the Meetings. The Company also encourages the Shareholders to consider appointing the chairman of the relevant Meeting as their proxy to vote on the relevant resolutions at the relevant Meetings as an alternative to attending the relevant Meetings in person. To the extent permitted under law, the Company reserves the right to deny entry into the venue at which the Meetings are to be held or require any person to leave the venue at which the Meetings are to be held, or implement other precautionary measures for the Meetings in order to ensure the safety of the attendees at the Meetings.

14 April 2022

* for identification purpose only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Anhui Jiuxi”	Anhui Jiuxi Industrial Investment Co. Ltd.* 安徽九西實業投資有限公司, a limited company incorporated in the PRC
“Articles”	the articles of association of the Company as revised from time to time
“Board”	the board of Directors
“Board Resolutions”	the resolutions passed by the Board at the Board meeting held on 8 March 2022 approving, <i>inter alia</i> , the Placing Agreement and the transactions contemplated thereunder
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Capital Reduction”	the proposed reduction of the registered capital of the Company by reducing the nominal value of each Consolidated Domestic Share and each Consolidated H Share from RMB0.80 to RMB0.10 by way of 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
“Capital Reorganisation”	collectively, the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time

DEFINITIONS

“Change in Board Lot Size”	the proposed change in board lot size of the shares of the Company for trading on the Stock Exchange from 6,000 Existing H Shares to 12,000 Consolidated H Shares
“Class Meetings”	the Existing Domestic Share Class Meeting and the Existing H Share Class Meeting
“Company”	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 PRC whose Existing H Shares are listed on GEM (Stock Code: 8045)
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consolidated Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB0.80 (immediately upon the Share Consolidation becoming effective for illustration purpose) or RMB0.10 (immediately upon the Capital Reorganisation as a whole becoming effective) each in the registered capital of the Company which will be subscribed for in RMB
“Consolidated H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB0.80 (immediately upon the Share Consolidation becoming effective for illustration purpose) or RMB0.10 (immediately upon the Capital Reorganisation as a whole becoming effective) each in the registered capital of the Company, which will be listed on GEM and subscribed for and traded in HK\$
“Consolidated Share(s)”	Consolidated Domestic Share(s) and/or Consolidated H Share(s)
“Director(s)”	the director(s) of the Company
“Existing Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in RMB prior to the Capital Reorganisation becoming effective

DEFINITIONS

“Existing Domestic Share Class Meeting”	the class meeting of the holders of Existing Domestic Shares to be convened for the purpose of, amongst others, considering and, if thought fit, approving the Capital Reorganisation, and the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares
“Existing H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB0.10 each in the registered capital of the Company, which are listed on GEM and subscribed for and traded in HK\$ prior to the Capital Reorganisation becoming effective
“Existing H Share Class Meeting”	the class meeting of the holders of Existing H Shares to be convened for the purpose of, amongst others, considering and, if thought fit, approving the Capital Reorganisation, and the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares
“Existing Share(s)”	Existing Domestic Share(s) and/or Existing H Share(s)
“Existing Share Certificate(s)”	certificate(s) for the Existing H Share(s) in issue
“Fuchuang”	Jiangsu Fuchuang Electronic Business Company Limited* 江蘇富創電子商務有限公司, a limited company incorporated in the PRC
“Fuji”	Fuji Investment Company Limited* 福基投資有限公司, a limited company incorporated in the PRC
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

DEFINITIONS

“GM”	the extraordinary general meeting of the Company to be convened and held at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 10:00 a.m. and any adjournment thereof, for the purpose of, amongst others, considering and, if thought fit, approving the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares, and the proposed amendment to clause 20 of the Articles to reflect the latest capital structure of the Company as necessitated by/consequent on the Capital Reorganisation becoming effective and the allotment and issuance of the Placing Shares
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties which are not connected persons of the Group and are independent of the Group and its connected persons
“Jiangsu Keneng”	Jiangsu Keneng Electricity Technology Co., Ltd.* 江蘇科能電力科技股份有限公司, a limited company incorporated in the PRC
“Jiata’er”	Jiata’er (Nanjing) Energy Company Limited* 嘉塔爾(南京)能源有限公司, a limited company incorporated in the PRC
“Latest Practicable Date”	13 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Mr. Zhu”	Mr. Zhu Yong Ning (朱永寧), executive Director and Chairman of the Board
“New Share Certificate(s)”	certificate(s) for Consolidated H Share(s) in issue
“Oriental Petroleum”	Oriental Petroleum (Yangtze) Limited 東華石油(長江)有限公司, a private company limited by shares incorporated in Hong Kong
“Placing”	the placing by the Placing Agent, on a best effort basis, of up to a total of 389,000,000 new Consolidated H Shares to be allotted and issued by the Company pursuant to the terms of the Placing Agreement
“Placing Agent”	Yuet Sheung International Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) under the SFO
“Placing Agreement”	the conditional placing agreement dated 8 March 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	the day on which completion of the Placing takes place, which shall be within 7 Business Days after the day on which all the conditions precedent to the Placing as set out in the Placing Agreement have been fulfilled on or before the Placing Long Stop Date
“Placing Long Stop Date”	the date falling on the first anniversary of the date of the Placing Agreement or such later date as the Company and the Placing Agent may agree in writing
“Placing Price”	HK\$0.360 per Placing Share
“Placing Shares”	a maximum of 389,000,000 new Consolidated H Shares to be placed under the Placing
“PRC”	the People’s Republic of China which excludes Hong Kong and Macau Special Administrative Regions for the purpose of this circular

DEFINITIONS

“Previous Placing”	has the meaning as ascribed in the section headed “Reasons for and Benefits of the Placing”
“Previous Placing Agreement”	has the meaning as ascribed in the section headed “Reasons for and Benefits of the Placing”
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of (i) every eight (8) Existing Domestic Shares of nominal value of RMB0.10 each into one (1) Consolidated Domestic Share of nominal value of RMB0.80 each; and (ii) every eight (8) Existing H Shares of nominal value of RMB0.10 each into one (1) Consolidated H Share of nominal value of RMB0.80 each
“Shareholder(s)”	holder(s) of the Existing Share(s) and/or the Consolidated Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuchang”	Jiangsu Yuchang Modern Agricultural Development Company Limited* 江蘇裕昌現代農業發展有限公司, a limited company incorporated in the PRC
“%”	per cent

DEFINITIONS

In this circular, unless the context otherwise requires, the terms “connected person(s)” and “substantial Shareholder(s)” shall have the meanings given to such terms in the GEM Listing Rules, as modified by the Stock Exchange from time to time.

For the purpose of illustration only and where applicable, all figures in RMB are calculated based on the exchange rate of approximately HK\$1 to RMB0.808. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

References to the singular number include references to the plural and vice versa and references to one gender include every gender.

The English names of Chinese entities/locations (where applicable) marked with “” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

This circular has been printed in English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text (except as aforesaid).

EXPECTED TIMETABLE

The expected timetable for implementation of the Capital Reorganisation and the Change in Board Lot Size is as follows:

Event	Time and date
Latest time for lodging transfer of the Existing Domestic Shares and Existing H Shares in order to qualify for attending and voting at the GM and the Class Meetings	4:30 p.m. on Wednesday, 4 May 2022
Register of members of the Company closed	From Thursday, 5 May 2022 to Friday, 13 May 2022 (both days inclusive)
Latest time and date for lodging forms of proxy for the GM and the Class Meetings (not less than 24 hours prior to the time of the respective meetings)	10:00 a.m. on Thursday, 12 May 2022
Time and date of the GM and the Class Meetings	On Friday, 13 May 2022 at (i) 10:00 a.m. (for the GM); (ii) 10:30 a.m. or immediately after the GM (for the Existing Domestic Share Class Meeting); and (iii) 11:00 a.m. or immediately after the Existing Domestic Share Class Meeting (for the Existing H Share Class Meeting)
Publication of announcement of poll results of the GM and the Class Meetings	Friday, 13 May 2022

The following events are conditional on the fulfillment of the conditions of the Capital Reorganisation and the Change in Board Lot Size:

Event	Time and date
Expected effective date of the Capital Reorganisation	Wednesday, 13 July 2022
Dealing in Consolidated H Shares commences	9:00 a.m. on Wednesday, 13 July 2022

EXPECTED TIMETABLE

Event	Time and date
First day for free exchange of Existing Share Certificates for New Share Certificates	Wednesday, 13 July 2022
Original counter for trading in Existing H Shares in board lots of 6,000 Existing H Shares (in the form of Existing Share Certificates) temporarily closes	9:00 a.m. on Wednesday, 13 July 2022
Temporary counter for trading in Consolidated H Shares in board lots of 750 Consolidated H Shares (in the form of Existing Share Certificates) opens	9:00 a.m. on Wednesday, 13 July 2022
Original counter for trading in Consolidated H Shares in board lots of 12,000 Consolidated H Shares (in the form of New Share Certificates) re-opens	9:00 a.m. on Wednesday, 27 July 2022
Parallel trading in Consolidated H Shares (in the form of New Share Certificates and Existing Share Certificates) commences	9:00 a.m. on Wednesday, 27 July 2022
Designated broker starts to stand in the market to provide matching services for odd lot of Consolidated H Shares	9:00 a.m. on Wednesday, 27 July 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated H Shares	4:00 p.m. on Tuesday, 16 August 2022
Temporary counter for trading in Consolidated H Shares in board lots of 750 Consolidated H Shares (in the form of Existing Share Certificates) closes	4:10 p.m. on Tuesday, 16 August 2022

EXPECTED TIMETABLE

Event	Time and date
Parallel trading in Consolidated H Shares (in the form of New Share Certificates and Existing Share Certificates) ends	4:10 p.m. on Tuesday, 16 August 2022
Last day for free exchange of Existing Share Certificates for New Share Certificates	4:30 p.m. on Thursday, 18 August 2022

All times and dates in this circular refer to Hong Kong local times and dates and are subject to the opening hours of the Company's Hong Kong share registrar and transfer office. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZHU Yong Ning (*Chairman*)

Mr. WU Qing An

Non-executive Directors:

Mr. XU Zhi Bin

Mr. SHA Min

Mr. XU Hao

Mr. YIN Jian Kang

Independent non-executive Directors:

Mr. ZHOU Mei Lin

Mr. ZHANG Zheng Tang

Ms. XU Xiao Qin

*Registered office and principal place of
business in the PRC:*

NandaSoft Softech Park,
No. 19 South Qingjiang Road,
Gulou District,
Nanjing,
PRC

Principal place of business in Hong Kong:

9E, Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hungghom, Kowloon
Hong Kong

14 April 2022

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED CAPITAL REORGANISATION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) PROPOSED PLACING OF NEW CONSOLIDATED H SHARES UNDER
SPECIFIC MANDATE;**
- (4) PROPOSED AMENDMENT TO ARTICLES; AND**
- (5) NOTICES OF EXTRAORDINARY GENERAL MEETING
AND CLASS MEETINGS**

INTRODUCTION

As announced by the Company in its announcement dated 8 March 2022, the Board proposed to implement the Capital Reorganisation which will involve the Share Consolidation and the Capital Reduction, followed by the Change in Board Lot Size. In addition, the Company entered into the Placing Agreement in relation to the Placing and the Board proposed the amendment to article 20 of the Articles to reflect the capital structure of the Company as necessitated by/consequent on the Capital Reorganisation becoming effective and the allotment and issuance of the Placing Shares.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Capital Reorganisation, the Change in Board Lot Size and the Placing; (ii) the amendment to the Articles as proposed above; and (iii) notices convening the GM and the Class Meetings.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation and the Capital Reduction, details of which are as follows:

(i) Share Consolidation

The Company proposes to implement 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; 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.

(ii) Capital Reduction

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.

Conditions precedent to the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the special resolution by the Shareholders at the GM and the Class Meetings respectively approving the Capital Reorganisation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated H Shares upon the Capital Reorganisation becoming effective; and

LETTER FROM THE BOARD

- (iii) all necessary pre-requisite legal and regulatory authorizations, permissions, approvals, consents, filings, notifications, publications and registrations (including without limitation the registration with relevant PRC authority(ies)) to effect the Capital Reorganisation as a whole having been obtained or fulfilled.

For the avoidance of doubt, the Shareholders' approval for the Capital Reorganisation (comprising the Share Consolidation and the Capital Reduction) shall be proposed in one resolution to the Shareholders at the GM and the Class Meetings respectively. In the event that any of the conditions precedent to the implementation of the Capital Reorganisation is not fulfilled, none of the Share Consolidation, the Capital Reduction, and hence the Change in Board Lot Size, will take effect.

Subject to the above conditions, the Capital Reorganisation is expected to become effective on the second Business Day immediately following the fulfilment of all the relevant conditions stated above.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the registered share capital of the Company was comprised of (i) 2,782,800,000 Existing Domestic Shares of nominal value of RMB0.10 each; and (ii) 505,200,000 Existing H Shares of nominal value of RMB0.10 each, all of which are in issue. Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation, the registered share capital of the Company immediately upon the Share Consolidation becoming effective will comprise of (i) 347,850,000 Consolidated Domestic Shares of nominal value of RMB0.80 each; and (ii) 63,150,000 Consolidated H Shares of nominal value of RMB0.80 each, all of which will be in issue; and the registered share capital of the Company immediately upon the Capital Reorganisation becoming effective as a whole will comprise of (i) 347,850,000 Consolidated Domestic Shares of nominal value of RMB0.10 each; and (ii) 63,150,000 Consolidated H Shares of nominal value of RMB0.10 each, all of which will be in issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or securities in issue which are convertible or exchangeable into the shares of the Company. Assuming no further shares will be issued or repurchased by the Company prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective	Immediately upon the Capital Reorganisation as a whole becoming effective
Nominal value per share of the Company	(i) RMB0.10 per Existing Domestic Share and (ii) RMB0.10 per Existing H Share	(i) RMB0.80 per Consolidated Domestic Share and (ii) RMB0.80 per Consolidated H Share	(i) RMB0.10 per Consolidated Domestic Share and (ii) RMB0.10 per Consolidated H Share
Registered and issued share capital	(i) RMB278,280,000 divided into 2,782,800,000 Existing Domestic Shares and (ii) RMB50,520,000 divided into 505,200,000 Existing H Shares	(i) RMB278,280,000 divided into 347,850,000 Consolidated Domestic Shares and (ii) RMB50,520,000 divided into 63,150,000 Consolidated H Shares	(i) RMB34,785,000 divided into 347,850,000 Consolidated Domestic Shares and (ii) RMB6,315,000 divided into 63,150,000 Consolidated H Shares

LETTER FROM THE BOARD

Upon the Share Consolidation becoming effective, the nominal value of each of the 347,850,000 Consolidated Domestic Shares and 63,150,000 Consolidated H Shares will be reduced from RMB0.80 to RMB0.10 per share by way of the Capital Reduction and a credit in the aggregate sum of RMB287,700,000 will arise as a result of the Capital Reduction. It is proposed that the credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws, the GEM Listing Rules and the Articles.

Other than the relevant expenses (including but not limited to professional fees and printing charges, incurred or to be incurred), which are estimated to be approximately HK\$1,500,000, the implementation of the Capital Reorganisation together with the Change in Board Lot Size will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation together with the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing H Shares were traded on the Stock Exchange in board lots of 6,000 Existing H Shares. The Company proposes to change the board lot size for trading on the Stock Exchange from 6,000 Existing H Shares to 12,000 Consolidated H Shares conditional upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.038 per Existing H Share (equivalent to the theoretical closing price of HK\$0.304 per Consolidated H Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of each board lot of 12,000 Consolidated H Shares, assuming the Capital Reorganisation as a whole had already become effective, would be HK\$3,648. The Change in Board Lot Size will not, by itself, affect any of the rights of the Shareholders save otherwise disclosed herein. From the date on which dealing in Consolidated H Shares in issue commences (which is expected to be 13 July 2022 (Wednesday)), new share certificates of the Consolidated H Shares will be issued in board lots of 12,000 Consolidated H Shares each (except for odd lots or where the Company's Hong Kong share registrar and transfer office is otherwise instructed).

LETTER FROM THE BOARD

REASONS FOR THE PROPOSED CAPITAL REORGANISATION AND THE PROPOSED CHANGE IN BOARD LOT SIZE

The closing price per Existing H Share as quoted on the Stock Exchange on the Latest Practicable Date was HK\$0.038. Further, the Existing H Shares have been traded predominantly below HK\$0.10 per share for more than two years prior to the Latest Practicable Date. Under Rule 17.76 of the GEM Listing Rules, where the trading price of the securities of an issuer approaches the extremities of HK\$0.01 (which the Stock Exchange considers to be any trading price less than HK\$0.10), the issuer may be required either to change the trading method or to proceed with a consolidation or subdivision of its securities. The Share Consolidation ratio of every 8 Existing Shares into 1 Consolidated Share was arrived at after considering (i) the theoretical closing price per Consolidated H Share of HK\$0.304 (based on the closing price of HK\$0.038 per Existing H Share as quoted on the Stock Exchange as at the Latest Practicable Date) upon the Capital Reorganisation taking effect being in compliance with the requirement under Rule 17.76 of the GEM Listing Rules; and (ii) that the total number of Existing Shares in issue prior to the Capital Reorganisation, being 3,288,000,000 Existing Shares, is wholly divisible by eight without resulting in fractional shares and that based on the register of interests kept by the Company the Capital Reorganisation would result in minimised odd lots and fractional entitlements of Shareholders. It is expected that the Share Consolidation under the Capital Reorganisation and the Change in Board Lot Size would bring about a corresponding upward adjustment in the trading price of the Consolidated H Shares on the Stock Exchange and therefore comply with the trading requirements under the GEM Listing Rules.

The theoretical value of each board lot of the Consolidated H Shares after the Capital Reorganisation and the Change in Board Lot Size have become effective, calculated with reference to the closing price of each Existing H Share as at the Latest Practicable Date, will be HK\$3,648 which is over HK\$2,000 (being the minimum transaction costs for a securities trade), while not making the cost for each board lot too high.

Further, the Company is prohibited from issuing new shares at below their nominal value under the relevant laws of the PRC. In view of the prevailing trading price of the Existing H Shares, including that the Existing H Shares have been traded below their nominal value for more than two years, the Board further proposes to implement the Capital Reduction as part of the Capital Reorganisation. The Capital Reduction will have the effect of reducing the nominal value of the Consolidated H Shares (together with the Consolidated Domestic Shares) which will give the Company the ability to execute the Placing in accordance with the relevant PRC laws at the Placing Price of HK\$0.360 per Consolidated H Share (which is above its nominal value upon completion of the Capital Reorganisation) and greater flexibility in pricing other future capital raising exercise.

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Accordingly, the Board considers that the proposed Capital Reorganisation comprising (i) the Share Consolidation of every eight (8) Existing Domestic Shares into one (1) Consolidated Domestic Share and every eight (8) Existing H Shares into one (1) Consolidated H Share; and (ii) the Capital Reduction in respect of the nominal value of each Consolidated Domestic Share and each Consolidated H Share, together with the Change in Board Lot Size, is the most feasible method in the interests of the Company and the Shareholders as a whole to address the Company's compliance with the relevant laws and the GEM Listing Rules and fundraising needs.

The Board considers that the proposed Capital Reorganisation and Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save for the Placing, the Company did not have any plan and had not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months.

OTHER ARRANGEMENTS

Status of the Consolidated Domestic Shares

All Consolidated Domestic Shares immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional Consolidated Domestic Shares to which the Shareholders may be entitled.

Fractional entitlement to the Consolidated Domestic Shares

Upon the Capital Reorganisation becoming effective, fractional Consolidated Domestic Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Domestic Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Domestic Shares will only arise in respect of the entire shareholding of a holder of Consolidated Domestic Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on fractional entitlements are recommended to consult their licensed securities dealer, bank manager, lawyer, professional accountant or other professional adviser (as appropriate) and may wish to consider the possibility of buying or selling Existing Domestic Shares in a number sufficient to eliminate fractional entitlements and make up an entitlement to receive a whole number of Consolidated Domestic Shares.

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Registration with authority

Upon the Capital Reorganisation becoming effective, the Company will conduct the necessary registration and filing procedures and formalities with the China Securities Depository and Clearing Corporation Limited for the deposit, clearance and settlement of the Consolidated Domestic Shares.

Status of the Consolidated H Shares

All Consolidated H Shares immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other. The Capital Reorganisation as a whole and the Change in Board Lot Size will not by themselves result in any change in the relative rights of the Shareholders, save for any fractional Consolidated H Shares to which the Shareholders may be entitled.

Fractional entitlement to the Consolidated H Shares

Upon the Capital Reorganisation becoming effective, fractional Consolidated H Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated H Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated H Shares will only arise in respect of the entire shareholding of a holder of Consolidated H Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on fractional entitlements are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing H Shares in a number sufficient to eliminate fractional entitlements and make up an entitlement to receive a whole number of Consolidated H Shares.

Listing application

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated H Shares arising from the Capital Reorganisation.

Subject to the granting of listing of, and permission to deal in, such Consolidated H Shares on the Stock Exchange, such Consolidated H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in such Consolidated H Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Such Consolidated H Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for such Consolidated H Shares to be admitted into CCASS.

Other than the Stock Exchange, there is no other stock exchange on which any part of the equity or debt securities of the Company is listed or dealt or on which listing or permission to deal is being or proposed to be sought.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated H Shares, the Company has appointed Computershare Hong Kong Investor Services Limited to provide matching services on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated H Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated H Shares from Wednesday, 27 July 2022 to Tuesday, 16 August 2022 (both days inclusive).

Holders of odd lots of the Consolidated H Shares should note that the matching of the sale and purchase of odd lots of such shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, which is expected to be on 13 July 2022 (Wednesday), the Existing Share Certificates will cease to be valid for trading purposes after 4:10 p.m. on 16 August 2022 (Tuesday). Shareholders may on or after 13 July 2022 (Wednesday) and until 4:30 p.m. on 18 August 2022 (Thursday) (both days inclusive) submit their Existing Share Certificate(s) (in blue colour) to the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong in exchange for New Share Certificates (in purple colour) at the expense of the Company. Thereafter, the Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each New Share Certificate or each Existing Share Certificate submitted for cancellation, whichever the number of certificates issued or cancelled is higher. After 4:30 p.m. on 18 August 2022 (Thursday), the Existing Share Certificate(s) will continue to be good evidence of legal title and may be exchanged for New Share Certificate(s) at any time but will not be valid for delivery, trading, settlement and registration purposes.

LETTER FROM THE BOARD

THE PLACING

The Placing Agreement

Date

8 March 2022 (after trading hours)

Parties

Issuer : The Company

Placing Agent : Yuet Sheung International Securities Limited

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to, on a best effort basis, procure placees to subscribe for up to 389,000,000 new Consolidated H Shares having an aggregate nominal value of RMB38,900,000 (assuming that the Capital Reorganisation as a whole has become effective) at the Placing Price of HK\$0.360 per Placing Share. The aggregate value of the consideration (i.e. the Placing Price) of the Placing Shares (assuming that they will be fully placed) is HK\$140,040,000 which will be satisfied in cash on the Placing Completion Date.

The Placing Shares represent (i) approximately 615.99% and 94.65% respectively of the total number of issued Consolidated H Shares and the total number of the issued consolidated share capital (comprising Consolidated H Shares and Consolidated Domestic Shares) of the Company immediately after the Capital Reorganisation becoming effective, assuming that no further shares will be issued in or repurchased by the Company before completion of the Placing; and (ii) assuming that the Placing Shares will be fully placed under the Placing, approximately 86.03% and 48.63% respectively of the total number of issued Consolidated H Shares and the total number of the issued consolidated share capital (comprising Consolidated H Shares and Consolidated Domestic Shares) of the Company as enlarged by the allotment and issue of the Placing Shares, subject to completion of the Placing.

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Placing Price

The Placing Price of HK\$0.360 per Placing Share (making up to HK\$140,040,000 for all the 389,000,000 Placing Shares, assuming that they are fully placed) represents:

- (i) the equivalent of the theoretical closing price (upon the Capital Reorganisation becoming effective) of HK\$0.360 per Consolidated H Share based on the closing price of HK\$0.045 per Existing H Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 6.25% to the theoretical average closing price (upon the Capital Reorganisation becoming effective) of approximately HK\$0.384 per Consolidated H Share based on the average closing price of approximately HK\$0.048 per Existing H Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement;
- (iii) a premium of approximately 18.42% to the theoretical closing price (upon the Capital Reorganisation becoming effective) of HK\$0.304 per Consolidated H Share based on the closing price of HK\$0.038 per Existing H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iv) a discount of approximately 3.23% to the theoretical diluted price (upon the Capital Reorganisation becoming effective) of approximately HK\$0.372 per Consolidated H Share, which is calculated with reference to the sum of (i) the Company's total market capitalisation (upon the Capital Reorganisation becoming effectively) of HK\$157,824,000 and (ii) the gross proceeds of approximately HK\$140,040,000 from the Placing, divided by the total number of 800,000,000 Consolidated Shares in issue in the Company as enlarged by the allotment and issue of the Placing Shares, pursuant to Rule 7.27B of the GEM Listing Rules; and
- (v) a discount of approximately 43.75% to the theoretical net asset value (upon the Capital Reorganisation becoming effective) of approximately RMB0.520 (equivalent to approximately HK\$0.640) attributable to each Consolidated H Share, based on the net asset value of approximately RMB0.065 (equivalent to approximately HK\$0.080) attributable to each Existing H Share with reference to the value of the total net assets of RMB212,139,000 of the Group last disclosed in the consolidated annual results of the Group for the year ended 31 December 2021 which are unaudited as announced in the Company's announcement dated 31 March 2022, subject to completion of auditing by the Company's auditor and there may be material differences (if any) in the audited results for the year ended 31 December 2021 to be agreed by the auditor as compared with the aforesaid unaudited annual results, which would be further announced by the Company.

LETTER FROM THE BOARD

The Placing Price was determined with reference to (i) the prevailing market price, and (ii) the requirement under Article 127 of the Company Law of the PRC (2018 Amendment) that the new shares in the Company shall not be allotted and issued at a price per share less than the nominal value of such share which shall be RMB0.10 (equivalent to approximately HK\$0.124) upon the Capital Reorganisation as a whole becoming effective, and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole, after considering, *inter alia*:

- (i) the Company has a genuine need for funds as set out in the section headed "Reasons for and Benefits of the Placing" in this circular;
- (ii) the additional finance costs associated with bank financing;
- (iii) the Placing Price is equivalent to the theoretical closing price per Consolidated H Share based on the closing price per Existing H Share as of the date of the Placing Agreement;
- (iv) pursuant to Article 127 of the Company Law of the PRC (2018 Amendment), the Placing Price shall not be less than the nominal value per Consolidated H Share of RMB0.10 (equivalent to approximately HK\$0.124);
- (v) the Placing Price represents only a relatively slight discount to the theoretical diluted price per Consolidated H Share under Rule 7.27B of the GEM Listing Rules; and
- (vi) the prevailing market price per Existing H Share which has been traded (1) below the nominal value per Existing H Share of RMB0.10 (equivalent to approximately HK\$0.124) for more than two years; and (2) between HK\$0.037 and HK\$0.056 (representing a theoretical trading price per Consolidated H Share between HK\$0.296 and HK\$0.448 upon the Capital Reorganisation becoming effective) in the six months before the date of the Placing Agreement which, together with the current relatively pessimistic market and economic conditions in the PRC and in Hong Kong, would form a fairer justification for arriving at the Placing Price of HK\$0.360 per Placing Share than referencing the theoretical net asset value attributable to each Consolidated H Share pursuant to the Group's consolidated results as at 31 December 2021 or available as at the date of the Placing Agreement.

The net Placing Price, after deducting placing commission and other fees and expenses, is expected to be approximately HK\$0.356 per Placing Share.

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Placing Commission

Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission of (i) 0.5% of the amount which is equal to the Placing Price (per Placing Share) multiplied by the number of the Placing Shares actually placed by the Placing Agent; or (ii) HK\$100,000 regardless of the number of Placing Shares actually placed by the Placing Agent, whichever amount is lower. The commission payable was arrived at after arm's length negotiations between the Company and the Placing Agent.

Placees

The Placing Shares will be placed to placees who (and, where relevant, their respective ultimate beneficial owner(s)), as undertaken by the Placing Agent to the best of its knowledge after making reasonable enquiries before completion of the Placing, will be Independent Third Parties. Upon completion of the Placing, the number of Consolidated H Shares held by members of the public (within the meaning of the GEM Listing Rules) shall constitute at least 25% of the total issued consolidated share capital of the Company (comprising Consolidated Domestic Shares and Consolidated H Shares) in compliance with the requirement of public float under the GEM Listing Rules. In any event, no Placing Shares shall be placed except to such number of placees and in such number of Placing Shares and in such circumstances that the Company will not be required under the applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof, and will not result in breach by the Company or its directors of any applicable securities laws and regulations.

Conditions precedent to the Placing

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (i) the passing of the special resolution by the Shareholders at the GM and the Class Meetings respectively approving the Capital Reorganisation and the same becoming effective;
- (ii) the passing of a special resolution by the Shareholders who are entitled to vote and not required to abstain from voting at the GM and the Class Meetings respectively approving the Placing Agreement and the transactions contemplated thereunder, and the grant of specific mandate to allot and issue the Placing Shares;
- (iii) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (iv) all necessary pre-requisite regulatory authorizations, permissions, approvals, consents, filings, notifications and registrations (including without limitation the approval from the China Securities Regulatory Commission) in respect of the Placing having been obtained or satisfied; and

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- (v) the Placing Agreement not having been terminated in accordance with its terms.

As at the Latest Practicable Date, conditions (i) to (iv) set out above had not been fulfilled. The Company shall forthwith notify the Placing Agent in writing upon the fulfilment of the conditions (i) to (iv) above and its intended Placing Completion Date. The Placing Agreement shall automatically terminate if the conditions set forth above are not fulfilled by 5:00 p.m. (Hong Kong time) on the Placing Long Stop Date and all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach of the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place within 7 Business Days after the day on which all the conditions set out in the section headed “Conditions precedent to the Placing” above have been fulfilled, and before 4:00 p.m. (Hong Kong time) on that day (or such other date and time as may be agreed between the parties to the Placing Agreement in writing).

Termination of the Placing Agreement

Without prejudice to the foregoing, the Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the Placing Completion Date if any of the following develops, occurs or comes into force:

- (i) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company’s undertakings in the Placing Agreement in any material respect;
- (ii) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable in a material respect to proceed with the Placing;

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- (iii) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not of the same kind with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable in a material respect to proceed with the Placing; or
- (iv) any moratorium, suspension or material restriction on trading in shares or securities of the Company generally on the Stock Exchange.

If notice is given pursuant to the termination clause of the Placing Agreement, the Placing Agreement shall terminate and be of no further effect and all obligations of the parties to the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other save for any antecedent breach of any obligation under the Placing Agreement prior to such termination.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves, and with the Consolidated H Shares in issue on the date of allotment and issue of the Placing Shares, and will be free from all liens, charges, encumbrances and third party rights of whatsoever nature with all rights attaching thereto as at the date of allotment and issue of the Placing Shares.

Application for Listing

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Fund Raising Activities of the Company in the Past Twelve Months

The Company had not conducted any equity fund raising activity or any issue of equity securities in the twelve months preceding the Latest Practicable Date.

Furthermore, the Company had not repurchased any Existing Shares within the last twelve months prior to the Latest Practicable Date.

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Changes to the Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Capital Reorganisation as a whole becoming effective but before completion of the Placing; and (iii) immediately after completion of the Placing, assuming that all of the 389,000,000 Placing Shares will be placed in full and no further shares in the Company will be issued or repurchased before completion of the Placing:

	As at the Latest Practicable Date			Upon the Capital Reorganisation becoming effective as a whole			Upon completion of the Placing (on a full implementation basis)		
	Approximate % of issued		Approximate % of entire	Approximate % of issued		Approximate % of entire	Approximate % of issued		Approximate % of entire
	Number of Existing Shares	Existing Shares in the same class	issued Existing Shares	Number of Consolidated Shares	Consolidated Shares in the same class	issued Consolidated Shares	Number of Consolidated Shares	Consolidated Shares in the same class	issued Consolidated Shares
Domestic Shares									
Jiangsu Keneng (Note 1)	808,800,000	29.06%	24.60%	101,100,000	29.06%	24.60%	101,100,000	29.06%	12.64%
Anhui Jiuxi	577,592,975	20.75%	17.57%	72,199,122	20.75%	17.57%	72,199,122	20.75%	9.02%
Fuji	240,000,000	8.62%	7.30%	30,000,000	8.62%	7.30%	30,000,000	8.62%	3.75%
Fuchuang	225,000,000	8.09%	6.84%	28,125,000	8.09%	6.84%	28,125,000	8.09%	3.52%
Yuchang	225,000,000	8.09%	6.84%	28,125,000	8.09%	6.84%	28,125,000	8.09%	3.52%
Jiata'er	210,000,000	7.55%	6.39%	26,250,000	7.55%	6.39%	26,250,000	7.55%	3.28%
Other Shareholders	496,407,025	17.84%	15.10%	62,050,878	17.84%	15.10%	62,050,878	17.84%	7.75%
SUB-TOTAL	2,782,800,000	100.00%	84.64%	347,850,000	100.00%	84.64%	347,850,000	100.00%	43.48%
H Shares									
Oriental Petroleum	84,200,000	16.67%	2.56%	10,525,000	16.67%	2.56%	10,525,000	2.33%	1.31%
Other Shareholders	421,000,000	83.33%	12.80%	52,625,000	83.33%	12.80%	52,625,000	11.64%	6.58%
Places in the Placing (Note 2)	-	-	-	-	-	-	389,000,000	86.03%	48.63%
SUB-TOTAL	505,200,000	100.00%	15.36%	63,150,000	100.00%	15.36%	452,150,000	100.00%	56.52%
TOTAL	3,288,000,000		100.00%	411,000,000		100.00%	800,000,000		100.00%

Notes:

- As at the Latest Practicable Date, 808,800,000 Existing Domestic Shares were owned by Jiangsu Keneng of which Mr. Zhu owns directly as to 90% of equity interest. 11,983,735 Existing Domestic Shares were owned by Jiangsu Jin Tao Investment Holdings Co., Ltd* of which Mr. Zhu also directly owns 90% of equity interest. Accordingly, pursuant to Section XV of the SFO, Mr. Zhu was deemed to be interested in aggregate 820,783,735 Existing Domestic Shares as at the Latest Practicable Date.
- The places in the Placing (and, where relevant, their respective ultimate beneficial owner(s)) will be Independent Third Parties. As at the Latest Practicable Date, the Placing Agent had not procured any Places.

LETTER FROM THE BOARD

Reasons for and Benefits of the Placing

Reference is made to the announcements dated 27 November 2020, 29 December 2020 and 6 January 2021, and the circular dated 10 December 2020, all issued by the Company, in relation to, *inter alia*, the previous contemplated placing, by the Placing Agent on a best effort basis, of up to 3,000,000,000 new Existing H Shares to be allotted and issued by the Company under specific mandate (“**Previous Placing**”) pursuant to the relevant placing agreement entered into between the Placing Agent and the Company dated 27 November 2020 (“**Previous Placing Agreement**”).

Since the social incidents in Hong Kong in the second half of 2019, followed by the outbreak of the COVID-19 pandemic in early 2020, and the overall economic and social conditions in Hong Kong and Mainland China since late 2019 to date, and that the necessary pre-requisite approval from the China Securities Regulatory Commission for completion of the Previous Placing took considerable time, there was insufficient time for the Placing Agent to procure the relevant places under the Previous Placing Agreement and hence complete the Previous Placing on or before the long stop date for the Previous Placing on 6 January 2021.

In view of the above, the Company entered into the Placing Agreement with the Placing Agent in respect of the Placing on the terms and conditions largely similar to those applicable to the Previous Placing so as to restart the fundraising exercise, as the Group still has the need to raise funds.

As of the Latest Practicable Date, the Group had a total outstanding bank and other borrowings of approximately RMB297.78 million (equivalent to approximately HK\$368.54 million), out of which the Group had outstanding borrowings of approximately RMB275.83 million (equivalent to approximately HK\$341.37 million) from a company controlled by Mr. Zhu.

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In light of the foregoing and the unsatisfactory financial performance of the Group with continuing loss for the past five financial years, the latest one being 31 December 2021, the Directors consider that it is in the interests of the Company to raise capital from the equity market to repay such bank and other borrowings of considerable amount, in order to reduce incurring further interest on such sums.

The Directors have considered various fund raising methods (such as debt financing and/or other equity financing options) to meet the liquidity needs of the Group before resolving to the Placing.

The Board is of the view that, among different fund raising methods, the Placing (even though it has dilution effects), will help improve the cash flow position of the Group and its gearing ratio by repaying loans and debts of the Group and enhance the capital and shareholders' base of the Company for developing its existing businesses and preparing itself to take up investment opportunities in the future with readily available funds. Placing is also a more viable fund raising method than loan financing as the latter may further incur interest burden on the Group and deteriorate the Group's gearing position which may not be conducive to the Group's long-term financial condition given that it was loss making for the years ended 31 December 2020 and 2021. As such, the Company has not approached financial institutions for debt financing upon reasonable and practical supposition that the chance of obtaining sizable loans or credit facilities from such financial institutions on fair and reasonable terms is very slim.

The Company further reviewed the feasibility of raising funds via other equity financing options such as rights issue and open offer. Having considered, the Company's current liabilities and loss-making as disclosed above and its financial position disclosed in the unaudited consolidated results of the Group for the year ended 31 December 2021, of which delays in certain repayments would incur additional interest expenses, fundraising by rights issue or open offer would involve relatively longer timeframe to complete due to more stringent documentary and registration requirements and more substantial costs due to additional costs for engagement of underwriter(s), reporting accountants, financial advisers and/or brokerage agent(s).

LETTER FROM THE BOARD

Accordingly, having considered the reasons stated above, the Directors consider that the Placing represents the most efficient method (whether financially, time-wise or procedurally) for the Company to raise additional capital and an opportunity to lessen the financial burden of the Group to repay the aforesaid loans and debts, to strengthen the cash position of the Group and to broaden the Shareholder base.

Further, upon completion of the Placing, the number of Consolidated H Shares held by members of the public (within the meaning of the GEM Listing Rules) will constitute at least 25% of the total issued consolidated share capital of the Company (comprising Consolidated Domestic Shares and Consolidated H Shares), resulting in the Company being in compliance with the requirement of public float under the GEM Listing Rules.

The terms of the Placing have been approved by the Board Resolutions prior to execution of the Placing Agreement. The Board considers the terms of the Placing Agreement normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of Proceeds

Assuming that the Placing will be on full implementation basis, the Company expects to raise gross proceeds of approximately HK\$140,040,000 from the Placing, and the net proceeds from the Placing are expected to be approximately HK\$138,540,000 (after deducting placing commission and other costs and expenses).

It is the intention of the Company to use the net proceeds raised from the Placing Shares actually placed for the following purposes:

- (i) as to approximately 80% will be used as repayment of the loans and debts of the Group; and
- (ii) as to approximately 20% as the reserve fund for working capital of the Group.

LETTER FROM THE BOARD

On the basis that the Placing will be fully implemented, the Group expects to (i) utilise approximately HK\$67.22 million (equivalent to approximately RMB54.31 million) by end of 2022, and approximately HK\$44.81 million (equivalent to approximately RMB36.21 million) by June 2023, to repay the whole of the loans and debts of the Group as mentioned above, and (ii) utilise in the next 12 months commencing from the Placing Completion Date approximately HK\$26.51 million (equivalent to approximately RMB21.42 million) as working capital of the Group, with breakdown as follows:

Use of net proceeds	Approximate HK\$ (million)	Approximate RMB equivalent (million)
<i>Repayment of loans and debts</i>		
Repayment of loans and debts by the end of 2022	67.22	54.31
Repayment of remaining loans and debts by June of 2023	<u>44.81</u>	<u>36.21</u>
Sub-total	<u>112.03</u>	<u>90.52</u>
<i>Working capital</i>		
Salary payment	14.00	11.31
Tax payment	5.60	4.53
Office expenses	<u>6.91</u>	<u>5.58</u>
Sub-total	<u>26.51</u>	<u>21.42</u>
Total	<u><u>138.54</u></u>	<u><u>111.94</u></u>

Implications under the GEM Listing Rules for the Placing

The Placing is subject to the Shareholders' approval. The Placing Shares will be allotted and issued under the specific mandate to allot and issue the Placing Shares by a special resolution to be proposed for approval by the Shareholders at the GM and the Class Meetings respectively.

LETTER FROM THE BOARD

PROPOSED AMENDMENT TO ARTICLES

Subject to the Capital Reorganisation becoming effective and the passing of the special resolutions approving the proposed specific mandate in respect of the Placing at the GM and the Class Meetings, the Board further proposes to seek approval of the Shareholders by way of special resolution at the GM to authorise the Board to amend article 20 of the Articles (which specifies the amount of the Company's registered capital) in such manner as it is necessary to adjust the registered capital of the Company and reflect its new capital structure necessitated by/consequent on the Capital Reorganisation becoming effective and the allotment and issuance of the Placing Shares.

As of the Latest Practicable Date, article 20 of the Articles was stated as follows:

“The Company's registered capital is RMB328,800,000.”

Pursuant to the Capital Reorganisation and depending on the number of Placing Shares actually placed under the Placing which shall be allotted and issued by the Company at completion of the Placing, the Company's registered capital figure stated in article 20 of the Articles shall be adjusted accordingly to reflect the total nominal value of the Consolidated Shares upon the Capital Reorganisation becoming effective and include the aggregate nominal value of such number of Placing Shares (which will be Consolidated H Shares of nominal value of RMB0.10 each in the share capital of the Company).

The legal advisors to the Company have confirmed that the proposed amendment to the Articles conform with the requirements of the GEM Listing Rules and the laws of the PRC respectively. The Board confirms that there is nothing unusual about the proposed amendment for a company listed in Hong Kong.

GM AND CLASS MEETINGS

The GM and the Class Meetings will be held to, among other purposes, consider and, if thought fit, pass special resolutions to approve (i) the Capital Reorganisation, and the Placing Agreement and the transactions contemplated thereunder, and the grant of specific mandate for the allotment and issue of the Placing Shares; and (ii) (for the GM only) the proposed amendment to clause 20 of the Articles to reflect the latest capital structure of the Company as necessitated by/consequent on the Capital Reorganisation becoming effective and the allotment and issuance of the Placing Shares.

LETTER FROM THE BOARD

As part of the net proceeds of the Placing will be used to repay the Group's borrowing from a company controlled by Mr. Zhu, as described under the section headed "Reasons for and Benefits of the Placing" above, Jiangsu Keneng, which Mr. Zhu owns directly as to 90% of equity interest, has a material interest in the Placing. Accordingly, Jiangsu Keneng and its associates will be required to abstain from voting on the resolution to approve the Placing Agreement and the transactions contemplated thereunder, and the grant of specific mandate for the allotment and issue of the Placing Shares at the GM and the Existing Domestic Share Class Meeting respectively. Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation, the Placing Agreement, and the proposed amendment to the Articles which is different from that of the other Shareholders. Accordingly, no Shareholder is required to abstain from voting in respect of the resolutions to approve (i) the Capital Reorganisation at the GM and the Class Meetings respectively; (ii) (except for Jiangsu Keneng and its associates) the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares at the GM and the Class Meetings respectively; and (iii) the proposed amendment to the Articles at the GM.

The notices dated 14 April 2022 convening the GM, the Existing Domestic Share Class Meeting and the Existing H Share Class Meeting of the Company to be held at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 10:00 a.m., 10:30 a.m. (or immediately after the conclusion of the GM) and 11:00 a.m. (or immediately after the conclusion of the Existing Domestic Share Class Meeting) respectively are set out on pages GM-1, DCM-1 and HCM-1 of this circular.

Whether or not you intend to attend such meetings, you are reminded to complete the proxy forms enclosed with this circular, in accordance with the instructions printed thereon and return the same to the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC (for holders of Existing Domestic Shares) or to the office of the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of Existing H Shares) as soon as possible but in any event not less than 24 hours before the respective time fixed for holding such meetings or any adjournment thereof. Completion and delivery of the said proxy forms will not prevent you from attending, and voting in person at, the meetings or any adjourned meetings if you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all votes for the Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions to be proposed at the GM and the Class Meetings will be put to vote by way of poll.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the Capital Reorganisation, and the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms, and together with the proposed Change in Board Lot Size and amendment to the Articles, are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the GM and the Class Meetings to approve the Capital Reorganisation, the Placing Agreement and the transactions contemplated thereunder, and the specific mandate for the allotment and issue of the Placing Shares, and, at the GM only, to approve the amendment to the Articles.

Shareholders and potential investors of the Company should be aware that the credit arising in the accounts of the Company from the Capital Reduction will be subject to change depending on the number of the Consolidated Shares in issue immediately prior to the Capital Reduction becoming effective. Further, completion of the Placing is subject to the various conditions set out under the section headed “Conditions precedent to the Placing” above having been satisfied within the prescribed timeframe. As such, the Placing may or may not materialize. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

By order of the Board of
Jiangsu NandaSoft Technology Company Limited*
江蘇南大蘇富特科技股份有限公司
Mr. ZHU Yong Ning
Chairman

NOTICE OF GM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“GM”) of Jiangsu NandaSoft Technology Company Limited* (“**Company**”) will be held at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 10:00 a.m. for the purpose of, amongst others, considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms defined in the circular dated 14 April 2022 issued by the Company (“**Circular**”)) shall have the same meanings when used herein unless otherwise specified):

SPECIAL RESOLUTIONS

1. THE CAPITAL REORGANISATION

“**THAT** subject to and conditional upon the granting of approval by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated H Shares:

- (a) 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; 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, such Consolidated Domestic Shares or Consolidated H Shares (as the case may be) shall rank *pari passu* in all respects with each other (in the same class) and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company;
- (b) the total number of Consolidated Domestic Shares and Consolidated H Shares respectively in the issued share capital of the Company immediately following the Share Consolidation be and are hereby rounded down to a whole number by cancelling any fraction in the relevant class of shares in the issued share capital of the Company arising from the Share Consolidation (if applicable);

NOTICE OF GM

- (c) immediately following the Share Consolidation, the Capital Reduction of the nominal value of each Consolidated Domestic Share and each Consolidated H Share be reduced from RMB0.80 to RMB0.10, such reduction shall 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;
- (d) the credit arising from the Capital Reduction 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 of association of the Company; and
- (e) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reorganisation and of administrative nature, on behalf of the Company, including under seal where applicable, as he/she/they consider(s) necessary, desirable or expedient to give effect to the foregoing arrangements for the Capital Reorganisation.”

2. THE PLACING

“THAT:

- (a) the terms and conditions of the Placing Agreement (a copy of which has been produced to the meeting and marked “A” and initialed by the Chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to issue and allot the Placing Shares in accordance with the terms of the Placing Agreement, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and
- (c) any one or more of the Directors be and is/are hereby authorized to take any action for and on behalf of the Company as he/she/they consider(s) necessary, desirable or expedient to carry out or give full effect to or otherwise in connection with the Placing Agreement and the transactions contemplated thereunder, including without limitation, to allot and issue the Placing Shares in accordance with the Placing Agreement, to make all relevant applications, registrations and filings with the Stock

NOTICE OF GM

Exchange or other relevant regulatory authorities (including without limitation the China Securities Regulatory Commission), to sign and execute such further documents and to do any other matters incidental thereto and/or as contemplated thereunder.”

3. AMENDMENT TO THE ARTICLES

“**THAT** conditional upon the Capital Reorganisation becoming effective and the specific mandate to allot and issue the Placing Shares having been obtained, the proposed amendment to article 20 of the articles of association of the Company to adjust the registered capital of the Company and reflect the new capital structure of the Company as necessitated by and consequent on the Capital Reorganisation becoming effective and the allotment and issuance of the Placing Shares be and is hereby approved.”

By order of the Board of
Jiangsu NandaSoft Technology Company Limited*
江蘇南大蘇富特科技股份有限公司
Mr. ZHU Yong Ning
Chairman

Nanjing, the PRC, 14 April 2022

* *for identification purpose only*

*Principal place of business in
Hong Kong:*
9E, Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hung Hom, Kowloon,
Hong Kong

*Registered office and principal place of
business in the PRC:*
NandaSoft Softech Park,
No. 19 South Qingjiang Road,
Gulou District,
Nanjing, PRC

NOTICE OF GM

Notes:

(1) Voting arrangements

Jiangsu Keneng and any other Shareholders and their respective associates who are involved or materially interested in the Placing will or will be required to abstain from voting on the resolution to be proposed for approving the Placing Agreement and the transactions contemplated thereunder, and the specific mandate for the allotment and issue of the Placing Shares at the GM. Save as aforesaid, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation, the Placing Agreement, and the proposed amendment to the Articles which is different from that of the other Shareholders. Accordingly, no Shareholder is required to abstain from voting in respect of the resolutions to approve (i) the Capital Reorganisation; (ii) (except for Jiangsu Keneng and its associates) the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares; and (iii) the proposed amendment to the Articles at the GM.

(2) Registration procedures for the GM

Shareholders shall note that pursuant to article 45 of the articles of association of the Company and Rule 17.78(1) of the GEM Listing Rules, the register of members of the Company will be closed from 5 May 2022 (Thursday) to 13 May 2022 (Friday) (both days inclusive) during which no transfer of Existing Shares will be registered. In order to qualify for attending and voting at the GM, all transfers of Existing Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC (for holders of Existing Domestic Shares) or the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of Existing H Shares) for registration not later than 4:30 p.m. on 4 May 2022 (Wednesday).

(3) Proxy

- (a) Any Shareholder entitled to attend and vote at the GM shall be entitled to appoint a proxy who need not be a Shareholder to attend and vote on his or her behalf. A member who is the holder of two or more Existing Shares may appoint more than one proxy.
- (b) To be valid, the proxy form for the use of the Shareholder and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarised copy thereof, must be delivered to the Company (for holders of Existing Domestic Shares) or its Hong Kong share registrar and transfer office (for holders of Existing H Shares) not less than 24 hours before the time scheduled for holding the GM or its adjourned meetings (as the case may be). Please refer to the proxy form and the instructions printed thereon for details.
- (c) Holders of Existing Domestic Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarially certified copy thereof to the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC.
- (d) Holders of Existing H Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarially certified copy thereof to the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

NOTICE OF GM

- (e) Completion and return of the proxy form will not affect the right of the Shareholders to attend and vote at the GM or any adjournment thereof (as the case may be) should they so wish and, in such event, the form of proxy will be deemed to have been revoked.
- (f) Shareholders or their proxies shall produce their identification documents (and form of proxy in case of proxies) when attending the GM.

(4) Miscellaneous

- (a) The GM is expected to last for 30 minutes. Shareholders and their proxies attending the GM shall be responsible for the transportation and accommodation expenses on their own.
- (b) In compliance with the relevant laws and regulations in relation to the prevention of coronavirus disease 2019 (“COVID-19”), the Company will implement precautionary measures at the GM. Shareholders are advised to read the cover page of the Circular for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19 and to the extent permitted under law, the Company may implement further changes and precautionary measures at the GM.
- (c) If the GM is anticipated to be interrupted by bad weather, e.g. typhoon or rainstorm, any time after 8:00 a.m. on the date of the GM, the GM may be postponed. In the case of postponement, the Company will post an announcement on the website of the Company at www.nandasoft.com and on the GEM website at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
- (d) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, 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.

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING



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)

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the Existing Domestic Share Class Meeting of Jiangsu NandaSoft Technology Company Limited* (“**Company**”) will be held at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 10:30 a.m. (or immediately after the GM) for the purpose of, amongst others, considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms defined in the circular dated 14 April 2022 issued by the Company (“**Circular**”) shall have the same meanings when used herein unless otherwise specified):

SPECIAL RESOLUTIONS

1. THE CAPITAL REORGANISATION

“**THAT** subject to and conditional upon the granting of approval by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated H Shares:

- (a) 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, such Consolidated Domestic Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company;
- (b) the total number of Consolidated Domestic Shares in the issued share capital of the Company immediately following the Share Consolidation be and is hereby rounded down to a whole number by cancelling any fraction in such class of shares in the issued share capital of the Company arising from the Share Consolidation (if applicable);

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING

- (c) immediately following the Share Consolidation, the Capital Reduction of the nominal value of each Consolidated Domestic Share be reduced from RMB0.80 to RMB0.10, such reduction shall comprise a cancellation of the registered capital of the Company to the extent of RMB0.70 per Consolidated Domestic Share so that each Consolidated Domestic Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following the Capital Reduction;
- (d) the credit arising from the Capital Reduction 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 of association of the Company; and
- (e) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reorganisation and of administrative nature, on behalf of the Company, including under seal where applicable, as he/she/they consider(s) necessary, desirable or expedient to give effect to the foregoing arrangements for the Capital Reorganisation.”

2. THE PLACING

“THAT:

- (a) the terms and conditions of the Placing Agreement (a copy of which has been produced to the meeting and marked “A” and initialed by the Chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to issue and allot the Placing Shares in accordance with the terms of the Placing Agreement, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING

- (c) any one or more of the Directors be and is/are hereby authorized to take any action for and on behalf of the Company as he/she/they consider(s) necessary, desirable or expedient to carry out or give full effect to or otherwise in connection with the Placing Agreement and the transactions contemplated thereunder, including without limitation, to allot and issue the Placing Shares in accordance with the Placing Agreement, to make all relevant applications, registrations and filings with the Stock Exchange or other relevant regulatory authorities (including without limitation the China Securities Regulatory Commission), to sign and execute such further documents and to do any other matters incidental thereto and/or as contemplated thereunder.”

By order of the Board of
Jiangsu NandaSoft Technology Company Limited*
江蘇南大蘇富特科技股份有限公司
Mr. ZHU Yong Ning
Chairman

Nanjing, the PRC, 14 April 2022

* for identification purpose only

Principal place of business in

Hong Kong:

9E, Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hung Hom, Kowloon,
Hong Kong

*Registered office and principal place of
business in the PRC:*

NandaSoft Softech Park,
No. 19 South Qingjiang Road,
Gulou District,
Nanjing, PRC

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING

Notes:

(1) Voting arrangements

Jiangsu Keneng and any other Shareholders and their respective associates who are involved or materially interested in the Placing will or will be required to abstain from voting on the resolution to be proposed for approving the Placing Agreement and the transactions contemplated thereunder, and the specific mandate for the allotment and issue of the Placing Shares at the Existing Domestic Share Class Meeting. Save as aforesaid, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no holder of Existing Domestic Shares has a material interest in the Capital Reorganisation and the Placing Agreement which is different from that of the other holders of Existing Domestic Shares. Accordingly, no holder of Existing Domestic Shares is required to abstain from voting in respect of the resolutions to approve (i) the Capital Reorganisation; and (ii) (except for Jiangsu Keneng and its associates) the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares at the Existing Domestic Share Class Meeting.

(2) Registration procedures for the Existing Domestic Share Class Meeting

Holders of Existing Domestic Shares shall note that pursuant to article 45 of the articles of association of the Company and Rule 17.78(1) of the GEM Listing Rules, the register of members of the Company will be closed from 5 May 2022 (Thursday) to 13 May 2022 (Friday) (both days inclusive) during which no transfer of Existing Domestic Shares will be registered. In order to qualify for attending and voting at the Existing Domestic Share Class Meeting, all transfers of Existing Domestic Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC for registration not later than 4:30 p.m. on 4 May 2022 (Wednesday).

(3) Proxy

- (a) Any Shareholder entitled to attend and vote at the Existing Domestic Share Class Meeting shall be entitled to appoint a proxy who need not be a Shareholder to attend and vote on his or her behalf. A member who is the holder of two or more Existing Domestic Shares may appoint more than one proxy.
- (b) To be valid, the proxy form for the use of the Shareholder and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarised copy thereof, must be delivered to the Company not less than 24 hours before the time scheduled for holding the Existing Domestic Share Class Meeting or its adjourned meetings (as the case may be). Please refer to the proxy form and the instructions printed thereon for details.
- (c) Holders of Existing Domestic Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarially certified copy thereof to the Company at 12/F., Block 1, SoftTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC.
- (d) Completion and return of the proxy form will not affect the right of the Shareholders to attend and vote at the Existing Domestic Share Class Meeting or any adjournment thereof (as the case may be) should they so wish and, in such event, the form of proxy will be deemed to have been revoked.
- (e) Shareholders or their proxies shall produce their identification documents (and form of proxy in case of proxies) when attending the Existing Domestic Share Class Meeting.

NOTICE OF EXISTING DOMESTIC SHARE CLASS MEETING

(4) **Miscellaneous**

- (a) The Existing Domestic Share Class Meeting is expected to last for 30 minutes. Shareholders and their proxies attending the Existing Domestic Share Class Meeting shall be responsible for the transportation and accommodation expenses on their own.
- (b) In compliance with the relevant laws and regulations in relation to the prevention of coronavirus disease 2019 (“**COVID-19**”), the Company will implement precautionary measures at the Existing Domestic Share Class Meeting. Shareholders are advised to read the cover page of the Circular for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19 and to the extent permitted under law, the Company may implement further changes and precautionary measures at the Existing Domestic Share Class Meeting.
- (c) If the Existing Domestic Share Class Meeting is anticipated to be interrupted by bad weather, e.g. typhoon or rainstorm, any time after 8:00 a.m. on the date of the Existing Domestic Share Class Meeting, the Existing Domestic Share Class Meeting may be postponed. In the case of postponement, the Company will post an announcement on the website of the Company at www.nandasoft.com and on the GEM website at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
- (d) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, 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.

NOTICE OF EXISTING H SHARE CLASS MEETING



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)

NOTICE OF EXISTING H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the Existing H Share Class Meeting of Jiangsu NandaSoft Technology Company Limited* (“**Company**”) will be held at 12/F., Block 1, SoffTech Innovation Park, No. 19 South Qingjiang Road, Gulou District, Nanjing, the PRC on 13 May 2022 (Friday) at 11:00 a.m. (or immediately after the Existing Domestic Share Class Meeting) for the purpose of, amongst others, considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms defined in the circular dated 14 April 2022 issued by the Company (“**Circular**”) shall have the same meanings when used herein unless otherwise specified):

SPECIAL RESOLUTIONS

1. THE CAPITAL REORGANISATION

“**THAT** subject to and conditional upon the granting of approval by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated H Shares:

- (a) 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, such Consolidated H Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company;
- (b) the total number of Consolidated H Shares in the issued share capital of the Company immediately following the Share Consolidation be and is hereby rounded down to a whole number by cancelling any fraction in such class of shares in the issued share capital of the Company arising from the Share Consolidation (if applicable);

NOTICE OF EXISTING H SHARE CLASS MEETING

- (c) immediately following the Share Consolidation, the Capital Reduction of the nominal value of each Consolidated H Share be reduced from RMB0.80 to RMB0.10, such reduction shall comprise a cancellation of the registered capital of the Company to the extent of RMB0.70 per Consolidated H Share so that each Consolidated H Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following the Capital Reduction;
- (d) the credit arising from the Capital Reduction 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 of association of the Company; and
- (e) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reorganisation and of administrative nature, on behalf of the Company, including under seal where applicable, as he/she/they consider(s) necessary, desirable or expedient to give effect to the foregoing arrangements for the Capital Reorganisation.”

2. THE PLACING

“THAT:

- (a) the terms and conditions of the Placing Agreement (a copy of which has been produced to the meeting and marked “A” and initialed by the Chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to issue and allot the Placing Shares in accordance with the terms of the Placing Agreement, provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and

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- (c) any one or more of the Directors be and is hereby authorized to take any action for and on behalf of the Company as he/she/they consider(s) necessary, desirable or expedient to carry out or give full effect to or otherwise in connection with the Placing Agreement and the transactions contemplated thereunder, including without limitation, to allot and issue the Placing Shares in accordance with the Placing Agreement, to make all relevant applications, registrations and filings with the Stock Exchange or other relevant regulatory authorities (including without limitation the China Securities Regulatory Commission), to sign and execute such further documents and to do any other matters incidental thereto and/or as contemplated thereunder.”

By order of the Board of
Jiangsu NandaSoft Technology Company Limited*
江蘇南大蘇富特科技股份有限公司
Mr. ZHU Yong Ning
Chairman

Nanjing, the PRC, 14 April 2022

* for identification purpose only

Principal place of business in

Hong Kong:

9E, Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hung Hom, Kowloon,
Hong Kong

*Registered office and principal place of
business in the PRC:*

NandaSoft Softech Park,
No. 19 South Qingjiang Road,
Gulou District,
Nanjing, PRC

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Notes:

(1) Voting arrangements

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no holder of Existing H Shares has a material interest in the Capital Reorganisation and the Placing which is different from that of the other holders of Existing H Shares. Accordingly, no holder of Existing H Shares is required to abstain from voting in respect of the resolutions to approve (i) the Capital Reorganisation; and (ii) the Placing Agreement and the transactions contemplated thereunder and the grant of specific mandate for the allotment and issue of the Placing Shares at the Existing H Share Class Meeting.

(2) Registration procedures for the Existing H Share Class Meeting

Holders of Existing H Shares shall note that pursuant to article 45 of the articles of association of the Company and Rule 17.78(1) of the GEM Listing Rules, the register of members of the Company will be closed from 5 May 2022 (Thursday) to 13 May 2022 (Friday) (both days inclusive) during which no transfer of Existing H Shares will be registered. In order to qualify for attending and voting at the Existing H Share Class Meeting, all transfers of Existing H Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 May 2022 (Wednesday).

(3) Proxy

- (a) Any Shareholder entitled to attend and vote at the Existing H Share Class Meeting shall be entitled to appoint a proxy who need not be a Shareholder to attend and vote on his or her behalf. A member who is the holder of two or more Existing H Shares may appoint more than one proxy.
- (b) To be valid, the proxy form for the use of the Shareholder and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarised copy thereof, must be delivered to the Company's Hong Kong share registrar and transfer office not less than 24 hours before the time scheduled for holding the Existing H Share Class Meeting or its adjourned meetings (as the case may be). Please refer to the proxy form and the instructions printed thereon for details.
- (c) Holders of Existing H Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, such power or authority or a notarially certified copy thereof to the Company's Hong Kong share registrar and transfer office, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) Completion and return of the proxy form will not affect the right of the Shareholders to attend and vote at the Existing H Share Class Meeting or any adjournment thereof (as the case may be) should they so wish and, in such event, the form of proxy will be deemed to have been revoked.
- (e) Shareholders or their proxies shall produce their identification documents (and form of proxy in case of proxies) when attending the Existing H Share Class Meeting.

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(4) **Miscellaneous**

- (a) The Existing H Share Class Meeting is expected to last for 30 minutes. Shareholders and their proxies attending the Existing H Share Class Meeting shall be responsible for the transportation and accommodation expenses on their own.
- (b) In compliance with the relevant laws and regulations in relation to the prevention of coronavirus disease 2019 (“COVID-19”), the Company will implement precautionary measures at the Existing H Share Class Meeting. Shareholders are advised to read the cover page of the Circular for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19 and to the extent permitted under law, the Company may implement further changes and precautionary measures at the Existing H Share Class Meeting.
- (c) If the Existing H Share Class Meeting is anticipated to be interrupted by bad weather, e.g. typhoon or rainstorm, any time after 8:00 a.m. on the date of the Existing H Share Class Meeting, the Existing H Share Class Meeting may be postponed. In the case of postponement, the Company will post an announcement on the website of the Company at www.nandasoft.com and on the GEM website at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
- (d) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, 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.