



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)

**FURTHER ANNOUNCEMENT ON THE AUDITED ANNUAL RESULTS
(For the year ended 31 December 2019)**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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This announcement, for which the directors of Jiangsu NandaSoft Technology Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Jiangsu NandaSoft Technology Company Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief that the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

AUDITED ANNUAL RESULTS

Reference is made to the announcement of Jiangsu NandaSoft Technology Company Limited (the “**Company**”), dated 27 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**Unaudited Annual Results Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

The Board is pleased to announce that the Group’s auditor, Elite Partners CPA Limited, has completed its audit of the Group’s consolidated financial statements for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the year ended 31 December 2019 were approved by the Board on 8 May 2020, details of which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 RMB’000	2018 RMB’000
Revenue	5	387,376	479,837
Cost of sales		(334,071)	(429,726)
Gross profit		53,305	50,111
Other income	6	5,988	5,019
Selling and distribution expenses		(9,440)	(10,195)
Administrative expenses		(45,293)	(41,930)
Impairment losses	7	(24,599)	(40,203)
Finance costs	8	(14,691)	(17,110)
(Loss)/gain on fair value changes of investment properties		(85,359)	1,400
Share of results of associates		97	5,373
Loss before tax	9	(119,992)	(47,535)
Income tax credit/(expense)	10	18,644	(1,799)
Loss for the year		(101,348)	(49,334)

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		1,166	(4,547)
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments as at FVTOCI		(1,092)	(4,803)
Other comprehensive income/(expenses) for the year		74	(9,350)
Total comprehensive expenses for the year		(101,274)	(58,684)
Loss for the year attributable to:			
– Owners of the Company		(103,080)	(53,698)
– Non-controlling interests		1,732	4,364
		(101,348)	(49,334)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(103,006)	(61,333)
– Non-controlling interests		1,732	2,649
		(101,274)	(58,684)
Loss per share	12		
– Basic and diluted (<i>RMB cents</i>)		(3.1)	(3.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>Notes</i>	2019 RMB'000	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		57,942	76,622
Prepaid land lease premium		–	4,485
Right-of-use assets		8,827	–
Intangible assets		555	306
Investment properties		280,300	555,240
Interests in associates		66,418	83,062
Goodwill		23,408	23,408
Equity instruments at fair value through other comprehensive income		4,616	5,708
Deferred tax assets		2,968	2,968
		<hr/>	<hr/>
Total non-current assets		445,034	751,799
Current assets			
Inventories		52,809	35,414
Trade receivables	13	86,307	91,637
Prepayments, deposits and other receivables		205,396	217,163
Cash and cash equivalents		132,611	101,032
		<hr/>	<hr/>
		477,123	445,246
		<hr/>	<hr/>
Non-current assets classified as held for sale		210,716	–
		<hr/>	<hr/>
Total current assets		687,839	445,246
		<hr/>	<hr/>
Total assets		1,132,873	1,197,045
Current liabilities			
Trade payables	14	167,981	170,747
Amount due to a related parties		–	790
Contract liabilities		152,932	104,954
Accrual and other payables		196,191	167,808
Dividend payables		–	3,454
Bank and other borrowings		–	13,665
Lease liabilities		807	–
Tax payables		16,989	17,944
		<hr/>	<hr/>
Total current liabilities		534,900	479,362
		<hr/>	<hr/>
Net current assets/(liabilities)		152,939	(34,116)
		<hr/>	<hr/>
Total assets less current liabilities		597,973	717,683
		<hr/>	<hr/>

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Non-current liabilities			
Bank and other borrowings		280,623	282,627
Lease liabilities		3,693	–
Deferred tax liabilities		43,279	63,404
		<hr/>	<hr/>
Total non-current liabilities		327,595	346,031
		<hr/>	<hr/>
Total liabilities		862,495	825,393
		<hr/>	<hr/>
NET ASSETS		270,378	371,652
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVE			
Share capital		328,800	328,800
Reserves		(113,471)	(10,465)
		<hr/>	<hr/>
Equity attributable to owners of the Company		215,329	318,335
Non-controlling interests		55,049	53,317
		<hr/>	<hr/>
TOTAL EQUITY		270,378	371,652
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Equity attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Revaluation reserve	Surplus reserve	Translation reserve	FVTOCI reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	148,800	129,469	81,862	20,020	2,285	-	(264,151)	118,285	50,668	168,953
Adjustment on initial application of HKFRS 9	-	-	-	-	-	2,229	(5,446)	(3,217)	-	(3,217)
Adjusted balance at 1 January 2018	148,800	129,469	81,862	20,020	2,285	2,229	(269,597)	115,068	50,668	165,736
Loss for the year	-	-	-	-	-	-	(53,698)	(53,698)	4,364	(49,334)
Other comprehensive expenses:										
Exchange differences arising on translation of foreign operation	-	-	-	-	(2,832)	-	-	(2,832)	(1,715)	(4,547)
Fair value changes on investments in equity instruments	-	-	-	-	-	(4,803)	-	(4,803)	-	(4,803)
Total comprehensive loss for the year	-	-	-	-	(2,832)	(4,803)	(53,698)	(61,333)	2,649	(58,684)
Issue of ordinary shares by placing	180,000	84,600	-	-	-	-	-	264,600	-	264,600
Transfer to surplus reserve	-	-	-	114	-	-	(114)	-	-	-
At 31 December 2018 and 1 January 2019	328,800	214,069	81,862	20,134	(547)	(2,574)	(323,409)	318,335	53,317	371,652
Loss for the year	-	-	-	-	-	-	(103,080)	(103,080)	1,732	(101,348)
Other comprehensive expenses:										
Exchange differences arising on translation of foreign operations	-	-	-	-	1,166	-	-	1,166	-	1,166
Fair value changes on investments in equity instruments	-	-	-	-	-	(1,092)	-	(1,092)	-	(1,092)
Total comprehensive loss for the year	-	-	-	-	1,166	(1,092)	(103,080)	(103,006)	1,732	(101,274)
Transfer to surplus reserve	-	-	-	143	-	-	(143)	-	-	-
At 31 December 2019	328,800	214,069	81,862	20,277	619	(3,666)	(426,632)	215,329	55,049	270,378

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

Jiangsu NandaSoft Technology Company Limited (the “**Company**”) was incorporated as a company with limited liability in the People’s Republic of China (the “**PRC**”) on 18 September 1998. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 24 April 2001.

The principal place of business and registered office of the Company and its subsidiaries (collectively, the “**Group**”) is located at SoftTech Innovation Park, No. 19 South Qingjiang Road, Nanjing, China. The Company’s registered office in Hong Kong is located at 9E, Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

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

2. BASIS OF PREPARATION

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

4. SEGMENT REPORTING

(a) Reportable segments

According to the internal organisational structure of the Group, requirement for managements and internal reporting system, the operating business is classified into three reporting segments: the computer hardware and software products, system integration service and property investment. The unreported operating segments including online education business are aggregated and presented as “others”. These departing segments have been laid down based on the internal organisation structure, management requirements and internal reporting system. The management of the Group will evaluate the operating results of these report segments to determine the distribution of resources and evaluation on its results.

Segment information is exposed in accordance with the accounting policy and standards for measurement. Such basis of measurement remains the same as the accounting policy and standards for measurement when preparing the financial statements.

Segment results represent the gross profits earned by each segment.

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

	Computer hardware and software products RMB'000	System integration service RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
<i>For the year ended 31 December 2019</i>					
Revenue from external customers	<u>20,360</u>	<u>352,004</u>	<u>14,937</u>	<u>75</u>	<u>387,376</u>
Reportable segment profit	<u>(1,732)</u>	<u>2,938</u>	<u>8,198</u>	<u>(348)</u>	<u>9,056</u>
Fair value change on investment properties					(85,359)
Share of results of associates					97
Finance costs					(14,691)
Unallocated corporate expenses					<u>(29,095)</u>
Loss before tax					<u>(119,992)</u>
<i>As at 31 December 2019</i>					
Segment assets	30,874	470,417	540,353	785	1,042,429
Goodwill	–	23,408	–	–	23,408
Interest in associates					66,418
Unallocated corporate assets					<u>618</u>
Total assets					<u>1,132,873</u>
Segment liabilities	31,710	446,614	87,492	1,191	567,007
Bank and other borrowing	–	143,439	107,184	–	250,623
Unallocated corporate liabilities					<u>44,865</u>
Total liabilities					<u>862,495</u>
Other segment information					
Depreciation of property, plant and equipment	33	6,216	–	93	6,342
Depreciation of right-of-use assets	–	–	776	–	776
Amortisation of intangible assets	3	14	–	31	48
Addition to non-current assets	<u>–</u>	<u>1,327</u>	<u>504</u>	<u>–</u>	<u>1,831</u>

	Computer hardware and software products <i>RMB'000</i>	System integration service <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<i>For the year ended 31 December 2018</i>					
Revenue from external customers	<u>180,082</u>	<u>283,909</u>	<u>15,667</u>	<u>179</u>	<u>479,837</u>
Reportable segment profit	<u>1,431</u>	<u>3,310</u>	<u>7,362</u>	(293)	11,810
Fair value change on investment properties					1,400
Share of results of associates					5,373
Finance costs					(17,110)
Unallocated corporate expenses					<u>(49,008)</u>
Loss before tax					<u>(47,535)</u>
<i>As at 31 December 2018</i>					
Segment assets	45,996	432,000	610,714	454	1,089,164
Goodwill	–	23,408	–	–	23,408
Interest in associates					83,062
Unallocated corporate assets					<u>1,411</u>
Total assets					<u>1,197,045</u>
Segment liabilities	53,722	594,324	164,403	1,964	814,413
Unallocated corporate liabilities					<u>10,980</u>
Total liabilities					<u>825,393</u>
Other segment information					
Depreciation of property, plant and equipment	139	6,036	–	21	6,196
Amortisation of intangible assets	3	73	–	–	76
Amortisation of prepaid premium for land lease	48	–	–	–	48
Additions to non-current assets	<u>13</u>	<u>656</u>	<u>–</u>	<u>–</u>	<u>669</u>

(b) Geographic information

All of the Group's revenue from external customers are generated from the PRC.

(c) Information about major customers

For the year ended 31 December 2019 and 2018, there was no customer accounted for over 10% of the total revenue of the Group.

5. REVENUE

Disaggregation of revenue from contracts with customers for the year.

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Computer hardware and software products	20,360	180,082
Provision of system integration service	352,004	283,909
Rental and properties management service income	14,937	15,667
Others	75	179
	<u>387,376</u>	<u>479,837</u>

Performance obligations for contracts with customers

(i) *Sales of computer hardware and software products*

Revenue from trading of computer hardware and software products are recognised at a point in time when the goods have been delivered to the customer's specific location.

(ii) *Provision of system integration service*

The Group provides system integration service to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time.

(iii) *Rental and properties management service income*

The Group provides rental and properties management service to customers. The customers simultaneously receive and consume the benefit provided by the Group, accordingly, the revenue is recognised as a performance obligation satisfied over time.

6. OTHER INCOME

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Bank interest income	465	327
Gain on disposal of property, plant and equipment	1	16
Government grants	1,210	2,055
Sundry income	4,312	2,621
	<u>5,988</u>	<u>5,019</u>

7. IMPAIRMENT LOSS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Impairment losses recognised on:		
Trade receivables	11,189	6,054
Deposit and other receivables	1,013	34,149
Interest in associates	12,397	–
	<u>24,599</u>	<u>40,203</u>

8. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank and other borrowings	14,480	17,110
Interest on lease liabilities	211	–
	<u>14,691</u>	<u>17,110</u>

9. LOSS BEFORE TAX

Loss before income tax is arrived at after charging/(crediting):

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Amortisation of prepaid land lease premium	–	48
Amortisation of intangible assets	48	120
Auditor's remuneration	705	700
Cost of inventories recognised as expenses	334,071	429,726
Depreciation of property, plant and equipment	6,342	3,203
Depreciation of right-of-use assets	776	–
Net foreign exchange gain	–	(1)
Operating lease charges on rented premises	579	742
Staff costs (including directors' remuneration)		
– Wages, salaries and bonus	25,957	31,431
– Contribution to defined contribution plans	3,802	6,332
	<u>3,802</u>	<u>6,332</u>

10. INCOME TAX CREDIT/(EXPENSE)

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax – PRC	(1,481)	(1,449)
Deferred tax	20,125	(350)
	<u>18,644</u>	<u>(1,799)</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. No Hong Kong profits tax was provided for the year ended 31 December 2019 and 2018 as the Group did not have assessable profit arising or derived from Hong Kong during both years. Enterprise income tax arising from subsidiaries operating in the PRC was calculated at either 15% or 25% (2018: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

On 27 December 2017, the Company obtained a China High-Tech Enterprise Certificate which is valid for three years. The entities qualifying for the Hi-tech status could enjoy a PRC Enterprise Income Tax preferential treatment starting from the year obtaining the Hi-tech certificate. As a result, the Company was subject to a PRC Enterprise Income Tax of 15% for three years commencing from 2017.

Reconciliation between income tax (credit)/expense and accounting loss at applicable tax rates is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Loss before tax	<u>(119,992)</u>	<u>(47,535)</u>
Tax on profit at applicable tax rates	(30,803)	(11,884)
Effect of expenses not deductible for tax purpose	5,220	6,698
Effect of income not taxable for tax purpose	(78)	(1,701)
Tax effect of tax loss not recognised	<u>7,017</u>	<u>8,686</u>
Income tax (credit)/expense	<u>(18,644)</u>	<u>1,799</u>

11. DIVIDENDS

No dividend has been declared by the Company during the year (2018: Nil).

12. LOSS PER SHARE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Loss for the year attributable to the owner of the Company	<u>(103,080)</u>	<u>(53,698)</u>
Number of shares	2019 <i>'000</i>	2018 <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>3,288,000</u>	<u>1,749,370</u>

No diluted loss per share for both 2019 and 2018 were presented as there were no dilutive potential ordinary shares in existence.

13. TRADE RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	218,937	213,078
Less: allowance for credit losses	<u>(132,630)</u>	<u>(121,441)</u>
	<u>86,307</u>	<u>91,637</u>

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	64,502	63,262
3–6 months	2,236	3,654
6–12 months	19,569	10,857
Over 1 year	<u>–</u>	<u>13,864</u>
	<u>86,307</u>	<u>91,637</u>

14. TRADE PAYABLES

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	40,227	46,078
More than 3 months	<u>127,754</u>	<u>124,669</u>
	<u>167,981</u>	<u>170,747</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Group for the year ended 31 December 2019 was approximately RMB387,376,000, which represented a decrease of approximately RMB92,461,000 or approximately 19.3%, when compared with 2018. During the year, as affected by the e-commerce technology market and the Group's continuous adjustment of business with low gross profit margin, the sales of computer hardware and software dropped approximately by RMB159,722,000 as compared with the same period of last year.

Loss attribute to owners of Company for the year ended 31 December 2019 was approximately RMB103,080,000, representing an increase in loss of approximately RMB49,382,000, or 92.0% when compared with 2018. The increase was primarily due to (i) the inclusion of loss on fair value of investment properties of approximately RMB85,359,000 and the related reversal of deferred tax liabilities of approximately RMB 19,590,000 and (ii) the decrease in impairment loss of account receivable of approximately RMB15,604,000 which was attribute to the fact that, the Group maintain strict control over the receivables during for the year ended 31 December 2019.

Financial Resources and Liquidity

As at 31 December 2019, current assets of the Group amounted to approximately RMB687,839,000, of which approximately RMB132,611,000 were cash and cash equivalents and approximately RMB291,703,000 were trade receivables, prepayments, deposits and other receivable, representing a decrease of RMB17,097,000 when compared with 2018. The decrease in accounts receivables was attributable to a decrease in turnover of approximately RMB92,461,000 for the year when compared with the previous year, which led to an overall decrease in trade receivables, prepayment, deposit and other receivable .

As at 31 December 2019, non-current liabilities was RMB327,595,000 and its current liabilities amounting to approximately RMB534,900,000, which mainly comprised trade payables, contract liability and accrual and other payables. Current liabilities increased by approximately 11.6% when compared with 2018. As at 31 December 2019, net assets of the Group amounted to approximately RMB270,378,000, representing a decrease of RMB101,274,000 or approximately 27.2% when compared with 2018. As at 31 December 2019, short-term borrowings and long-term borrowings amounted to RMB280,623,000 in total. Its liquidity was sufficient to support the normal operation of the Group.

As at 31 December 2019, the Group's total assets amounted to RMB1,132,873,000. Total liabilities amounted to RMB862,495,000, the Group expresses its gearing ratio as a percentage of short-term loans and long-term loans over total assets which was 24.8%. The total operating income amounted to RMB387,376,000. The loss before tax amounted to RMB119,992,000. The net loss attributable to owners of the Company amounted to RMB103,080,000. The current ratio was approximately 1.3 times (2018: 0.9 times). The return on total assets was -9.1% (2018: -4.5%). The return on shareholders' equity was -47.9% (2018: -16.9%).

Charge on Group Assets

As at 31 December 2019, the Group did not have assets pledged as security for the interest-bearing bank borrowings granted to the Group (2018: Nil).

Foreign Currency Risk

As the Group's operations are mainly conducted in the PRC and substantially over 90% of the Group's sales and purchases were denominated in RMB, there is no significant foreign currency risk that would affect the Group's results of operations.

During the year ended 31 December 2019, the Group did not have any foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Capital Commitment

As at 31 December 2019, the Group did not have any contracted but not yet provided for capital commitment (2018: Nil).

Contingent Liabilities

As at 31 December 2019, the Group had no significant contingent liabilities.

Employees and Remuneration Policies

The remuneration for the employees of the Group for the year ended 31 December 2019 amounted to approximately RMB25,957,000 (2018: approximately RMB31,431,000), including directors' and supervisors' emoluments of approximately RMB1,210,000 (2018: approximately RMB1,147,000) and RMB440,000 (2018: approximately RMB638,000) respectively.

The number of employees for the year had decreased from 292 to 269.

The Group remunerated its staff based on their individual's performance, profile and experience and with reference to market price.

Dividends

The Directors do not recommend the distribution of final dividends for the year ended 31 December 2019 (2018: Nil).

Event After the End of the Reporting Period

Since January 2020, the outbreak of Novel Coronavirus (“**COVID-19**”) has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

As disclosed in the Company’s announcement dated 17 February 2020 (the “**Announcement**”), the relevant PRC government authority has recently given an unconditional consent to the carrying out of the requisite formalities to complete the transfers of the Properties from the Company to the relevant Purchasers in the form of issuing a no-objection letter (“**No-objection Letter**”), save and except one Property (“**Unconsented Property**”) due to the Disposal thereof failing to satisfy the Restrictions.

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

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

Save as disclosed above, subsequent to the end of the year, the Group did not undertake material investment commitment, participate in material investment or future plan concerning the acquisition of capital assets which need to be disclosed.

Business Review

During the year, guided by the business development strategy of formulated by the Board, the Company focused on the development of the “Internet +” platform business and continued to strengthen its existing intelligent platform business. In addition, the Company was proactive in acquiring new customers and providing more cutting-edge intelligent solutions for various industries to generate revenue for the Company.

During the year, the Company and its holding companies put more efforts on research and development and was awarded the patent certificate of “RTSP-based Equipment Control and Channel Limitation Method, Device and System” issued by National Intellectual Property Administration. In addition, the Company’s “Integrated Intelligent Cloud Platform for Monitoring and Analysing Transportation Videos” was awarded the title of 2019 Tengyunjiashu Excellent Product by the Big Data Development Office of the Information Technology Leading Group, Jiangsu Provincial Department of Industry and Information Technology.

Intellectual Property Trading Platform of Chinese Universities and Colleges

During the year, the intellectual property trading platform of universities and colleges which is owned by an associated company, Nanjing Zhonggao Intellectual Property Co., Ltd., has been operating steadily and its influence in the industry is enhancing continuously. The platform has connected the demands of enterprises for intellectual property rights and scientific and technological services on over one hundred occasions cumulatively. As of 2019, colleges and universities have opened nearly 230 stores through the “Patentpal” platform. Experts have opened more than 2,500 flagship stores through the “Patent Bag”, accumulated 830,000 data on various technology achievements. During the year, Zhonggao Intellectual Property Trading Platform was officially launched, providing a more comprehensive online intellectual property management business system covering patent consulting, patent commercialization and intellectual property-related legal services, being delegated by 7,000 users.

In addition, the Company continued to strengthen its cooperation with the National Intellectual Property Administration to proactively explore innovative cultural education for teenagers. Taking the series of “I Can Also Invent” (我也會發明) as a starting point and Beijing Zhong Zhi Cultural Creative Development Company Limited as the platform Limited* (北京中知文化創意發展有限公司), the Company continued to develop more products, with a view to building itself into an excellent brand in the Chinese teenager innovative education market.

Intelligent Transportation

During the year, the intelligent transportation business of Jiangsu Changtian Zhiyuan Technology Company Ltd. (“**Changtian Zhiyuan**”), which is controlled by the Company, continued to maintain its strong advantages. In 2019, the segment achieved sales revenue of approximately RMB340,000,000, representing a significant increase of approximately 27.7% as compared to last year.

In terms of business development, Changtian Zhiyuan developed new business with the Transportation Engineering and Construction Bureau of Jiangsu Province. It undertook the business of tender section XT-91 of the electromechanical construction project for the north-south highway toll system of the River Cross Tunnel from Wuxi to Nantong. The project is about 32 kilometers long in total. In addition, Changtian Zhiyuan also undertook two key projects. They are the demolition of the interprovincial toll booths of Hebei Province (Qinhuangdao-Chengde) and the second tender section (JHJDSG2) of the electromechanical integration for the reconstruction and expansion of the Laiwu-to-Linyi section of the Beijing-Shanghai Expressway (Shandong and Jiangsu). In the second half of the year, Changtian Zhiyuan obtained the electromechanical construction project for the Shuanghu Avenue Interchange on the Beijing-Hong Kong-Macao Expressway, the electromechanical construction project for the Juye-to-Shanxian section of the Dezhou-Shangrao Expressway and the HBS-SG1 tender section of “Good Bus” BRT system in Suqian City. These key projects contributed significantly to the Company’s annual performance.

Intelligent Education

Jiangsu Zhiya Online Education Technology Ltd. (“**Zhiya Online**”), which is controlled by the Company, continues to focus on the construction and upgrade of the training base in the industrial center of the Changzhou Science and Education City. It also develops online application-oriented training courses for colleges and universities in the Science and Education City. The Zhiya Online Cloud Platform was upgraded to version 2.0 this year. This company has also developed high-end online practical training courses based on the original basic courses such as VR courses for practical automobile training and applications as well as high-end online training courses for mould and electromechanical majors. Additionally, it strengthened the research and development of new products such as intelligent classrooms, video surveillance systems and vertical display systems. Relying on the functions of the Science and Education City Training Base, Zhiya Online built model projects and tried to establish an excellent demonstration base for practical training courses for vocational colleges.

In addition, using the training base in the Changzhou Science and Education City as a platform, Zhiya Online continued to learn about the actual needs of governments, enterprises and colleges and vigorously promoted its applications with a view to developing cooperation channels with more colleges and enterprises. Relying on the platform functions of the training base, Zhiya Online developed vocational and employment training export models and provided more competitive practical products and services.

Intelligent Medical Service

During this year, Jiangsu NandaSoft Medical Technology Co., Ltd. (“**NandaSoft Medical**”), in which the Company is a shareholder, continued to take remote medical information software services as the core of its business development, further explored intelligent health monitoring for chronic diseases aiming to further explore in the sector of intelligent health monitoring for chronic diseases. NandaSoft Medical continued to increase its research, development and upgrade of the “Integrated Cloud Platform for Monitoring and Diagnosing Chronic Diseases” to keep improving the platform usability and compliance for patients. During the year, it obtained 8 copyrights, including the provincial-level “Remote Consultation System” IOS V1.0 and “Integrated Cloud Platform for Monitoring and Diagnosing Chronic Diseases” IOS V1.0. In addition, it also continued to consolidate the foundation of its strategic cooperation with the People’s Hospital of Jiangsu Province, expanded its service scope and coverage to provide intelligent medical service solutions for more grass-root medical organizations. Through close cooperation with many hospitals, NandaSoft Medical continued to improve its comprehensive operational capabilities for large medical projects with its business resources becoming more abundant.

Computer Hardware Sales and IT Services

Impacted by the development in e-commerce, the Company strategically adjusted the proportion of trade businesses with low gross margins this year. The hardware sales of Jiangsu NandaSoft Computer Equipment Co., Ltd. (“**Computer Equipment**”), which is controlled by the Company, continued to decline, significantly impacting this year’s overall performance. Computer Equipment is committed to business transformation, focusing on intelligent IT projects such as large screen systems and cloud classrooms.

Prospects

2020 has arrived. The “Internet +” led innovation-driven development strategy has been heavily promoted with industry resources more closely integrated. As an “Internet +” platform-based enterprise with university development background, we will continue to make the best of our higher education research advantage to keep exploring intelligent services.

The Company will continue to consolidate the foundations for each intelligent business segment and continue to innovate in models, businesses and technologies. In addition, the Company will also promote the integration of the Internet with medical, education and transportation resources, scientific research achievements and cultural innovation resources to provide more intelligent solutions and strive to become an excellent intelligent platform-based benchmark enterprise.

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with Elite Partners CPA Limited as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the differences in such financial information in accordance with Rule 18.49 of the GEM Listing Rules.

Item for the year ended 31 December 2019	Disclosure in this audited preliminary announcement (RMB'000)	Disclosure in the Unaudited Preliminary Announcement (RMB'000)	Difference (RMB'000)	Notes
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Loss)/gain on fair value changes of investment properties	(85,359)	(2,140)	(83,219)	(1)
Loss before tax	(119,992)	(36,773)	(83,219)	
Income tax credit/(expense)	18,644	(946)	19,590	(2)
Loss for the year	(101,348)	(37,719)	(63,629)	
Loss per share – Basic and diluted (RMB cents)	(3.1)	(1.2)	(1.9)	
Net fair value loss on equity investment designated as FVTOCI	(1,092)	–	(1,092)	(3)
Total comprehensive expenses for the year	(101,274)	(36,553)	(64,721)	

Item as at 31 December 2019	Disclosure in this audited preliminary announcement (RMB'000)	Disclosure in the Unaudited Preliminary Announcement (RMB'000)	Difference (RMB'000)	Notes
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current Assets

Equity Investment at fair value through other comprehensive income	4,616	5,708	(1,092)	(3)
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Current Assets

Prepayment, deposit and other receivables	205,396	212,396	(7,000)	(4)
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Non-current assets classified as held-for-sale	210,716	286,935	(76,219)	(1) (4)
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Current Liabilities

Accrual and other payables	196,191	190,026	6,165	(5)
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Bank and other borrowings	–	6,165	(6,165)	(5)
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Non-current Liabilities

Deferred tax liabilities	43,279	62,869	(19,590)	(2)
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Notes:

- The difference represents the write-down of the carrying value of the certain units of investment properties (the “Units”) from the fair value determined by the professional valuer of approximately RMB272,800,000 to the fair value less costs to sell of approximately RMB189,581,000, immediately prior to its reclassification from “Investment properties” to “Non-current assets held for sales”.
- The difference represents the reversal of deferred tax liabilities recognised as a result of write-down of the carrying value of the Units (as mentioned in note 1 above).
- The difference represents the fair value loss on investment in equity instrument as at FVTOCI.
- The difference represents the reclassification of an item from “Prepayment, deposits and other receivables” to “Non-current assets held for sales”.
- The difference represents the reclassification of an item from “Other borrowings” to “Other payables”.

THE AUDIT COMMITTEE AND REVIEW OF 2019 RESULTS ANNOUNCEMENT

The Audit Committee has reviewed and discussed the audited annual results for the year ended 31 December 2019. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Qualified Opinion

The auditors have audited the consolidated financial statements of Jiangsu NandaSoft Technology Company Limited (the "**Company**") and its subsidiaries (together the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In the opinion of the auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Opening balances, corresponding figures and comparative financial statements

The auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2018 contained qualification on the disposal of investment properties ("**Disposal**"). Details of which has been set out in the auditor's report dated 30 March 2019.

As the auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2018 formed the basis for the corresponding figures presented in the current year’s consolidated financial statements, any adjustments found to be necessary in respect of the Disposal would have a significant effect on the current year’s opening balances and results for the consolidated financial statements of the Group and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 December 2019.

The auditors conducted audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. The auditors’ responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of their report. The auditors are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), and the auditors have fulfilled their other ethical responsibilities in accordance with the Code. The auditors believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their qualified opinion.

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

Nanjing, the PRC, 8 May 2020

As at the date of this announcement, 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. Xie Man Lin, Ms. Xu Xiao Qin and Mr. Shi Zhong Hua.

This announcement, 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (iii) all opinions expressed in this announcement (if any) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on GEM’s website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.