



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)

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

HIGHLIGHTS

- Recorded a turnover of approximately RMB534,658,000 for the year ended 31 December 2021 (2020: approximately RMB536,185,000).
- Recorded a loss attributable to owners of the Company of approximately RMB39,992,000 for the year ended 31 December 2021 (2020: approximately RMB30,681,000).
- The Directors do not recommend the distribution of final dividends for the year ended 31 December 2021 (2020: nil).

UNAUDITED ANNUAL RESULTS

The board of Directors (the “**Board**”) of Jiangsu NandaSoft Technology Company Limited (the “**Company**”), announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021.

For the year ended 31 December 2021, the turnover is approximately RMB534,658,000 representing a slightly decrease of approximately 0.3% as compared with that of the year 2020. The loss attributable to owners of the Company for the year ended 31 December 2021 is approximately RMB39,992,000 representing an increase in loss of approximately 30.3% as compared with that of the year 2020.

The unaudited consolidated results of the Group for the year ended 31 December 2021 together with the audited comparative figures for the previous year, are:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue	5	534,658	536,185
Cost of sales		(468,478)	(500,828)
Gross profit		66,180	35,357
Other income and other gain	6	3,249	3,406
Selling and distribution expenses		(8,853)	(7,453)
Administrative expenses		(52,217)	(45,541)
(Impairment losses)/reversal of impairment loss on financial assets and contract assets		(36,293)	11,792
Finance costs	7	(7,548)	(10,448)
Loss/(gain) arising on fair value changes of investment properties		(5,354)	1,463
Loss on disposal of a subsidiary		(372)	-
Share of results of associates		2,046	1,853
Loss before tax		(39,162)	(9,571)
Income tax expense	8	(290)	(4,172)
Loss for the year	9	(39,452)	(13,743)
Other comprehensive expense:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(410)	(1,292)
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)		(465)	(3,410)
Other comprehensive expense for the year, net of income tax		(875)	(4,702)
Total comprehensive expense for the year		(40,327)	(18,445)

	<i>Note</i>	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Loss for the year attributable to:			
– Owners of the Company		(39,992)	(30,681)
– Non-controlling interests		<u>540</u>	<u>16,938</u>
		<u>(39,452)</u>	<u>(13,743)</u>
Total comprehensive expense for the year attributable to:			
– Owners of the Company		(40,867)	(35,383)
– Non-controlling interests		<u>540</u>	<u>16,938</u>
		<u>(40,327)</u>	<u>(18,445)</u>
Loss per share (<i>RMB cents</i>)			
– Basic and diluted	<i>10</i>	<u>(1.22)</u>	<u>(0.93)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment		44,027	51,447
Right-of-use assets		6,789	7,808
Investment properties		276,409	281,763
Goodwill		23,408	23,408
Intangible assets		454	504
Interests in associates		69,966	66,920
Equity instruments at FVTOCI		741	1,206
Deferred tax assets		–	607
		<u>421,794</u>	<u>433,663</u>
Current Assets			
Trade and other receivables	<i>11</i>	443,567	344,272
Inventories		–	19,384
Cash and cash equivalents		143,915	181,231
		<u>587,482</u>	<u>544,887</u>
Assets classified as held for sale		203,716	203,716
		<u>791,198</u>	<u>748,603</u>
Total Assets		<u>1,212,992</u>	<u>1,182,266</u>
Current Liabilities			
Trade and other payables	<i>12</i>	641,816	575,486
Lease liabilities		1,023	910
Tax payables		16,170	17,051
		<u>659,009</u>	<u>593,447</u>
Net Current Assets		<u>132,189</u>	<u>155,156</u>
Total Assets Less Current Liabilities		<u>553,983</u>	<u>588,819</u>

	<i>Note</i>	2021 RMB'000 (Unaudited)	2020 <i>RMB'000</i> <i>(Audited)</i>
Non-Current Liabilities			
Deferred tax liabilities		42,305	43,643
Other borrowings		297,779	290,460
Lease liabilities		1,760	2,783
		<u>341,844</u>	<u>336,886</u>
Total Liabilities		<u>1,000,853</u>	<u>930,333</u>
Net Assets		<u>212,139</u>	<u>251,933</u>
Capital and Reserves			
Share capital	<i>13</i>	328,800	328,800
Reserves		(189,634)	(148,854)
Equity attributable to owners of the Company		139,166	179,946
Non-controlling interests		72,973	71,987
Total Equity		<u>212,139</u>	<u>251,933</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for equity instruments at fair value through other comprehensive income (“**FVTOCI**”) and investment properties, which are measured at fair value at the end of the reporting period.

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

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

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

4. OPERATING SEGMENTS

According to the internal organisational structure, requirements from management and internal reporting system, the operating business is classified into four reporting segments: (i) the computer hardware and software products, (ii) system integration service, (iii) property investments and (iv) online education. The directors of the Company, being the chief operating decision makers (“CODM”), will evaluate the operating results of these reportable segments to determine the distribution of resources and evaluation on those 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 consolidated financial statements.

(a) Segment revenues and results

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

	Computer hardware and software products <i>RMB'000</i>	System integration service <i>RMB'000</i>	Property investments <i>RMB'000</i>	Online education <i>RMB'000</i>	Total <i>RMB'000</i>
<i>For the year ended 31 December 2021 (Unaudited)</i>					
Revenue from external customers	1,902	515,475	17,281	–	534,658
Reportable segment (loss)/profit	(316)	1,078	9,166	(42)	9,886
Loss arising on fair value changes of investment properties					(5,354)
Share of results of associates					2,046
Finance costs					(7,548)
Unallocated corporate expenses					(38,192)
Loss before tax					<u>(39,162)</u>
<i>For the year ended 31 December 2020 (Audited)</i>					
Revenue from external customers	11,532	507,950	16,703	–	536,185
Reportable segment (loss)/profit	(124)	20,970	10,572	(330)	31,088
Gain arising on fair value changes of investment properties					1,463
Share of results of associates					1,853
Finance costs					(10,448)
Unallocated corporate expenses					(33,527)
Loss before tax					<u>(9,571)</u>

Segment results represent the profit earned/(loss from) each segment without allocation of central administrative costs under the heading of “unallocated corporate expenses”, finance costs, share of results of associates and (loss)/gain arising on fair value changes on investment properties. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates and unallocated corporate assets; and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities.

(b) Geographic information

All of the Group’s revenue from external customers are generated from the PRC and over 90% of the Group’s non-current assets are located in the PRC. Accordingly, no geographical information have been presented.

(c) Information about major customers

For the year ended 31 December 2021, there was no customer accounted for over 10% of the total revenue of the Group (2020: nil).

5. REVENUE

Disaggregation of revenue from contracts with customers:

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
	(Unaudited)	(Audited)
Trading of computer hardware and software products	1,902	11,532
Provision of system integration services	515,475	507,950
Property management service income	2,509	1,175
	<hr/>	<hr/>
Revenue from contracts with customers	519,886	520,657
Revenue from other source:		
Rental income	14,772	15,528
	<hr/>	<hr/>
Total revenue	534,658	536,185
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:		
A point in time	1,902	11,532
Over-time	517,984	509,125
	<hr/>	<hr/>
	519,886	520,657
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME AND OTHER GAIN

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Bank interest income	547	577
Government grants (<i>Note</i>)	1,723	1,905
Sundry income	979	924
	<u>3,249</u>	<u>3,406</u>

Note: Government grants have been received from PRC government as subsidies. The Group recognised these government grants as other income when all the conditions specified in the government approval were fulfilled.

7. FINANCE COSTS

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Interest on other borrowings	7,319	10,159
Interest on lease liabilities	229	289
	<u>7,548</u>	<u>10,448</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Current tax		
– PRC Enterprise Income Tax	1,021	1,447
Deferred tax (credit) charge	(731)	2,725
	<u>290</u>	<u>4,172</u>

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

On 2 December 2020, 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 2020. Enterprise income tax (“**EIT**”) arising from subsidiaries operating in the PRC was calculated at either 15% or 25% (2020: 15% or 25%) of the estimated assessable profits of the subsidiaries during the year.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Amortisation of intangible assets	51	51
Auditor's remuneration		
– Audit services	580	614
– Non-audit services	–	175
Depreciation of property, plant and equipment	7,390	7,159
Depreciation of right-of-use assets	1,019	1,019
Write-down of inventories (included in cost of sales)	–	25,965
Staff costs (including directors' and supervisors' remuneration)		
– Wages, salaries and bonus	36,981	34,194
– Contribution to defined contribution plans	2,399	2,984
	<u>39,380</u>	<u>37,178</u>

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Loss for the year attributable to the owners of the Company	<u>(39,992)</u>	<u>(30,681)</u>

Number of shares

	Year ended 31 December	
	2021 <i>'000</i> (Unaudited)	2020 <i>'000</i> (Audited)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>3,288,000</u>	<u>3,288,000</u>

Diluted loss per share were same as the basic loss per shares as the Company has no dilutive potential shares during the years ended 31 December 2021 and 31 December 2020.

The denominators used are the same as those detailed above for basic and diluted loss per share.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade receivables from contracts with customers	221,334	240,695
Less: Allowance for credit losses	<u>(120,743)</u>	<u>(120,422)</u>
	100,591	120,273
Contract assets	<u>76,109</u>	<u>28,166</u>
	176,700	148,439
Prepayments	138,928	77,456
Deposits	67,218	82,498
Other receivables	<u>60,721</u>	<u>35,879</u>
	<u><u>443,567</u></u>	<u><u>344,272</u></u>

As at 1 January 2020, trade receivables from contracts with customers amounted to RMB86,307,000.

The Group does not hold any collateral over trade receivables. The credit period granted to recurring customers is 90 days from invoice date. The Group does not hold any collateral over these balances.

The following is an aging analysis of the trade receivables, net of allowance for credit losses, presented based on earlier of invoice date or revenue recognition date is as follows:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Within 3 months	54,486	71,114
3-6 months	1,057	1,458
7-12 months	<u>45,048</u>	<u>47,701</u>
	<u><u>100,591</u></u>	<u><u>120,273</u></u>

12. TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Trade payables	251,564	196,544
Accruals	2,748	1,458
Deposit received	95,824	76,440
Other payables	122,149	119,518
Contract liabilities	169,531	181,526
	<u>641,816</u>	<u>575,486</u>

The credit period of trade payables is ranged from 90 to 120 days.

The following is an aged analysis of trade payables, presented based on the invoice date:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	117,605	42,169
4-6 months	8,233	8,400
7-12 months	11,299	2,173
Over 1 year	114,427	143,802
	<u>251,564</u>	<u>196,544</u>

13. SHARE CAPITAL

	Number of domestic share '000	Number of H share '000	Total '000	Amount <i>RMB'000</i>
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 ordinary shares of RMB0.1 each	<u>2,782,800</u>	<u>505,200</u>	<u>3,288,000</u>	<u>328,800</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The turnover of the Group for the year ended 31 December 2021 was approximately RMB534,658,000, which represented a slightly decrease of approximately RMB1,527,000, when compared with 2020. During the year, over 90% of the revenue was recognised by completion of the work-in-progress projects undertaken by Jiangsu Changtian Zhiyuan Transportation Technology Company Limited (“**Changtian Zhiyuan**”), a subsidiary of the company as those projects has reached the settlement stage.

Loss attribute to owners of Company for the year ended 31 December 2021 was approximately RMB39,992,000, representing an increase of approximately RMB9,311,000, or 30.3% when compared with 2020. The increase was primarily due to (i) the inclusion of loss on fair value changes of investment properties of approximately RMB5,354,000 and the reduce of finance cost of approximately RMB2,900,000. During the year, even though the gross profit increase for RMB30,823,000, there is impairment losses of approximately RMB36,293,000 on financial assets and contract assets which is mainly come from the trade and retention receivables from Changtian Zhiyuan.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2021, current assets of the Group amounted to approximately RMB791,198,000, of which approximately RMB143,915,000 were cash and cash equivalents and approximately RMB443,567,000 were receivables and prepayments, representing an increase by RMB99,295,000 when compared with 2020. The increase in accounts receivables was attributable to an increase in the work-in-progress projects and the contract assets undertaken by Changtian Zhiyuan for the year.

As at 31 December 2021, non-current liabilities was RMB341,844,000 and its current liabilities amounting to approximately RMB659,009,000, which mainly comprised trade and other payables and lease liabilities. Current liabilities increased by approximately 11.0% when compared with 2020 since the increase in deposit received as a result of receiving sales deposits and interest during the year. Net assets of the Group amounted to approximately RMB212,139,000 (2020: approximately RMB251,933,000), representing a decrease of RMB39,794,000 or approximately 15.8% when compared with 2020. Other long-term borrowings amounted to RMB341,844,000 in total, the current liabilities and the total liabilities were increased by RMB65,562,000 and RMB70,520,000 respectively. Its liquidity was sufficient to support the normal operation of the Group.

The Group expresses its gearing ratio as a percentage of total debts over total assets. As at 31 December 2021, the Group had a gearing ratio of 24.5% and the net asset value of the Group as at 31 December 2021 stood at approximately RMB139,166,000 (2020: RMB179,946,000), which was approximately 22.7% lower than that of 2020. The net assets value per share as at 31 December 2021 was approximately RMB0.042 (2020: RMB0.055).

CHARGE ON GROUP ASSETS

As at 31 December 2021, the Group did not have assets pledged as security for interest-bearing bank borrowings granted to the Group (2020: Nil).

FOREIGN CURRENCY RISK

As the Group's operations are mainly conducted in the PRC and over 90% of the Group's sales and purchases are 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 2021, 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 2021, the Group did not have any contracted but not yet provided for capital commitment (2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, save as disclosed above, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total remuneration of the Group's employees for the year ended 31 December 2021 amounted to approximately RMB36,981,000 (2020: approximately RMB34,194,000), including Directors' and supervisors' emoluments of approximately RMB1,200,000 (2020: approximately RMB1,200,000) and RMB317,000 (2020: approximately RMB403,000), respectively.

The number of employees for the year had decreased from 280 to 272.

The Group's employees are remunerated based on their individual performance, qualifications and experience, with reference to market rates.

DIVIDENDS

The Directors do not recommend the payment of any final dividends for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

(i) Share consolidation

The Company proposes to implement the share consolidation (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. Further details are disclosed in the announcement of the Company dated 8 March 2022.

(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. Further details are disclosed in the announcement of the Company dated 8 March 2022.

(iii) Placing of shares

On 8 March 2022, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed to procure placees, on a best effort basis, to subscribe for up to 389,000,000 new consolidated H Shares at the placing price of HK\$0.360 per placings Share. Further details are disclosed in the announcement of the Company dated 8 March 2022.

BUSINESS REVIEW

During the year, under the wise guidance of the Board, the Company actively addressed the adverse impacts of the evolving COVID-19 pandemic at home and abroad and made strategic and dynamic arrangements for the overall business operations of the Company, thereby ensuring stable revenue for the year. Meanwhile, the Company took effective measures to reduce costs and increase efficiency, which helped further reduce its operating losses and enhance its liquidity, laying a foundation for business expansion in the coming year.

During the year, the Company and its subsidiaries continued to increase their investments in technology research and development, and were awarded the title of “Engineering Technology Research Center of Nanjing in 2021” and granted the certificates of Level II of Information Engineering and Technical Service Capability (信息工程與技術服務能力評價貳級) and Information System Security Integration Service Level II (信息系統安全集成服務二級).

Intellectual Property Trading Platform of Chinese Colleges and Universities

During the year, the intellectual property trading platform of colleges and universities, which is owned by Nanjing Zhonggao Intellectual Property Co., Ltd. (“**Nanjing Zhonggao**”), an associated company of the Company, maintained stable operation, with its brand influence further enhanced. The platform provided online intellectual property custody services for more than 8,000 enterprises and connected the technical consulting of enterprises on over 1,000 occasions during the year. Nanjing Zhonggao has started the integration of its existing enterprise intellectual property custody system, national high-tech enterprise application and evaluation system, and big data-based display system for technology resources of Chinese colleges and universities, and will carry out iterative development to cater to users’ needs and further enhance user experience.

In 2021, Nanjing Zhonggao entered into cooperation agreements with the systems for commercialization of research results of certain colleges and universities, and completed a number of analysis reports on patents of colleges and universities, further enriching our pool of college services and resources. In respect of the construction of sub-centres, Nanjing Zhonggao increased efforts in service outlet rollout and software and hardware maintenance and market development of branch offices. Nanjing Zhonggao continued to support enterprises to resume work and production and provided concessions to over 100 enterprises using its annual patent fee payment services, reflecting its commitment in fulfilling corporate social responsibility.

Intelligent Transportation

During the year, the intelligent transportation business of Jiangsu Changtian Zhiyuan Transportation Technology Company Ltd. (“**Changtian Zhiyuan**”), a company controlled by the Company, maintained steady development and continued to leverage on its traditional advantages.

In order to mitigate the adverse impact of the COVID-19 pandemic on its project implementation, Changtian Zhiyuan focused its efforts on the construction and maintenance of projects in progress in the first half of the year to ensure the orderly progress of existing projects and customer satisfaction, and actively planned for business development in the second half of the year.

Since the second half of the year, Changtian Zhiyuan saw its business gradually get back on track. It won the bid for a major project, the CX-WX-91-1 tender section of the electromechanical construction project of Changzhou-Wuxi section of the southern Suxichang Expressway; and developed new customers such as Yancheng Highway Business Development Center (鹽城市公路事業發展中心) and Zhejiang Jining Expressway Co., Ltd. (浙江吉寧高速公路有限公司) thanks to its continued efforts in market expansion. During the year, Changtian Zhiyuan also actively participated in the bidding of transportation-related projects outside Jiangsu Province, and won the bid for two major projects, the construction of a dynamic weighing and detection system in Yancheng City and the construction of the JD03 tender section of the Anji Xiaoyuan-Tangshe section of Shenjiahu Expressway. In addition, Changtian Zhiyuan actively developed transportation-related engineering business outside Jiangsu Province, and established cooperation with Anhui Transportation Holding Group Company Limited (安徽省交通控股集團) to undertake the electromechanical engineering of each of the S11 Wuhu-Huangshan Expressway, the Guzhen-Bengbu Expressway and the renovation and expansion of the Hefei-Dagudian section (within Anhui Province) of the Shanghai-Xi’an (Shanghai-Chengdu) Expressway.

Smart Education

Jiangsu Zhiya Online Education Technology Ltd. (“**Zhiya Online**”), which is controlled by the Company, continued to concentrate on the “Zhiya Online Cloud Platform” as the core of its business development, built on the training base at the Industrial Centre of the Changzhou Science and Education City and proactively explored opportunities for in-depth cooperation with the intellectual property trading platform in the commercialization of scientific and technological achievements. Besides, Zhiya Online explored further possible scenarios of online education ecology to expand market applications.

Additional H Shares Issuance Plan

Due to the persistent Covid-19 pandemic, the Company’s plan for additional issuance of H Shares was affected and the approval obtained from the China Securities Regulatory Commission lapsed. An announcement was posted on 8 March 2022 by the Company to implement the Capital Reorganisation and placing additional H shares so as to bring in strategic investors as soon as practicable and power the Company to move to a higher level.

PROSPECTS

Businesses face mounting pressure due to the ongoing pandemic, but still new opportunities constantly emerge. In the 5G era where everything is connected, the integration of new technologies such as artificial intelligence and blockchain with the Internet of Things will accelerate, with application hotspots constantly iterating and the Internet Plus related new business forms constantly emerging.

Looking ahead, the Company will closely follow the national policies, target at catering for market demand and adjust its development strategy in a timely manner to cope with the changing external environment. The Company will continue to promote business innovation and transformation, explore the integration and application of the Internet in more fields, and leverage on the scientific research strength of Nanjing University to provide ever-better intelligent solutions for various industries.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct regarding Directors’ and supervisors’ securities transactions on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all Directors and supervisors of the Company confirmed that they have complied with the required standard of dealings and the required code of conduct regarding securities transactions by Directors and supervisors adopted by the Company throughout the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company is committed to upholding good corporate governance. This year considerable efforts were made to identify and formalise the best practices according to international standards. As at 31 December 2021, the Company has complied with the provisions set out in Appendix 15 of the code provision of the Corporate Governance Code (the “**CG Code**”) of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”), save for the deviation from CG Code provision A.2.1. The Board has adopted the CG Code, ensuring greater transparency and quality of disclosure as well as more effective risk control. We believe our commitment to the highest standards of governance will translate into long-term value and ultimately maximise returns to shareholders and stakeholders.

AUDIT COMMITTEE

The Company established an audit committee on 8 December 2000. As at 31 December 2021, it comprises three Independent Non-Executive Directors, namely Mr. Zhou Mei Lin, Mr. Zhang Zheng Tang and Ms. Xu Xiao Qin.

The primary duties of the audit committee are to review and provide supervision over the financial reporting and risk management and internal control system of the Group. The audit committee has reviewed the unaudited annual results announcement, for the year ended 31 December 2021 and granted approval to the contents of the unaudited annual results announcement.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to restrictions in force in parts of Mainland China and Hong Kong to combat the COVID-19 coronavirus. The unaudited annual results contained herein have not been agreed with the Company’s auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year under review.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting, and (iv) the period during which the registers of members holding ordinary shares of the Company will be closed in order to determine entitlement to receive the proposed final dividend. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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, 31 March 2022

As at the date hereof, the Board comprises:

Executive Directors : Mr. ZHU Yong Ning (Chairman) and Mr. WU Qing An

Non-executive Directors : Mr. XU Zhi Bin, Mr. SHA Min, Mr. XU Hao and Mr. YIN Jian Kang

Independent non-executive Directors : Mr. ZHOU Mei Lin, Ms. XU Xiao Qin, and Mr. ZHANG Zheng Tang

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 the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and the Company's website at www.nandasoft.com.

** for identification purpose only*