

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SINOSOFT
TECHNOLOGY

SINOSOFT TECHNOLOGY GROUP LIMITED

中國擎天軟件科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1297)

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

HIGHLIGHTS

- Revenue of the Group's continuing operations for the year ended 31 December 2021 recorded approximately RMB 586.4 million, representing an increase of approximately 9.9%, as compared to approximately RMB 533.8 million for the year ended 31 December 2020.
- Profit and total comprehensive income for the year ended 31 December 2021 was approximately RMB 15.0 million, as compared to approximately RMB 513.4 million for the year ended 31 December 2020.
- Basic earnings per share for the year ended 31 December 2021 was RMB 1.29 cents, as compared to RMB 42.21 cents for the year ended 31 December 2020.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sinosoft Technology Group Limited (the “**Company**”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	NOTE	RMB'000	RMB'000
Continuing operations			
Revenue	3	586,413	533,809
Value-added tax refund		2	3,510
Cost of sales		(398,576)	(294,538)
Research and development costs		(81,269)	(59,727)
Other income and gains	4	16,079	420,144
Other expenses and losses	5	(13,503)	(7,278)
Distribution and selling expenses		(24,537)	(28,222)
General and administrative expenses		(64,909)	(38,876)
Finance costs		(2,089)	(1,852)
		<hr/>	<hr/>
Profit before taxation	6	17,611	526,970
Income tax expense	7	(2,598)	(78,171)
		<hr/>	<hr/>
Profit and total comprehensive income for the year from continuing operations		15,013	448,799
Discontinued operation			
Profit and total comprehensive income for the year from discontinued operation	8	—	64,555
		<hr/>	<hr/>
Profit and total comprehensive income for the year		15,013	513,354
		<hr/> <hr/>	<hr/> <hr/>

	<i>NOTE</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit and total comprehensive income for the year attributable to owners of the Company:			
— from continuing operations		15,806	449,474
— from discontinued operation		—	66,466
		<u>15,806</u>	<u>515,940</u>
Profit and total comprehensive income for the year attributable to non-controlling interests:			
— from continuing operations		(793)	(675)
— from discontinued operation		—	(1,911)
		<u>(793)</u>	<u>(2,586)</u>
		<u>15,013</u>	<u>513,354</u>
		2021 <i>RMB cents</i>	2020 <i>RMB cents</i>
Earnings per share			
9			
From continuing and discontinued operations			
— Basic and diluted		<u>1.29</u>	<u>42.21</u>
From continuing operations			
— Basic and diluted		<u>1.29</u>	<u>36.77</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTE	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		83,923	87,918
Right-of-use assets		13,228	13,619
Intangible assets	11	343,576	308,922
Restricted bank deposits		28,160	28,160
Pledged bank deposits		491	—
Time deposits with original maturities over three months		70,000	—
Financial assets at fair value through profit or loss		—	—
		539,378	438,619
CURRENT ASSETS			
Inventories		968	621
Trade and other receivables	12	1,491,309	1,441,045
Pledged bank deposits		2,019	1,229
Bank balances and cash		201,399	694,258
		1,695,695	2,137,153
CURRENT LIABILITIES			
Trade and bills payables	13	84,020	94,916
Other payables		92,524	105,396
Contract liabilities		16,372	3,050
Borrowings	14	20,000	80,000
Tax liabilities		883	57,241
		213,799	340,603
NET CURRENT ASSETS		1,481,896	1,796,550
TOTAL ASSETS LESS CURRENT LIABILITIES		2,021,274	2,235,169
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	77,207	87,720
NET ASSETS		1,944,067	2,147,449
CAPITAL AND RESERVES			
Share capital		9,876	9,876
Reserves		1,937,058	2,139,647
Equity attributable to owners of the Company		1,946,934	2,149,523
Non-controlling interests		(2,867)	(2,074)
TOTAL EQUITY		1,944,067	2,147,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability on 6 January 2011. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 July 2013. Its ultimate parent undertaking is Long Capital International Limited. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The principal activities of its subsidiaries in the People's Republic of China (the "**PRC**") are software development, system integration, sales of related computer products and provision of other related services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS**")**

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") 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 IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

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

2.1 *New and amendments to IFRSs in issue but not yet effective*

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

IFRS 17	Insurance Contracts and the related Amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 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 of the Company anticipate that the application of all above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENTAL INFORMATION

The Group is organised into different business units by products and services, based on which information is prepared and reported to the Group’s chief operating decision-maker (the “CODM”) (i.e., the board of directors of the Company) for the purposes of resource allocation and assessment of performance.

For management purposes, the Group is organised into two (2020: four) core product and service lines, namely government big data software and related services and low carbon & ecology software and related services (2020: government big data software and related services, low carbon & ecology software and related services, export enterprise cloud-based software and services and system integration solutions, which the third product and service line was classified as a discontinued operation in 2020). For system integration solutions, which was classified as a separate product line in prior periods, the CODM considers this product line is a complementary service and its business nature becomes more correlated to the Group’s government big data software and related services instead of a standalone product line. Therefore, during the year ended 31 December 2021, the CODM decided to merge the system integration solutions into government big data software and related services. The comparative figures have been amended in order to conform to the current period’s presentation. These products and services form the basis on which the Group reports its segment information.

During the year ended 31 December 2020, an operating segment regarding export enterprise cloud-based software and services was discontinued along with the Group’s disposal of its equity interests in Jiangsu Skytech Zumoo Technology Co., Limited (“**Jiangsu Skytech Zumoo**”), Nanjing Skytech Quan Shui Tong Informational Technology Co., Limited (“**Quan Shui Tong**”) and partial assets relevant to this segment under the name of Nanjing Skytech Co., Limited (“**Nanjing Skytech**”). After that, the Group no longer carried on the business of export enterprise cloud-based software and services segment.

The segment information reported does not include any amount for the discontinued operation, details of which are set out in Notes 8 and 16 to the consolidated financial statements contained in this announcement.

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

(i) **Disaggregation of revenue from contracts with customers**

Continuing operations Segments	Year ended 31 December 2021		Total RMB'000
	Government big data software and related services RMB'000	Low carbon & ecology software and related services RMB'000	
Type of goods or service			
Sales of software product	495,609	79,618	575,227
Sales of hardware product	10,728	—	10,728
Service income	458	—	458
Total	506,795	79,618	586,413
Geographical markets			
The PRC	506,795	79,618	586,413
Timing of revenue			
At point of time	506,337	79,618	585,955
Over time	458	—	458
Total	506,795	79,618	586,413

	Year ended 31 December 2020		
Continuing operations	Government big data software and related services	Low carbon & ecology software and related services	Total
Segments	<i>RMB'000</i> (restated)	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or service			
Sales of software product	424,275	70,570	494,845
Sales of hardware product	37,230	—	37,230
Service income	1,264	470	1,734
	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>
Total	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>
Geographical markets			
The PRC	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>
	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>
Timing of revenue			
At point of time	461,505	70,570	532,075
Over time	1,264	470	1,734
	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>
Total	<u>462,769</u>	<u>71,040</u>	<u>533,809</u>

(ii) Performance obligations for contracts with customers

The Group develops and sells software and hardware products to customers as well as provision of services which include software design and development of software services to customers.

Revenue from sales of software products:

Revenue from sales of software products to customers is recognised when control of the goods has been transferred, being when the software has been installed into customers' system and received customers' acceptance.

Revenue from sales of hardware products:

Revenue from sales of hardware products to customers is recognised when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customer and accepted by the customer.

Revenue from services income:

For software operation and maintenance services which is recognised as a performance obligation satisfied over time based on output method, as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2021 and 2020, the remaining performance obligations (unsatisfied or partially unsatisfied) are part of contracts that have original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) **Segment results**

The following is an analysis of the Group's results from continuing operations by reportable segments:

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i> (restated)	% (restated)
Continuing operations				
Segment results				
— Government big data software and related services	96,557	91	169,092	92
— Low carbon & ecology software and related services	10,013	9	13,962	8
Total segment results	106,570	100	183,054	100
Other income and gains	16,079		420,144	
Other expenses and losses	(13,503)		(7,278)	
Distribution and selling expenses	(24,537)		(28,222)	
General and administrative expenses	(64,909)		(38,876)	
Finance costs	(2,089)		(1,852)	
Profit before taxation	17,611		526,970	
Taxation	(2,598)		(78,171)	
Profit and total comprehensive income for the year	15,013		448,799	

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales for current and prior year.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the sum of revenue and value-added tax refund less cost of sales and research and development costs of the relevant services/product line. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The CODM does not review assets and liabilities by operating segment for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

The Group's non-current assets are substantially located in the PRC, the place of domicile of the relevant group entities.

Substantially all of the Group's revenue is derived from the PRC, the place of domicile of the major subsidiary, Nanjing Skytech.

Information about major customers

No single customer accounted for 10% or more of the total revenue for both the years ended 31 December 2021 and 2020.

4. OTHER INCOME AND GAINS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Continuing operations		
Gain on disposal of discontinued operation (<i>Note 16</i>)	—	409,332
Interest income	9,860	2,852
Government grants (<i>Note (a)</i>)	1,709	1,056
Compensation income (<i>Note (b)</i>)	—	4,629
Others (<i>Note (c)</i>)	4,510	2,275
	<u>16,079</u>	<u>420,144</u>

Notes:

- (a) The grants represent incentives received by the PRC subsidiaries for eminent contributions to technology development and encouragement of business development. These grants are accounted for as immediate financial support with no future related costs expected to be incurred, nor are they related to any assets.
- (b) The compensation income represents the compensation received from legal action.
- (c) For the year ended 31 December 2021, others included rental income of RMB 3,477,000 from a related company, Nanjing Skytech Quan Shui Tong Information Technology Co., Limited, which Ms. Xin Yingmei (“**Ms. Xin**”), chairlady of the Company, has common control.

For the year ended 31 December 2020, others included receipts of RMB 1,317,000 and RMB 494,000 from unemployment insurance for stabilising employment and an insurance claim, respectively.

5. OTHER EXPENSES AND LOSSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Impairment on trade receivables	12,826	6,999
Loss on disposal of property, plant and equipment	5	21
Net foreign exchange losses	294	169
Others	378	89
	<hr/>	<hr/>
	13,503	7,278
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAXATION

Profit before taxation from continuing operations has been arrived at after charging/(crediting):

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	7,058	7,128
Depreciation of right-of-use assets	391	543
Amortisation of intangible assets:		
— Amortisation of capitalised software costs (included in cost of sales)	98,475	87,606
— Amortisation of other software (included in research and development costs)	78,504	57,902
	<hr/>	<hr/>
	176,979	145,508
	<hr/>	<hr/>
	184,428	153,179
	<hr/>	<hr/>

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments	3,911	3,915
Cost of defined contribution retirement benefit plans	3,128	3,188
Employee benefits expenses	92,078	104,364
Total staff cost	99,117	111,467
Less: amount included in capitalised software costs	(71,755)	(80,858)
	<u>27,362</u>	<u>30,609</u>
Auditor's remuneration	1,817	1,906
Research and development costs recognised as an expense	81,269	59,727
Cost of inventories recognised as an expense	150,146	134,120

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Current tax:		
— PRC Enterprise Income Tax ("EIT")	2,599	54,659
(Over)/under provision in prior years	(2,914)	6,046
Deferred tax	2,913	17,466
	<u>2,598</u>	<u>78,171</u>

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation (from continuing operations)	17,611	526,970
Tax at income tax rate of 25% (2020: 25%)	4,403	131,742
Tax effect of expenses not deductible for tax purpose	13,040	21,591
Tax effect of income not taxable for tax purpose	(145)	(2,795)
Effect of PRC EIT exemption and concessions	(5,073)	(85,869)
(Over)/under provision of PRC EIT in prior years	(2,914)	6,046
Tax effect of tax losses not recognised	2,574	5,341
Tax effect attributable to the additional qualified tax deduction relating to research and development costs	(15,411)	(16,863)
Withholding income tax on undistributed profits attributable to the PRC subsidiaries	7,000	15,600
Utilisation of tax losses previously not recognised	(876)	—
Increase in opening deferred tax balances resulting from an increase in applicable tax rate	—	3,378
	2,598	78,171

The Company/Infotech Holdings Pte. Ltd. (“Infotech Holdings”)

The Company and Infotech Holdings, a subsidiary incorporated in Singapore, had no assessable profits subject to income tax in any jurisdictions since their incorporation.

PRC subsidiaries

The Company’s subsidiaries established in the PRC are subject to PRC EIT at rates prevailing under the relevant laws and regulations in the PRC as follows:

1. On 31 October 2014, Nanjing Skytech obtained “High-tech Enterprise” certificates. Accordingly, the applicable income tax rate for both Nanjing Skytech from Year 2014 to Year 2016 was 15%. A review was conducted in October 2017, pursuant to which Nanjing Skytech was granted the written certification by the relevant tax authorities, maintained its status as the “High-tech Enterprise”, and was entitled to the preferential corporate income tax rate of 15% from Year 2017 to Year 2020. On 2 December 2020, Nanjing Skytech was again granted the same certification and the preferential corporate income tax rate of 15% is prolonged to Year 2023.

In addition to being recognised as a “High-tech Enterprise”, enjoying a preferential corporate income tax rate of 15%, if an enterprise is approved and certified by relevant regulatory authorities as “Key Software Enterprise under the National Plan” for the year, it can further enjoy a preferential tax rate of 10%. In 2016, Cai Shui [2016] No.49 has been enacted that an entity can register for the “Key Software Enterprise under the National Plan” with the tax bureau if the entity complies with relevant requirements. Pursuant to the announcement made by the Jiangsu Provincial Tax Service on 9 September 2020, Nanjing Skytech was recognised as “Key Software Enterprise under the National Plan” and was entitled to enjoy the 10% preferential enterprise corporate income tax rate for the year ended 31 December 2019. During the year ended 31 December 2021, Nanjing Skytech was recognised by Jiangsu Provincial Tax Service and entitled to enjoy the 10% preferential enterprise corporate income tax rate for the year ended 31 December 2020. As at 31 December 2021, the Company has applied in renewing the recognition of “Key Software Enterprise under the National Plan”. The Company will continue to apply for the reduction. The management are of the opinion that the Company can obtain the recognition and has used the preferential tax rate of 10% for the year ended 31 December 2021.

2. The applicable EIT rate for Jiangsu Skyinformation Co. Limited (“**Jiangsu Skyinformation**”), Zhenjiang Skyinformation Co., Limited (“**Zhenjiang Skyinformation**”), Jiangsu Skytech Investment Management Co., Limited (“**Jiangsu Skytech Investment**”), Qingdao Skytech Software Co., Limited (“**Qingdao Skytech**”), Nanjing Aisita Real Estate Co., Limited (“**Nanjing Aisita**”) and Jiangsu Skytech Industrial Internet Co., Limited were 25% for the years ended 31 December 2021 and 2020.

8. DISCONTINUED OPERATION

On 30 September 2020, the Group entered into an equity transfer agreement with Nanjing Skytech Enterprise Management Partnership (Limited Partnership), which is controlled by Ms. Xin, chairlady of the Company, to dispose of the entire equity interest in Quan Shui Tong; 45% equity interest in Jiangsu Skytech Zumoo; and partial assets relevant to export enterprise cloud-based software and services under the name of Nanjing Skytech, at a cash consideration of RMB 526,000,000. The disposal was effected in order to exert more of the Group’s focus on its government big data software and related services and low carbon & ecology software and related services businesses. The disposal was completed on 27 November 2020 (“**Date of Disposal**”).

The profit for the year from the discontinued export enterprise cloud-based software and services operation was set out below.

	Year ended 31 December 2020 RMB '000
Profit of export enterprise cloud-based software and services operation for the period	64,555
Gain on disposal of export enterprise cloud-based software and services operation (<i>Note 16</i>)	409,332
Income tax expense on gain of the disposal	(40,933)
	<hr/>
	432,954
	<hr/> <hr/>

The results of the export enterprise cloud-based software and services operation for the period from 1 January 2020 to 27 November 2020, which had been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 27 November 2020 RMB '000
Revenue	123,833
Value-added tax refund	4,595
Cost of sales	(18,678)
Research and development costs	(8,953)
Other income and gains	913
Other expenses and losses	—
Distribution and selling expenses	(26,027)
General and administrative expenses	(4,496)
Finance costs	(2)
	<hr/>
Profit before taxation	71,185
Taxation	(6,630)
	<hr/>
Profit and total comprehensive income for the period	64,555
	<hr/> <hr/>

During the year ended 31 December 2020, the export enterprise cloud-based software and services business contributed approximately RMB 125 million to the Group's net operating cash flows, paid approximately RMB 36 million in respect of investing activities and paid approximately RMB 55 million in respect of financing activities.

The carrying amounts of the assets and liabilities of this business at the Date of Disposal are disclosed in Note 16 to the consolidated financial statements contained in this announcement.

9. EARNINGS PER SHARE

For continuing operations

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company from continuing and discontinued operations for the purpose of basic earnings per share	15,806	515,940
Adjust for:		
Profit for the year attributable to owners of the Company from discontinued operation	—	(66,466)
	<u>15,806</u>	<u>449,474</u>
Profit for the year attributable to owners of the Company from continuing operations for the purpose of basic earnings per share	<u>15,806</u>	<u>449,474</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	<u>1,222,385</u>	<u>1,222,385</u>

For the years ended 31 December 2021 and 2020, dilutive earnings per share has not been calculated as there were no potential dilutive shares outstanding.

From continuing and discontinued operations

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company from continuing and discontinued operations for the purpose of basic earnings per share	<u>15,806</u>	<u>515,940</u>

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

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

	2020 <i>RMB'000</i>
Earnings	
Profit for the year attributable to owners of the Company from discontinued operation for the purpose of basic earnings per share	<u>66,466</u>

The denominators used are the same as those detailed above for basic earnings per share.

	2020 <i>RMB cents</i>
Earnings per share from discontinued operation	
— Basic and diluted	<u>5.44</u>

10. DIVIDENDS

Year ended 31 December

2021	2020
RMB'000	RMB'000

Dividend recognised as distribution during the year:

Final dividend of RMB 20.05 cents per share for the year
ended 31 December 2020

245,088	—
----------------	---

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021. (2020: RMB 20.05 cents per share, in an aggregate amount of RMB 245,088,112).

11. INTANGIBLE ASSETS

	Capitalised software costs	Other software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At 1 January 2020	735,891	371,901	1,107,792
Additions	135,002	79,477	214,479
Disposal of discontinued operation (<i>Note 16</i>)	<u>(121,013)</u>	<u>(52,475)</u>	<u>(173,488)</u>
At 31 December 2020 and 1 January 2021	749,880	398,903	1,148,783
Additions	<u>88,404</u>	<u>123,229</u>	<u>211,633</u>
At 31 December 2021	<u>838,284</u>	<u>522,132</u>	<u>1,360,416</u>
AMORTISATION			
At 1 January 2020	480,206	310,503	790,709
Charge for the year	105,357	64,988	170,345
Eliminated on disposal of discontinued operation (<i>Note 16</i>)	<u>(79,679)</u>	<u>(41,514)</u>	<u>(121,193)</u>
At 31 December 2020 and 1 January 2021	505,884	333,977	839,861
Charge for the year	<u>98,475</u>	<u>78,504</u>	<u>176,979</u>
At 31 December 2021	<u>604,359</u>	<u>412,481</u>	<u>1,016,840</u>
CARRYING VALUES			
At 31 December 2021	<u>233,925</u>	<u>109,651</u>	<u>343,576</u>
At 31 December 2020	<u>243,996</u>	<u>64,926</u>	<u>308,922</u>

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Capitalised software costs	3 years
Other software	2 years

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
Third parties	1,326,083	1,352,306
Less: Allowance for credit losses	(31,529)	(18,703)
	1,294,554	1,333,603
Prepayments to suppliers	175,976	95,699
Prepayment to the trustee	—	1,428
Deposits	6,633	4,868
VAT recoverable	—	998
Advances to employees	1,738	529
Others	12,408	3,920
Total trade and other receivables	1,491,309	1,441,045

The Group's trade customers are principally government agencies and the Group offered credit terms to them with reference to the expected timing of settlement being around one year. A longer credit term may be extended to certain customers depending on price, the size of the contract, credibility and reputation. The following is an aged analysis of trade receivables, net of allowance for credit losses and is presented based on the date of delivery of goods or the rendering of services to customers which approximated the respective dates on which revenue was recognised.

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 — 60 days	282,919	266,085
61 — 90 days	1,302	3,473
91 — 180 days	5,417	1,020
181 — 365 days	107,633	141,754
Over 1 year but less than 2 years	279,788	460,536
Over 2 years	617,495	460,735
	1,294,554	1,333,603

13. TRADE AND BILLS PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	83,567	94,916
Bills payable (<i>Note</i>)	453	—
	84,020	94,916

Note: At 31 December 2021, the Group's bills payables were secured by pledged bank deposits of the Group.

Trade and bills payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days to one year from the invoice date. The following is an aged analysis of trade and bills payables presented based on the invoice date as at end of each reporting period:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	46,089	80,087
91 to 180 days	2,322	7,416
181 to 365 days	28,662	3,885
Over 1 year	6,947	3,528
	84,020	94,916

14. BORROWINGS

		2021			2020		
	<i>Note</i>	Effective interest rate	Maturity	<i>RMB'000</i>	Effective interest rate	Maturity	<i>RMB'000</i>
Fixed rate borrowings:							
Bank loans — guaranteed	(a)	3.85%	2022	20,000	—	—	—
Bank loans — guaranteed	(a)	—	—	—	3.5%	2021	22,348
Bank loans — guaranteed	(a)	—	—	—	3.5%	2021	27,652
Bank loans — guaranteed	(b)	—	—	—	3.5%	2021	30,000
				20,000			80,000

Notes:

- (a) The bank loans were guaranteed by corporate guarantee of Jiangsu Skytech Investment, a subsidiary of the Company of the maximum amount of RMB 70,000,000.
- (b) The bank loan was guaranteed by personal guarantee of Ms. Xin, Chairlady of the Company of the maximum amount of RMB 100,000,000.

15. DEFERRED TAX

The followings are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior years:

	ECL provision	Undistributed profits of subsidiaries	Capitalised software costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	1,170	(52,838)	(22,206)	(73,874)
Credit/(charge) to profit or loss	1,737	(15,600)	(3,671)	(17,534)
Reversal upon payment of withholding tax	—	550	—	550
Disposal of discontinued operation (Note 16)	—	—	3,138	3,138
	2,907	(67,888)	(22,739)	(87,720)
At 31 December 2020 and 1 January 2021	2,907	(67,888)	(22,739)	(87,720)
Credit/(charge) to profit or loss	245	(7,000)	3,842	(2,913)
Reversal upon payment of withholding tax	—	13,426	—	13,426
	3,152	(61,462)	(18,897)	(77,207)
At 31 December 2021	3,152	(61,462)	(18,897)	(77,207)

Under the PRC enterprise income law, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2021, the Group has fully provided the deferred tax liabilities of withholding tax on the undistributed earnings of the PRC subsidiaries.

The deferred tax balance has reflected the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

The Group has unused tax losses of RMB 76,095,000 available for offset against future profits as at 31 December 2021 (31 December 2020: RMB 75,219,000). No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses arising from subsidiaries operated in the PRC will expire in one to five (2020: one to five) years for offsetting against future taxable profits, the unused tax losses of RMB 5,916,000 expired during the year ended 31 December 2021. Other than the above amounts, at the end of each reporting period, the Group had no other significant unrecognised deferred taxation.

16. DISPOSAL OF DISCONTINUED OPERATION

As set out in Note 8 to the consolidated financial statements contained in this announcement, on 27 November 2020, the Group discontinued its export enterprise cloud-based software and services operation at the time of disposal of its subsidiaries, Quan Shui Tong, Jiangsu Skytech Zumoo and partial assets of Nanjing Skytech. The net assets of the disposed operation at the Date of Disposal were as follows:

	<i>RMB'000</i>
Consideration received:	
Cash received	526,000

As at
27 November 2020
RMB'000

Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	844
Right-of-use assets	39
Intangible assets	52,295
Trade and other receivables	13,934
Bank balances and cash	74,711
Trade and other payables	(10,761)
Contract liabilities	(1,456)
Tax liabilities	(2,467)
Lease liabilities	(36)
Deferred tax liabilities	(3,138)
	<hr/>
Net assets disposed of	123,965
	<hr/> <hr/>
Gain on disposal of discontinued operation	
Consideration received	526,000
Net assets disposed of	(123,965)
Non-controlling interests	7,297
	<hr/>
Gain on disposal	409,332
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash received	526,000
Less: bank balances and cash disposed of	(74,711)
	<hr/>
	451,289
	<hr/> <hr/>

The impact of the disposed business on the Group's results and cash flows in the current and prior periods is disclosed in Note 8 to the consolidated financial statements contained in this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL DEVELOPMENT

In 2021, despite the pressure on the macro economy, China is actively promoting digital transformation. With the well-recognized data service capabilities, the Group has become one of the government’s service providers in digital empowerment and intelligent transformation projects. Under China’s continuous effort in implementing policies including enhancing social governance and controlling carbon emissions, the Group’s government big data and low carbon & ecology products encounter considerable market opportunities. The Group rapidly responded to market demands, actively invested in research and development (“**R&D**”), and optimized business strategies, not only laid the foundation for long term development, but also successfully achieved the year-on-year revenue growth, recorded profit and maintained healthy operations during the year ended 31 December 2021.

Low Carbon & Ecology Software and Related Services

Under the background that countries around the world have successively issued green policies, China is striving to achieve carbon peak by 2030 and carbon neutrality by 2060, as well as the implementation of relevant policies by local governments, demands for emissions management from government agencies and enterprises are constantly increasing. Leveraging the consultation and planning experience in the carbon field and the accumulated informatization capabilities, the Group continued to upgrade the “dual carbon” integrated solutions and innovate the Skytech Green and Low Carbon Industrial Internet Platform, to serve manufacturing industries, provide carbon emission data monitoring and carbon asset operation and management software for enterprises, so as to facilitate enterprises in green transformation, cost reduction and efficiency enhancement. Major products include enterprise carbon asset management platform and zero-carbon building integrated management platform.

Government Big Data Software and Related Services

The experience of the COVID-19 pandemic made various types of online services and management platforms become even more important. Applications for grassroots citizens have helped smoothen the society operation, relevant demands emerged accordingly. With machine learning technology introduced to the Group in recent years, which facilitates intelligent matching of industry data and experience summary to government service rules and industry knowledge bases to support the integration of unmanned government services and terminal equipment, products such as grassroots democratic negotiation integrated service platform, deliberation service terminal equipment, and trade union employee service terminal targeting grassroots government workers and social representatives across the country have been launched and established strong market competitiveness. In addition, the Group integrated community correction services and technologies such as biometrics to develop remote service terminal products, including unmanned remote control and psychological assessment for people under community sentences, which were also promoted to many provinces and cities during the year under review.

For big data products, the Group's data as a service (“**DaaS**”) platform leveraging on its years of experience in government data governance, has opened up markets in different fields such as judiciary, city emergency management, fire protection, become the supporting platform of relevant government departments in data governance, and also developed a variety of big data products continuously. Among them, big data fusion algorithm platforms such as legal aid traceability analysis, legal risk assessment, and city meteorological disasters multivariable early warning have won the favor of national and various provincial and municipal departments.

Also, under the influence of the pandemic and extreme weather, etc., the country's demand for anti-pandemic and emergency response surged, and the Group's social governance and emergency management products were welcomed by the market. Products such as social governance grid and city safety lifeline, public safety risk management have gradually increased market competitiveness.

REVENUE

For the year ended 31 December 2021, the Group's results recorded from the continuing operations in the statement of profit and loss included two businesses, namely government big data software and related services and low carbon & ecology software and related services.

Export enterprise cloud-based software and services business, which was disposed of during the year ended 31 December 2020, was classified as discontinued operation on 27 November 2020.

System integration solutions, which was classified as a separate product line in prior periods, is a complementary service and its business nature has become more correlated to the Group's government big data software and related services instead of a standalone product line. Therefore, during the year ended 31 December 2021, system integration solutions segment was merged into government big data software and related services segment. The comparative figures for the year ended 31 December 2020 were restated as if the system integration solutions segment had been merged at the beginning of that period, to provide a consistent comparative basis.

For the year ended 31 December 2021, the Group's revenue from continuing operations recorded approximately RMB 586.4 million, representing a 9.9% increase as compared to approximately RMB 533.8 million for the same period in 2020. The revenue increase was mainly due to revenue from both government big data software and related services as well as low carbon & ecology software and related services increased during the year ended 31 December 2021.

Government Big Data Software and Related Services

For the year ended 31 December 2021, revenue generated from government big data software and related services amounted to approximately RMB 506.8 million, representing an increase of approximately 9.5% as compared to approximately RMB 462.8 million for the corresponding period in 2020.

Low Carbon & Ecology Software and Related Services

For the year ended 31 December 2021, revenue generated from low carbon & ecology software and related services amounted to approximately RMB 79.6 million, representing an increase of approximately 12.1% as compared to approximately RMB 71.0 million for the corresponding period in 2020.

COST OF SALES

The Group's cost of sales is largely made up of amortisation of capitalised software development cost as well as the costs for purchasing system and components for some of its projects. During the year ended 31 December 2021, the Group's cost of sales from continuing operations was approximately RMB 398.6 million, representing an increase of approximately 35.3% as compared to approximately RMB 294.5 million during the year ended 31 December 2020. During the year ended 31 December 2021, both amortisation of capitalised software development cost and costs spent on purchasing system and components increased.

SEGMENT RESULTS AND SEGMENT RESULTS MARGIN

The Group's total segment results represents the sum of revenue and value-added tax refund less cost of sales and research and development costs. For the year ended 31 December 2021, the Group's segment results was approximately RMB 106.6 million, representing a decrease of approximately 41.8% as compared to approximately RMB 183.1 million for the year ended 31 December 2020.

The Group's overall segment results margin was approximately 18.2% in the year ended 31 December 2021, representing a decrease from approximately 34.3% in the year ended 31 December 2020.

RESEARCH AND DEVELOPMENT COSTS

For the year ended 31 December 2021, the Group's R&D costs from continuing operations amounted to approximately RMB 81.3 million, representing an increase of approximately 36.1% as compared to approximately RMB 59.7 million for the year ended 31 December 2020, mainly attributable to the increased investments in developing future products for long-term growth.

OTHER INCOME AND GAINS

For the year ended 31 December 2021, the Group's other income and gains from continuing operations amounted to approximately RMB 16.1 million, representing a decrease as compared to approximately RMB 420.1 million for the year ended 31 December 2020. The decrease was mainly due to the absence of any one-off disposal gain in the year under review while a disposal gain resulted from the disposal of the Group's subsidiaries and assets of approximately RMB 409.3 million was recorded for the year ended 31 December 2020. Details of the disposal are set out in Note 8 to the consolidated financial statements contained in this announcement.

OTHER EXPENSES AND LOSSES

For the year ended 31 December 2021, the Group's other expenses and losses from continuing operations were approximately RMB 13.5 million, which were increased from approximately RMB 7.3 million for the year ended 31 December 2020, mainly due to the increase in impairment on trade receivables during the year ended 31 December 2021.

DISTRIBUTION AND SELLING EXPENSES

For the year ended 31 December 2021, the Group's distribution and selling expenses from continuing operations were approximately RMB 24.5 million, representing a decrease from approximately RMB 28.2 million for the year ended 31 December 2020. The decrease was mainly attributable to less marketing activities during the COVID-19 pandemic.

GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended 31 December 2021, the Group's general and administrative expenses from continuing operations were approximately RMB 64.9 million, which were increased from approximately RMB 38.9 million for the year ended 31 December 2020, mainly due to the cost recorded in connection with the grant of awarded shares to certain employees during the year ended 31 December 2021.

INCOME TAX EXPENSE

For the year ended 31 December 2021, the Group's income tax expense from continuing operations was approximately RMB 2.6 million, which was decreased from approximately RMB 78.2 million for the year ended 31 December 2020. The decrease was mainly due to the lower profit during the year ended 31 December 2021.

PROFIT AND TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2021, the Group's profit and total comprehensive income was approximately RMB 15.0 million, as compared to approximately RMB 513.4 million for the year ended 31 December 2020.

NET CURRENT ASSETS

As at 31 December 2021, the Group had net current assets of approximately RMB 1,481.9 million (31 December 2020: approximately RMB 1,796.6 million).

TRADE RECEIVABLES

For the year ended 31 December 2021, the trade receivables turnover decreased by 73 days to 818 days (the average of the trade receivables balance at the beginning and the end of the year divided by the total revenue of the year times 365 days) (2020: 891 days).

The Group's trade customers are primarily government agencies and the Group offered credit terms to them with reference to the expected timing of settlement of around one year. A longer credit term may be extended to certain customers depending on price, the size of the contract, credibility and reputation of the customers.

Subsequent to the year ended 31 December 2021 and as of the date of this announcement, the Group has collected approximately RMB 94.4 million of trade receivables, representing approximately 7.3% of trade receivables outstanding as of 31 December 2021.

Before accepting any new projects, the Group assesses the potential customers' credit quality. In addition, the Group continues to enforce strict credit terms and overdue balances are reviewed regularly by management, although there are inevitable delay in payment from certain direct government customers.

FINANCIAL RESOURCES AND LIQUIDITY

During the year ended 31 December 2021, the Group's primary source of funding came from cash generated from its operating activities, the net cash inflow from operating activities amounted to approximately RMB 90.7 million (2020: approximately RMB 246.6 million). As at 31 December 2021, the Group had cash and cash equivalent of approximately RMB 201.4 million (31 December 2020: approximately RMB 694.3 million), which were mainly denominated in RMB.

As at 31 December 2021, the Group had bank borrowings of RMB 20 million (31 December 2020: RMB 80 million), which were denominated in RMB and were charged at fixed interest rates. The gearing ratio, which was calculated based on the total borrowings divided by total equity, was approximately 1.0% (31 December 2020: approximately 3.7%). Save as the same contingent liabilities carried forward from prior year as per the Note 43 in the consolidated financial statements for the year ended 31 December 2020, there are no other significant contingent liabilities as at 31 December 2021.

INTANGIBLE ASSETS

The Group's intangible assets consist mainly of capitalised software costs and purchased software. The increase in intangible assets was mainly attributable to the addition to capitalised software costs of approximately RMB 88.4 million (31 December 2020: approximately RMB 135.0 million) and the addition to purchased software of approximately RMB 123.2 million (31 December 2020: approximately RMB 79.5 million) less the amortisation charges for the year under review.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2021, the Group had no significant investments or material acquisitions of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company has no future plans for significant investments or capital assets as at the date of this announcement.

HUMAN RESOURCES

As at 31 December 2021, the Group had a total of 507 employees (31 December 2020: 480). The Group offered competitive salary packages, as well as discretionary bonuses and contribution to social insurance to its employees. In order to ensure that the Group's employees remain competitive in the industry, the Group has adopted training programs for its employees managed by its human resources department. The Company has also adopted a share option scheme and a share award scheme to recognise and motivate contributions of its employees. Further details regarding the share option scheme and the share award scheme will be set out in the Company's annual report for the year ended 31 December 2021.

FOREIGN EXCHANGE EXPOSURE

The primary economic environment in which the Group operates is in the PRC and its functional currency is RMB. However, certain of the Group's bank balances, other payables are denominated in United States Dollar ("USD") and Hong Kong Dollar ("HKD"), which are currencies other than the functional currency of the relevant group entities which may expose the Group to foreign currency risk.

During the year ended 31 December 2021, the Group recorded an exchange loss of approximately RMB 294,000 (31 December 2020: approximately RMB 169,000). This exchange loss was a result of the appreciation of RMB against the USD and HKD during the year ended 31 December 2021.

The Group currently has no foreign currency hedging policies. The Group will continue to closely monitor foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group did not have any significant event subsequent to 31 December 2021.

OUTLOOK

Looking ahead, under the background of policies such as digital transformation and “dual carbon”, the Group will continue to conduct in-depth research on market demand, develop new products, and actively promote to different provinces, cities and regions.

In the field of low carbon, the Group will intensify its expansion and aim to launch products covering key energy consumption industries such as petrochemicals, chemicals, building materials, and steel during the 14th Five-Year Plan period. The People’s Bank of China has launched a carbon emission reduction supporting tool, and the China Development Bank has also launched an action plan, which clearly supports carbon peaking and carbon neutrality, to provide continuous high quality and efficient financial services for green, low carbon and circular development. Moreover, the European Parliament has preliminarily passed the EU carbon tariff policy and plans to implement it from 1 January 2023, which is expected to urge the needs of export enterprises to reduce emissions.

For government big data software and related services, the Group will continue to promote integrated terminal equipment for different government services nationwide, and expand the coverage in grassroots governments and institutions continuously. The cloud market based on terminal equipment capabilities will form cloud-to-end software as a service (“SaaS”) products and will be promoted to government service industries. The Group will deeply cultivate digital city governance product series that have achieved market advantages, and will closely follow China’s government services informatization development direction of digitalization and cross regions collaboration, to explore the Group’s value in the national market. In particular, the Group undertook the national judicial forensic blockchain pilot project during 2021, and completed the construction of the national judicial forensic document digitalize and coding platform. As the technical supporter, the Group has participated in the formulation of data standards for electronic licenses of judicial forensic institutions across the country, and is expected to establish SaaS capabilities for institutions and the public for forensics depository and online identification in 2022, to form digital service market for the public, judicial institutions, law enforcement institutions, legal practitioners, insurance institutions etc., and will bring along broad prospects.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company is scheduled to be convened and held on Tuesday, 7 June 2022 (the “AGM”). A notice concerning the AGM will be published and despatched to shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: RMB 20.05 cents per share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 1 June 2022 to Tuesday, 7 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 31 May 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") as set forth in Appendix 14 to the Listing Rules as its corporate governance code of practices. During the year ended 31 December 2021, save for the deviation of the then applicable code provision A.2.1 disclosed as below, the Company has complied with all of the applicable code provisions as set out in the CG Code which were in force during the year ended 31 December 2021 and as at 31 December 2021.

The then applicable code provision A.2.1 of the CG Code provides that, amongst others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Xin Yingmei is currently the chairlady and chief executive officer of the Company responsible for overseeing the operations of the Group.

The Board has considered the merits of separating the roles of chairlady and chief executive but is of the view that it is in the best interests of the Company to vest the two roles in Ms. Xin Yingmei. The Board considers that vesting the two roles in Ms. Xin Yingmei ensures that the Company is under a consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiries with the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

The Company was not aware of any incidence of non-compliance with the Model Code by the Directors during the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the year ended 31 December 2021.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, Baker Tilly, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Baker Tilly 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 Baker Tilly on the preliminary announcement.

REVIEW OF THE ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the annual results for the year ended 31 December 2021 together with the Company’s external and internal auditors.

The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors: Mr. Chan Choo Tee, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping. Mr. Kwauk Teh Ming, Walter serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfil its responsibilities over audit.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.sinosoft-technology.com. The annual report of the company for the year ended 31 December 2021 containing all the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and also be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sinosoft Technology Group Limited
Xin Yingmei
Chairlady

Hong Kong, 28 March 2022

As at the date of this announcement, the executive Directors are Ms. Xin Yingmei and Mr. Su Hui, the non-executive Director is Mr. Ren Geng, and the independent non-executive Directors are Mr. Chan Choo Tee, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping.