

The 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.



南京三寶科技股份有限公司
NANJING SAMPLE TECHNOLOGY CO.,LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1708)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

The total operating income of the Group for the year ended 31 December 2021 (the “Review Period”) amounted to RMB914,013,755.55, representing a decrease of approximately 3.38% as compared to the corresponding period of last year.

The net loss attributable to shareholders of the parent company for the year ended 31 December 2021 was RMB59,244,735.65, as compared to the net loss attributable to shareholders of the parent company of RMB139,375,086.61 for the corresponding period of last year.

The basic loss per share for the year ended 31 December 2021 was approximately RMB0.07 (2020: basic loss per share of approximately RMB0.18).

The Board did not propose the payment of a final dividend for the year ended 31 December 2021.

ANNUAL RESULTS

The board (the “Board”) of Directors of Nanjing Sample Technology Co., Limited (the “Company”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

(Unless otherwise stated, the financial information of the Company in this announcement was stated in Renminbi (“RMB”) yuan.)

Consolidated balance sheet*At 31 December 2021*

ASSETS	<i>Note</i>	2021	2020
Current assets:			
Cash at bank and on hand		379,312,843.32	396,527,387.13
Settlement provisions		–	–
Placements with banks and other financial institutions		–	–
Held-for-trading financial assets		–	–
Derivative financial assets		–	–
Notes receivable	3	3,600,960.00	8,637,671.16
Accounts receivable	3	326,188,720.07	1,102,051,999.27
Receivables financing	3	4,000,000.00	1,988,651.45
Prepayments	3	142,015,522.10	375,556,663.32
Premiums receivable		–	–
Reinsurance receivable		–	–
Reinsurance contract reserve receivable		–	–
Other receivables	3	821,201,854.95	95,973,149.21
Financial assets held under resale agreements		–	–
Inventories		70,393,240.44	173,477,816.65
Contract assets		607,228,964.84	524,489,072.34
Held-for-sale assets		428,077,500.00	428,077,500.00
Non-current assets due within one year		–	–
Other current assets		74,216,262.60	68,953,437.14
Total current assets		<u>2,856,235,868.32</u>	<u>3,175,733,347.67</u>

ASSETS (CONTINUED)	<i>Note</i>	2021	2020
Non-current assets:			
Loans and advances to customers		—	—
Debenture investments		—	—
Other debenture investment		—	—
Long-term receivables		—	—
Long-term equity investments		114,791.00	118,352.11
Other equity instruments investment		5,613,951.53	219,653,402.05
Other non-current financial assets		140,947,660.22	132,643,300.91
Investment property		236,490,100.00	235,215,900.00
Fixed assets		208,814,233.66	244,054,351.67
Construction in progress		—	185,099.99
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		—	—
Intangible assets		10,308,157.92	10,587,936.48
Development expenditures		—	—
Goodwill		—	—
Long-term deferred expenses		620,319.39	3,880,507.35
Deferred income tax assets		68,446,098.11	70,233,553.55
Other non-current assets		23,665,787.50	86,906,437.50
		<hr/>	<hr/>
Total non-current assets		<u>695,021,099.33</u>	<u>1,003,478,841.61</u>
TOTAL ASSETS		<u>3,551,256,967.65</u>	<u>4,179,212,189.28</u>

LIABILITIES & OWNERS' EQUITY	<i>Note</i>	2021	2020
Current liabilities:			
Short-term borrowings		772,812,942.91	756,035,488.89
Borrowings from central bank		-	-
Placements from banks and other financial institutions		-	-
Held-for-trading financial liabilities		-	-
Derivative financial liabilities		-	-
Notes payable	4	4,000,000.00	-
Accounts payable	4	547,731,378.35	660,645,469.09
Advances from customers	4	17,872.20	9,572.20
Contract liabilities	4	53,269,281.83	261,560,369.57
Financial assets sold under repurchase agreements		-	-
Customer deposits and deposits from banks and other financial institutions		-	-
Securities trading of agency		-	-
Securities underwriting		-	-
Staff salaries payable		16,063,182.97	15,805,390.78
Taxes payable		7,599,550.52	16,655,425.87
Other payables	4	52,244,563.53	81,343,497.87
Bank charges and commissions due		-	-
Reinsurers due		-	-
Held-for-sale liabilities		-	-
Non-current liabilities due within 1 year		96,000,000.00	156,000,000.00
Other current liabilities		3,618,602.10	32,368,230.22
		<hr/>	<hr/>
Total current liabilities		<u>1,553,357,374.41</u>	<u>1,980,423,444.49</u>

LIABILITIES & OWNERS' EQUITY (CONTINUED)	<i>Note</i>	2021	2020
Non-current liabilities:			
Insurance contract reserves		—	—
Long-term borrowings		90,250,000.00	186,250,000.00
Bonds payables		—	—
Including: preferred shares		—	—
perpetual bond		—	—
Lease liabilities		—	—
Long-term payables		—	—
Long-term staff salaries payable		—	—
Estimated liabilities		—	—
Deferred income		14,385,829.85	21,513,196.53
Deferred income tax liabilities		15,804,508.85	13,916,896.54
Other non-current liabilities		—	—
		<hr/>	<hr/>
Total non-current liabilities		<u>120,440,338.70</u>	<u>221,680,093.07</u>
Total liabilities		<u>1,673,797,713.11</u>	<u>2,202,103,537.56</u>
Owners' equity:			
Share capital		792,058,500.00	792,058,500.00
Other equity instruments		—	—
Including: preferred shares		—	—
perpetual bond		—	—
Capital reserves		103,269,821.12	103,269,821.12
Less: treasury stocks		—	—
other comprehensive income		25,457,396.42	23,419,490.31
Special reserves		—	—
Surplus reserves		104,128,024.15	104,128,024.15
General risk provision		—	—
Undistributed profits	5	812,449,980.76	871,694,716.41
Total owners' equity attributable			
to the parent company		1,837,363,722.45	1,894,570,551.99
Minority interest		40,095,532.09	82,538,099.73
		<hr/>	<hr/>
Total owners' equity		<u>1,877,459,254.54</u>	<u>1,977,108,651.72</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>3,551,256,967.65</u>	<u>4,179,212,189.28</u>

Consolidated income statement

For the year ended 31 December 2021

ITEMS	Note	2021	2020
1. Total operating income	6	914,013,755.55	945,958,244.32
Including: Operating income		914,013,755.55	945,958,244.32
Interest income		–	–
Premiums earned		–	–
Fee and commission income		–	–
2. Total operating cost		954,710,351.64	990,718,296.77
Including: Operating costs	6	744,568,376.45	769,579,900.68
Interest expenses		–	–
Fee and commission expense		–	–
Surrenders		–	–
Net payment from indemnity		–	–
Net provisions for insurance contract		–	–
Insurance policy dividend payment		–	–
Reinsurance cost		–	–
Tax and surcharges		5,639,530.48	6,151,373.92
Selling expenses		38,544,136.51	43,387,695.10
Administrative expenses		58,204,990.99	53,317,746.78
R&D costs		48,556,855.68	49,325,225.35
Financial expenses	9	59,196,461.53	68,956,354.94
Including: Interest expense		59,758,364.88	64,037,991.38
Interest income		1,894,057.79	1,623,915.92
Add: Other gains		12,178,328.56	16,636,795.77
Investment income (losses are represented by “-”)		9,777,733.14	10,032,865.37
Including: Investment income of associates and joint ventures		-3,561.11	-32,236.93
Gains arising from derecognition of financial assets at amortised cost		–	–
Exchange gain		–	–
Income on hedging the net exposure (losses are represented by “-”)		–	–
Gains arising from changes in fair value (losses are represented by “-”)		10,536,503.31	11,897,345.84
Credit impairment loss (losses are represented by “-”)		-44,990,267.50	-166,588,245.21
Asset impairment loss (losses are represented by “-”)		-1,551,448.31	1,349,404.06
Gains on disposal of assets (losses are represented by “-”)		-11,351.46	41,024.18

ITEMS	<i>Note</i>	2021	2020
3. Operating profit (losses are represented by “-”)		-54,757,098.35	-171,390,862.44
Add: Non-operating income		51,313.02	462,992.57
Less: Non-operating expenses		832.62	6,851.82
		<hr/>	<hr/>
4. Total profit (total losses are represented by “-”)		-54,706,617.95	-170,934,721.69
Less: Income tax expense	<i>10</i>	1,205,569.68	-18,773,255.16
		<hr/>	<hr/>
5. Net profit (net losses are represented by “-”)		-55,912,187.63	-152,161,466.53
(1) Classified the business continuity			
1. Net profit for going concern (net losses are represented by “-”)		-55,912,187.63	-152,161,466.53
2. Net profit for discontinued operation (net losses are represented by “-”)		-	-
(2) Classified by the attribution of the ownership			
1. Net Profit attributable to the equity shareholders of the parent company		-59,244,735.65	-139,375,086.61
2. Minority interests		3,332,548.02	-12,786,379.92
		<hr/>	<hr/>
6. Net other comprehensive income after tax		2,037,906.11	-5,274,666.96
(1) Net other comprehensive income after tax attributable to owners of the parent company		2,037,906.11	-5,274,666.96
1. Other comprehensive income which will not be reclassified subsequently to profit and loss		5,066,467.06	-3,701,086.19
(1) Changes as a result of re-measurement of defined benefit plan		-	-
(2) Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		-	-
(3) Changes in fair value of other equity instruments investment		5,066,467.06	-3,701,086.19
(4) Changes in fair value of the enterprise’s own credit risk		-	-

ITEMS	<i>Note</i>	2021	2020
2. Other comprehensive income which will be reclassified to profit and loss		-3,028,560.95	-1,573,580.77
(1) Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		-	-
(2) Changes in fair value of other equity instruments investment		-	-
(3) Amount of financial assets reclassified to other comprehensive income		-	-
(4) Provision for credit impairment of other bonds investment		-	-
(5) Cash flow hedging reserve		-	-
(6) Translation difference of financial statements in foreign currencies		-3,028,560.95	-1,573,580.77
(7) Others		-	-
(2) Net other comprehensive income after tax attributable to minority shareholders		-	-
7. Total comprehensive income		-53,874,281.52	-157,436,133.49
(1) Total comprehensive income attributable to the equity holders of the parent company		-57,206,829.54	-144,649,753.57
(2) Total comprehensive income attributable to minority shareholders		<u>3,332,548.02</u>	<u>-12,786,379.92</u>
8. Earnings per share:			
(1) Basic earnings per share (RMB/share)	<i>11</i>	-0.07	-0.18
(2) Diluted earnings per share (RMB/share)		<u>-0.07</u>	<u>-0.18</u>

NOTES

1. GENERAL

南京三寶科技股份有限公司 (Nanjing Sample Technology Co., Limited*) (the “Company”, together with its subsidiaries, the “Group”) was established in the People’s Republic of China (the “PRC”) and was approved to be reorganised into a joint stock limited company on 28 December 2000.

The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 June 2004. On 22 November 2010, the Company’s H shares were successfully migrated from the GEM to the mainboard of the Stock Exchange (the “Main Board”).

The addresses of the registered office and principal place of business of the Company are located at No. 10 Maqun Avenue, Qixia District, Nanjing City.

The Group is engaged in the information technology application (IT application) service industry. Scope of business of the Company: Computer networks, industrial automation engineering design, installation; electronic products, electronic computer development, manufacture, testing, sale of self-production products, system integration; electronic computer technology consulting and information services; technology testing of electronic products and technical services; computer software development; security engineering design, construction, maintenance; research and development of ITS-based basic information collection technology and equipment. The Group is principally engaged in the provision of visual identification and RFID technologies-based full solutions to intelligent traffic, customs logistics and other application areas.

The reporting currency of the Company is Renminbi (“RMB”). The reporting currency for the overseas businesses is the currency of the place in which they operate. The currency used by the Group in the preparation of the financial statements is RMB.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group’s financial statements have been prepared on a going concern basis and based on the actual transactions and matters incurred in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance of the People’s Republic of China and the specific accounting standards, application guidelines of Accounting Standards for Business Enterprises, interpretations of Accounting Standards for Business Enterprises and other relevant provision (collectively “Accounting Standards for Business Enterprises”) and “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” issued by CSRC and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance (“Hong Kong Companies Ordinance”) and the following major accounting policies and estimates.

Changes in significant accounting policies and accounting estimates

(I) Changes in significant accounting policies

(1) Implementation of “Interpretation of Accounting Standards for Business Enterprises No. 14”

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 14 (Cai Kuai [2021] No. 1, hereinafter referred to as “Interpretation No. 14”) on 2 February 2021 for implementation with effect from the date of announcement. The relevant business newly added from 1 January 2021 to the implementation date shall be adjusted according to Interpretation No. 14.

① ***Public-Private Partnership (PPP) Project Contract***

The Interpretation No. 14 applies to the PPP project contract that meets both “double features” and “double control” requirements. Retroactive adjustments shall be made to the relevant PPP project contracts that commenced before 31 December 2020 and have not been completed by the implementation date. If the retroactive adjustment is not practicable, it shall be applied from the beginning of the earliest period for which the retroactive adjustment is practicable, and the cumulative effect shall be adjusted to the retained earnings and other relevant items in the financial statements at the beginning of the year of the implementation date, without adjusting the information for the comparable period. The implementation of such regulation has not caused material impact to the financial condition and operating result of the Company.

② ***Base rate reform***

The Interpretation No. 14 provides simplified accounting for changes in the basis for determining cash flows related to financial instrument contracts and lease contracts as a result of the base rate reform.

According to the requirements, relevant businesses related to the base rate reform before 31 December 2020 shall be adjusted retrospectively, except where retrospective adjustment is not practicable, without adjusting the comparative financial statement data in the previous period. At the implementation date of the interpretation, the difference between the original and new carrying amounts of financial assets and financial liabilities is included in opening retained earnings or other comprehensive income for the reporting period of the year in which the interpretation is effective. The implementation of such regulation has not caused material impact to the financial condition and operating result of the Company.

(2) Implementation of the “notification on the adjustments of applicable scope to the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions”

On 19 June 2020, the Ministry of Finance promulgated the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” (Cai Kuai [2020] No. 10), which enables enterprises to choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by the COVID-19.

On 26 May 2021, the Ministry of Finance promulgated the notification on the adjustments of applicable scope to the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” (Cai Kuai [2021] No. 9). Effective from 26 May 2021, the scope of relevant rental concessions related to the COVID-19 that allowed using a simplified method for accounting treatment as stipulated in the “Provisions on the Accounting Treatment of COVID-19 Related Rent Concessions” was adjusted from “reduction only focuses on the lease payments payable before 30 June 2021” to the “reduction only focuses on the lease payments payable before 30 June 2022”, while other applicable conditions remain unchanged. The implementation of such regulation has not caused material impact to the financial condition and operating result of the Company.

(3) Implementation of the “Interpretation No. 15 of the Accounting Standards for Business Enterprises” – Presentation in relation to Concentrated Management of Capital

On 30 December 2021, the Ministry of Finance promulgated the “Interpretation No. 15 of the Accounting Standards for Business Enterprises” (Cai Kuai [2021] No. 35, hereinafter referred to as “Interpretation No. 15”), pursuant to which the provisions of the “Presentation in relation to Concentrated Management of Capital” would become effective since the date of its promulgation and corresponding adjustments should be made to the financial statements of the comparable period.

Interpretation No. 15 expressly stipulated how an enterprise should present and disclose in the balance sheets of the balance resulted from the concentrated and standardised management of the capital of the parent and its members via internal clearance centre and finance companies. The implementation of such regulation has not caused material impact to the financial condition and operating result of the Company.

(II) Change in Significant Accounting Estimates

There was no change in accounting estimates as at the end of the reporting period.

3. TRADE AND OTHER RECEIVABLES

	2021	2020
Accounts receivable	553,791,272.94	1,393,820,765.76
Less: Provision for bad debts for accounts receivable	227,602,552.87	291,768,766.49
Receivable financing	4,000,000.00	1,988,651.45
Notes receivable	3,600,960.00	8,637,671.16
Prepayments	142,015,522.10	375,556,663.32
Other receivables	907,584,591.12	129,625,205.63
Less: Provision for bad debts for other receivables	86,382,736.17	33,652,056.42
Interest receivable	—	—
Total	<u>1,297,007,057.12</u>	<u>1,584,208,134.41</u>

The accounts receivable disclosed according to the aging of the entry date	2021	2020
Within 1 year (including one year)	130,360,129.59	538,432,355.50
1 to 2 years	101,924,499.52	336,816,974.25
2 to 3 years	166,512,465.46	361,725,374.63
Over 3 years	154,994,178.37	156,846,061.38
Total	<u>553,791,272.94</u>	<u>1,393,820,765.76</u>

4. TRADE AND OTHER PAYABLES

Item	2021	2020
Accounts payable	547,731,378.35	660,645,469.09
Notes payable	4,000,000.00	—
Advances from customers	17,872.20	9,572.20
Other payables	52,244,563.53	81,343,497.87
Contract liabilities	53,269,281.83	261,560,369.57
Total	<u>657,263,095.91</u>	<u>1,003,558,908.73</u>

The accounts payable disclosed according to the aging of the entry date

	2021	2020
Within 1 year	247,841,605.01	231,085,935.02
1 to 2 years	116,605,931.56	138,743,655.80
Over 2 years	183,283,841.78	290,815,878.27
Total	<u>547,731,378.35</u>	<u>660,645,469.09</u>

5. UNDISTRIBUTED PROFITS

	2021	2020
Undistributed profit at the beginning of the year	871,694,716.41	1,011,075,961.59
Add: Net profit attributable to shareholders of the Company for the current period	-59,244,735.65	-139,375,086.61
Less: Provision of statutory surplus reserves	—	—
Less: Ordinary shares dividends payable	—	—
Less: Undistributed profit converted into share capital	—	—
Add: Others	—	-6,158.57
Undistributed profit at the end of the period	<u>812,449,980.76</u>	<u>871,694,716.41</u>

6. TOTAL OPERATING INCOME

Operating income represents principal operating income and other operating income, of which principal operating income includes revenue received and receivable from system integration, intelligent terminal sales and service businesses.

(1) Operating income and operating cost

Items	2021	2020
Principal operating income	888,667,611.94	917,681,360.77
Other operating income	25,346,143.61	28,276,883.55
Total operating income	<u>914,013,755.55</u>	<u>945,958,244.32</u>
Principal operating cost	736,933,790.77	767,879,612.53
Other operating cost	7,634,585.68	1,700,288.15
Total operating cost	<u>744,568,376.45</u>	<u>769,579,900.68</u>

(2) Principal operations (by product)

Name of Products	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
System integration	765,909,542.84	637,097,464.13	546,794,375.65	415,292,338.02
Intelligent terminal sales	38,153,078.20	31,330,229.48	308,021,954.84	299,664,492.81
Service	84,604,990.90	68,506,097.16	62,865,030.28	52,922,781.70
Total	<u>888,667,611.94</u>	<u>736,933,790.77</u>	<u>917,681,360.77</u>	<u>767,879,612.53</u>

7. SEGMENT INFORMATION

Information regarding the Group's reportable operating segments as provided to the Group's chief operating decision makers for the purposes of resources allocation and assessment of segment performance for the year is only derived from system integration, intelligent terminal sales and service businesses. In addition, the Group's operations are situated in the PRC in which its revenue was derived principally therefrom. Accordingly, no separate segments are presented.

8. GROSS PROFIT

	2021	2020
Operating income	914,013,755.55	945,958,244.32
Operating cost	744,568,376.45	769,579,900.68
Gross profit	<u>169,445,379.10</u>	<u>176,378,343.64</u>

9. FINANCIAL EXPENSES

Items	2021	2020
Interest expenses	59,758,364.88	64,037,991.38
Less: interest income	1,894,057.79	1,623,915.92
Exchange gain and loss	217,228.51	2,659.45
Others	1,114,925.93	6,539,620.03
Total	<u>59,196,461.53</u>	<u>68,956,354.94</u>

10. INCOME TAX EXPENSES

Items	2021	2020
Current income tax	-1,575,415.65	-530,794.44
Deferred income tax	2,780,985.33	-18,242,460.72
Total	<u>1,205,569.68</u>	<u>-18,773,255.16</u>

Reconciliation between total profit and income tax expenses is as follows

Items	2021	2020
Total profit	-54,706,617.95	-170,934,721.69
Income tax expenses calculated at statutory tax rates	-8,205,992.70	-25,640,208.25
Effect of different tax rates applicable to subsidiaries	-775,892.78	369,466.87
Effect of non-taxable income	-123,660.00	–
Income tax adjustments on prior periods	336,758.80	-1,473,023.61
Expenses, costs and losses not deductible for tax purposes	10,525,790.66	343,613.25
Effect of additional deductible cost under tax law	-6,187,405.24	-6,454,565.89
Effect of deductible loss of the deferred income tax assets unrecognized in the previous period	-1,798,521.21	-1,038,042.37
Impact of deductible temporary differences or deductible loss for which deferred tax assets not recognized in the current period	7,434,492.15	15,119,504.84
	<u>1,205,569.68</u>	<u>-18,773,255.16</u>

11. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by consolidated net profit for the current year attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding:

Items	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	-59,244,735.65	-139,375,086.61
Weighted average number of ordinary shares outstanding of the Company	792,058,500.00	792,058,500.00
Basic earnings per share (RMB/share)	-0.07	-0.18

The amount of basic earnings per share is the same as the diluted earnings per share as there was no dilution during the years ended 31 December 2021 and 2020.

The calculation of the weighted average number of ordinary shares is as follows:

Items	2021	2020
Ordinary shares issued at the beginning of the year	792,058,500.00	792,058,500.00
Add: Weighted average number of ordinary shares issued during the current period	–	–
Less: Weighted average number of ordinary shares repurchased during the current period	–	–
	<u>792,058,500.00</u>	<u>792,058,500.00</u>

12. DIVIDENDS

Items	2021	2020
No final dividend proposed (2020: nil)	<u>–</u>	<u>–</u>

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 on 31 March 2022 (2020: nil).

Items	2021	2020
Final dividend in respect of the previous year approved during the year	–	–
Final dividend in respect of the previous year paid during the year	–	–
Final dividend in respect of the previous year unpaid during the year	<u>–</u>	<u>–</u>

13. NET CURRENT ASSETS

	2021	2020
Current assets	2,856,235,868.32	3,175,733,347.67
Less: current liabilities	<u>1,553,357,374.41</u>	<u>1,980,423,444.49</u>
Net current assets	<u>1,302,878,493.91</u>	<u>1,195,309,903.18</u>

14. TOTAL ASSETS LESS CURRENT LIABILITIES

	2021	2020
Total assets	3,551,256,967.65	4,179,212,189.28
Less: current liabilities	<u>1,553,357,374.41</u>	<u>1,980,423,444.49</u>
Total assets less current liabilities	<u>1,997,899,593.24</u>	<u>2,198,788,744.79</u>

15. CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total Operating Income

Total operating income of the Group for the year ended 31 December 2021 was RMB914,013,755.55, representing a decrease of approximately 3.38% over last year which was same level as last year.

Gross Profit

Gross profit margin of the Group for the year ended 31 December 2021 was approximately 18.54%, representing a slight decrease of approximately 0.11% over last year.

Selling and Distribution Costs

Selling and distribution costs of the Group for the year ended 31 December 2021 was RMB38,544,136.51, representing a decrease of approximately 11.16% over last year. The decrease was mainly attributable to the strengthening of online promotion during the Review Period and the reduction in offline promotion activities of the Group.

Administrative Expenses

Administrative expenses of the Group for the year ended 31 December 2021 was RMB58,204,990.99, representing an increase of approximately 9.17% over last year. The increase was mainly attributable to the establishment of a subsidiary in Qingdao during the Review Period resulted in the increase in management costs.

Net Loss Attributable to Shareholders of the Parent Company

For the year ended 31 December 2021, the Group recorded a net loss attributable to the shareholders of the parent company of RMB59,244,735.65, as compared to the net loss attributable to the shareholders of the parent company of RMB139,375,086.61 for the corresponding period of last year. The reduction of loss was mainly attributable to the impairment losses accrued in 2021 as well as the expenditures during the year have decreased as compared to that of the same period last year.

Accounts Receivable

As at 31 December 2021, the Group's accounts receivable amounted to RMB 326,188,720.07, representing a decrease of approximately 70.40% as compared with the same period of last year. The decrease was primarily due to the enhancement of the recovering of the accounts receivable by the Group and the transfer of creditors' rights during the Review Period.

Prepayments

As at 31 December 2021, the Group's prepayments amounted to RMB142,015,522.10, representing a decrease of approximately 62.19% as compared with the same period of last year. The decrease was mainly due to the settlement for goods delivery during the Review Period.

Contract Liabilities

As at 31 December 2021, the Group's contract liabilities amounted to RMB53,269,281.83, representing a decrease of approximately 79.63% as compared with the same period of last year. The decrease was mainly attributable to the pushing forward of the construction progress of various projects by the Group and the relevant operating income was recognized.

Other Equity Instrument Investment

As at 31 December 2021, the Group's other equity instrument investment amounted to RMB5,613,951.53, representing a decrease of approximately 97.44% over the same period last year. The decrease was mainly due to the fact that the Group disposed of its 2% equity interests in Jiangsu Minying Investment Holding Co., Ltd.* (江蘇民營投資控股有限公司) during the Review Period.

Other Receivables

As at 31 December 2021, the Group's other receivables amounted to RMB821,201,854.95, representing an increase of 755.66% over the same period of last year. The increase was mainly due to the 1) the Group transferred the creditor's rights during the Review Period and part of the consideration was not received as at the balance sheet date. As at the date of this announcement, the amount was fully received; 2) an amount is pending for return arising from the termination of an investment agreement during the Review Period.

Non-current Liabilities Due Within One Year

As at 31 December 2021, the Group's non-current liabilities due within one year amounted to RMB96,000,000.00, representing a decrease of 38.46% over the same period of last year. The decrease was mainly due to the paying off the loan that due for repayment.

FINANCIAL RESOURCES AND LIQUIDITY

For the year ended 31 December 2021, the shareholders' equity of the Group was RMB1,837,363,722.45. Current assets were RMB2,856,235,868.32, comprising cash and bank balances of RMB379,312,843.32. Non-current liabilities were RMB120,440,338.70. Current liabilities RMB1,553,357,374.41, mainly comprising accounts payable and other payables, contract liabilities and short-term borrowings. As at 31 December 2021, net assets per share of the Group was approximately RMB2.32 (31 December 2020: RMB2.39). The short-term borrowings of the Group were RMB772,812,942.91.

PLEDGE OF ASSETS

As at 31 December 2021, the Group had the following assets pledged:

- (i) The total book value of the Group's assets of RMB337,116,021.96 (including: investment properties of RMB236,490,100.00, fixed assets of RMB93,169,623.87, intangible assets of RMB7,456,298.09) were pledged to banks to secure outstanding bank loans of RMB143,020,000.00.
- (ii) The bank deposits of RMB19,435,145.68 (as at 31 December 2020: RMB17,304,750.44) were pledged for projects bidding/projects in progress and banking facilities.

GEARING RATIO

For the year ended 31 December 2021, gearing ratio (being sum of short-term loan, long-term loan and non-current liabilities due within 1 year less cash and cash equivalents divided by equity) of the Group was approximately 0.32 (2020: 0.36).

FOREIGN CURRENCY EXPOSURE

Since the Group mainly conducts its business in the PRC and most of the sales and purchases of the Group were denominated in RMB, the Group's operating results are not exposed to any foreign currency risk.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios of the Group as of 31 December:

Key financial ratios

	2021 ⁽⁷⁾	2020 ⁽⁸⁾
Net profit ratio (%) ⁽¹⁾	-6.29%	-16.58%
Return on net assets ratio (%) ⁽²⁾	-2.98%	-7.70%
Return on equity ratio (%) ⁽³⁾	-2.98%	-7.70%
Debt ratio (%) ⁽⁴⁾	47.13%	52.69%
Current ratio ⁽⁵⁾	1.84	1.60
Quick ratio ⁽⁶⁾	1.40	1.25

Note:

- (1) Net profit ratio refers to net profit divided by principle operating income
- (2) Return on net assets ratio refers to the net profit divided by net assets
- (3) Return on equity ratio refers to the net profit divided by shareholders' equity
- (4) Debt ratio refers to the total liabilities divided by total assets
- (5) Current ratio refers to total current assets divided by total current liabilities
- (6) Quick ratio refers to current assets less inventory and contract assets divided by current liabilities
- (7) The 2021 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2021
- (8) The 2020 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2020

Net profit ratio

During the reporting period, the Group's net profit margin increased from -16.58% in the same period of the previous year to -6.29%. The increase was mainly due to the fact that the impairment losses accrued in 2021 as well as the expenditures during the year have decreased as compared with the same period of last year, resulting in a reduction of the net loss for the current year.

RETURN ON NET ASSETS RATIO

During the reporting period, the Group's return on net assets increased from -7.70% in the same period of the previous year to -2.98%, which was mainly due to the fact that the impairment losses accrued in 2021 as well as the expenditures during the year have decreased compared with the same period of last year, resulting in a reduction of the net loss for the current year.

RETURN ON EQUITY RATIO

The Group's return on equity increased from -7.70% in the same period of last year to -2.98%, which was mainly due to the fact that the impairment losses accrued in 2021 as well as the expenditures during the year have decreased compared with the same period of last year, resulting in a reduction of the net loss for the current year.

DEBT RATIO

The Group's debt ratio decreased from 52.69% in the same period of last year to 47.13%, which was due to the decreases of non-current liabilities due within one year, contract liabilities and accounts payable during the reporting period.

CURRENT RATIO

The Group's current ratio increased from 1.60 in the same period of last year to 1.84, which was due to the decreases of non-current liabilities due within one year, contract liabilities and accounts payable during the reporting period.

QUICK RATIO

The Group's quick ratio increased from 1.25 in the same period of last year to 1.40, which shares the same reason for the increase in current ratio as abovementioned.

SIGNIFICANT INVESTMENTS HELD

As of 31 December 2021, there were no other investments held with a value of 5% or more of the Group's total assets.

SUBSTANTIAL ACQUISITION AND DISPOSAL

The Disposal

On 28 January 2021, the Company and Nanjing Sample Technology Group Co., Ltd. (“Sample Group”) entered into the Creditor’s Rights Transfer Agreement I, pursuant to which, Sample Group agreed to purchase, and the Company agreed to sell, a creditor’s right at the consideration of RMB153,311,928.00. On 28 January 2021, Jiangsu Intellitrans Company Limited (“Jiangsu Intellitrans”), a subsidiary of the Company, and Sample Group entered into the Creditor’s Rights Transfer Agreement II, pursuant to which, Sample Group agreed to purchase, and Jiangsu Intellitrans agreed to sell, 7 creditor’s rights at the consideration of RMB352,346,262.23. On 29 March 2021, the aforesaid disposal was approved by shareholders at the extraordinary general meeting. For details of the disposal, please refer to the announcements of the Company dated 28 January 2021 and 29 March 2021.

On 21 October 2021, Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) (“Sample Group”), as purchaser, entered into the Equity Transfer Agreement with the Company, as vendor, pursuant to which the Company agreed to sell, and Sample Group agreed to purchase, 60% equity interest in Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司), at a consideration of RMB45,203,160.00. For details of the disposal, please refer to the announcement of the Company dated 21 October 2021.

On 21 October 2021, the Company and Wuxi Sumin Yuehe Enterprise Management Co., Ltd.* (無錫蘇民悅合企業管理有限公司) (“Sumin Yuehe”) entered into the Equity Transfer Agreement, pursuant to which Sumin Yuehe conditionally agreed to acquire and the Company conditionally agreed to sell, 2% equity interest in Jiangsu Minying Investment Holding Co., Ltd.* (江蘇民營投資控股有限公司), (the corresponding registered capital is RMB200,000,000) at a consideration of RMB220,000,000. For details of the disposal, please refer to the announcement of the Company dated 21 October 2021.

Save as disclosed above, the Group did not have any other substantial acquisition and disposal during the Review Period.

CAPITAL COMMITMENT

As at 31 December 2021, the Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, total employees’ remuneration of the Group was RMB68,909,057.67 (2020: RMB65,274,729.05) and the number of employees was 272 (2020: 290). The Group remunerated its staffs based on individual performance, educational background and experience and with reference to market price. The Group would grant discretionary bonus to the staffs based on individual performance as recognition of their contribution. Other benefits included contributions to the retirement scheme, medical scheme, unemployment insurance and housing allowances.

BUSINESS REVIEW AND BUSINESS OUTLOOK

Business development

During the period under review, Group continued to focus on two core businesses of intelligent transportation and intelligent customs in line with the strategies established at the beginning of the year. To this end, it has strived to adhere to the customer-centric and market-driven approach to achieve product and solution innovation around specific scenarios driven by technology. We insist on placing equal emphasis on technological innovation and business model innovation, pooling the Group's resources to build an intelligent city ecosystem with the Internet of Things, Internet+ and other information technologies as the core.

In the intelligent expressway sector of intelligent transportation, by implementing various major projects, the Group has provided intelligent integrated solutions for customers, which included integrated services such as cloud monitoring system, communication system, toll system, tunnel despatch commanding system and vehicle-road collaboration system. Such systems could improve the traffic efficiency, road safety, operation efficiency and driving experience on highways, bridges and in tunnels.

During the period under review, the Group made progresses in the construction of the electrical and mechanical engineering project in Changning-Boashan Expressway, Yunnan province (section JD2), electrical and mechanical engineering project for the Sanmingjing Youxi Zhongxian-Jianning Lixin section of the Puyan Expressway and the integrated electrical and mechanical engineering project for the Xintai-Taierzhuang Malantun section of the Xintai-Taierzhuang (the border of Shandong Province and Jiangsu Province) Highway, section JD02 of the electrical and mechanical engineering project for southwest line project(Yangyi-Gegang) of Wenzhou Ring Expressway, the reconstruction and extension project for the Expressway from Zhuo Zhou, Hebei Province (the border of Beijing and Hebei Province) to Shijiazhuang of Hebei Province Beijing-Shijiazhuang Expressway Expansion Preparatory Office.

Meanwhile, the Group has newly entered into WFS-WTYD Project of North-South Expressway Connection Project of Wufengshan River Crossing (the first expressway which applies driving induction technology for driveway-level fog zone in the PRC), Section ZC4 of Dynamic Weighing Detection System Project of Yancheng City (the first off-site law enforcement project awarded to the Group), Section JD01 to JD07 of Lin'an-Jiande Section of Linjin Expressway, and Section LN-92 of the electrical and mechanical engineering construction project of Jiangsu Section of Liyang-Ningde Highway.

In the urban intelligent transportation sector of intelligent transportation, the Group provides customers with comprehensive intelligent solution by the offering of intelligent despatching center, intelligent public transportation system, electronic police system and other products, marking use of early alert, collaborative intelligent system, intelligent diversion and other approaches to improve traffic efficiency and alleviate urban traffic jam.

During the period under review, the Group newly entered into the project of installing traffic signal lights (including monitoring systems) at 9 intersections with Traffic Police Detachment of Xiantao Public Security Bureau.

The Group upholds the customer-centered philosophy and is committed to the research and development and implementation of intelligent transportation solutions, by strengthening its power of execution, improving the fine management of each link of project and constantly enhancing its market competitiveness. Based on the outstanding comprehensive management capacity and long-term industry experience, the Group has established strategic cooperation with numerous partners and constructed a scientific supplier management system. In light of such system, suppliers are selected according to the project needs from multi-dimensional evaluation criteria such as technology, qualification, quality, credit and cost, so as to provide comprehensive solutions for customers and achieve the operation management objectives of delivering high quality, efficient and cost-controllable projects.

As for the intelligent customs business, the Group has been dedicated to provide packaged intelligent solutions such as information planning, software, hardware, integration of information system and operation and maintenance services for logistics customers such as the customs, the customs special regulatory districts (including bonded zone, cross-border comprehensive experimental zone, etc.), port terminals and airports to enhance regulatory efficiency, reduce regulatory costs and improve the convenience of customs clearance, thus facilitating trade flows. During the period under review, the Group continued to invest in research and development and innovation, gradually established and formed differentiated products of the Group with own business characteristics, and enhanced the Group's continuous competitive advantages and market competitiveness in the field of intelligent customs. On the one hand, the Group continuously optimized existing products, innovated models and extended scenarios, and on the other hand continuously developed new products and new solutions. Our products under planning specifically included: gate system line (cloud gate system, Huiyantong, touchless gate system, animals import channel system, etc.), artificial intelligence product line (AI container number, AI damage inspection, AI license plate, etc.), station product line (cross-border, express, railway yard, etc.), WMS products (warehouse management system), platform products (Wuhan LIS system, automatic inspection platform) and 5G+AR customs commodity identification research.

During the period under review, the Group was awarded, among others, the Yangluo International Harbour customs inspection area development project-Wuhan Customs logistics information (new waterborne transport) system, the project of cross-border e-commerce regulatory centre of Jiaying Comprehensive Bonded B Zone, the procurement contract for Ruichang Wharf Customs IT Project, the supplementary agreement to the procurement and installation contract of communication control and customs equipment of Phase 1 of the integrated hub terminal at the Hongguang operation area in Pengze Port Zone, Jiujiang Port, supporting facilities of north freight transport area and flight area of Phase 3 of expansion project of Zhengzhou Xinzheng International Airport – civil aviation air traffic control project and airport weak current system project – procurement and installation contract of checkpoint system and equipment, and equipment purchase and installation contract of Hebei Gaobeidian (B) Type Bonded Logistics Center Customs IT Project.

Research and development

During the period under review, the Group was approved as an Official Participant of the European Union "Horizon 2020" Programme, indicating that the Group has been highly recognized by experts from the relevant fields of the European Union in the technology accumulation of intelligent transportation over the years, and also has laid a solid foundation for advancing the international scientific and technological cooperation between China and Europe, realizing the commercialization of research achievements and promoting the development of the industry. At the same time, the Group has actively proceeded with the research work under the "Special Pilot Project for the Construction of a Powerful Transportation Country with Big Data for Integrated Transportation (綜合交通運輸大數據專項交通強國建設試點)" led by China Academy of Transportation Science. The project of "Research on Key Technologies for Correcting Driver Behaviors for the Purpose of Low Emission (面向低排放的駕駛員行為修正關鍵技術研究)" jointly applied by the Group and the School of Transportation of Southeast University has been officially approved for initiation by the Ministry of Science and Technology of China and listed into the key special projects of "Intergovernmental International Cooperation on Science and Technology Innovation (政府間國際科技創新合作)" of the National Key Research and Development Programme of China for 2021. The Group also cooperated with the School of Electronic Science & Engineering of Southeast University in joint application for the project of "Provincial Demonstrating Platform of High-value Patent Cultivation for 2021 (Upgrade) (2021年度省高價值專利培育示範平台(升級版))" and obtained the approval from Intellectual Property Office of Jiangsu Province, which provided a good support for foundation building and application promotion of patents.

During the period under review, the Group successfully completed the verification and acceptance of the project of "2019 Jiangsu Provincial Industry and Information Transformation and Upgrade Project Fund", and took a new step forward in the research and development and application of Internet of Vehicles technology, providing strong support for the transformation and upgrading of enterprises, and playing an important leading and demonstration role for the development of the Internet of Vehicles industry in Jiangsu Province. The "Nanjing Intelligent Expressway Engineering Technology Research Centre" established by Jiangsu Intellitrans Company Limited, a subsidiary of the Group, was officially approved and accredited.

During the period under review, the project of "Ubiquitous IoT-based multi-mode sensing technology for customs logistics and cold chain transportation and its application (基於泛在物聯網多模式感知的海關物流與冷鏈運輸技術及其應用)" jointly conducted by the Group and Nanjing University of Posts and Telecommunications and other entities was awarded the second prize of the Science and Technology Progress Award of the Chinese Institute of Electronics in 2020. The Group was awarded the honorary title of "Excellent Enterprise in Supply Chain Innovation and Application in Jiangsu Province" by the Department of Commerce of Jiangsu Province. During the period under review, the Group successfully passed the annual supervision and audit of "Intellectual Property Management System", applied for 26 new software copyrights and 4 utility model patents, obtained 5 new invention patents, and was awarded the honorary title of "Nanjing Intellectual Property Model Enterprise (南京市知識產權示範企業)".

Business Outlook

Future business development plan

In 2022, adhering to the customer-centric principle and adopting the customer-orientated approach and market-demand-oriented target, the Group will continue to focus on two core businesses of intelligent transportation and intelligent customs. Through the planning and design of comprehensive solutions, the Group will give full play to the latest technical products in the industry, improve the management efficiency of the transportation industry and the customs logistics industry, and help customers fully realise the operation and management objectives of reducing costs and increasing efficiency. The Group will be able to forge ahead with determination in market competition by focusing on both technological and business model innovation and keeping pace with the development of industry technology.

In 2022, in respect of the intelligent transportation segment, the Group will, on the one hand, strengthen its interaction and cooperation with competent authorities, design institutes, intermediaries and leading enterprises by realising resources complementation, promoting regional linkages, implementing industrial integration, and coordinating mutual development, with the aim to continuously provide specialized and customized solutions for transport administration department, maintain its existing market and strive for steady growth, keep its share in markets where it has competitive edges, strengthen its position in competitive markets and achieve breakthrough in disadvantaged markets while, on the other hand, concentrating on specific scenarios, create core products and establish its presence in the “big transportation” business, formulate and create intelligent transportation solutions that have specific features, essence, leading technology and are customer-oriented. To promote technical upgrading, we will carry out market expansion into business sub-segments, including intelligent expressway, intelligent service area, smart light pole, TOCC (Transportation Operations Coordination Center), control of excessive speeding, off-site law enforcement, integrated commanding, super-brain of intelligent traffic management and other solutions.

In 2022, as for the intelligent customs sector, the Group will continue to hold on to the objective of “enhancing regulatory efficiency, reducing regulatory costs and improving the convenience of customs clearance to facilitate trade flow”, carry out modes innovation and scenario extension, continuously develop new products and offer new solutions to focus on providing more intelligent solution services for customs logistics industry customers, closely follow the development trend of the industry, and obtain deep understanding of the requirements of the industry customers.

In 2022, in addition to continuing to focus on the two core sectors of intelligent transportation and intelligent logistics, the Group will attempt to expand into and formulate plans in new business areas such as low-carbon emission park and intelligent energy by keeping abreast of carbon peaking and carbon neutrality policies, focus on the zero-carbon emission economy and make vertical market expansion, covering, in respect of intelligent energy, the conversion and utilization of wind energy, light energy, hydrogen energy and other non-carbon energy; and in respect of scenario application, zero carbon power supply from the earth surface, water surface and building roof, zero carbon energy supply from the conversion of heat energy from sewage and gas exhausts, and green and clean energy application in battery charging station and battery replacement in relation to the transportation. The application deployment of standard products for major business market scenarios will be provided by refining common product features through actual project delivery of multiple low-carbon application products.

Research and development planning

In 2022, leveraging on the technological accumulation over years, the Group will put efforts on the multi-dimensional technological innovation covering the expressway information sensing, data communications, intelligent management, intelligent toll collection, and integrated services. With development of the urban comprehensive three-dimensional transportation network infrastructure, we will plan to build a comprehensive transportation big data center system for more in-depth development of public transportation services. We will provide our clients with product manufacturing with exquisite craftsmanship and fine management by investment in the research and development of intelligent transportation technology and products, IT construction and service of the transportation industry, design and integration of road electromechanical system, upgrade and transformation of technology applications based on various transportation scenarios, thus laying a solid foundation for the construction of a powerful transportation country. Also, the Company has entered into close cooperation with Southeast University, Nanjing University of Posts and Telecommunications, State Key Laboratory of Safety and Health of Long and Large Bridge in Service(在役長大橋樑安全與健康國家重點實驗室), as well as other universities and scientific research institutions which enable us to play a leading position in the field of Internet of Things, such that the Company can be equipped with prominent technological edges in the field of intelligent expressway with strong technical support for the development of intelligent transportation series products.

The Group will give full play to the technical advantages of the “the National Radio Frequency Identification Device (RFID) System Engineering and Technology Research Center”, continuously make great efforts to tackle difficulties in the process of research and development of the “Strangleholding “technologies(key core technologies) and the “Leading by the nose” technologies (technologies not dominated or controlled by our own) according to the established research and development direction of the “Key Core Technology and Application of the Internet of Things”, strengthen the cultivation of high-value patents, rights confirmation and application test, integrate the means of high-value patent conversion, increase investment in industrialisation, and provide all convenience for the commercialization of high-value patent achievements of the key core technology of the Internet of Things. All such steps are taken to accelerate the transfer of high-value patents to the Internet of Things industry cluster of Jiangsu province, expedite the conversion of high-value patent achievements into real productivity, and ultimately for the creation of significant economic benefits.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and Supervisors has entered into a service contract with the Company. The service contracts were expired on 31 December 2021 and the further renewal of a term of 3 years shall be subject to the approval at the forthcoming annual general meeting of the Company.

Save as disclosed above, no Directors and Supervisors has a service contract with the Company's subsidiaries which is not terminable by the Company within one year without payment, other than statutory compensation.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors or substantial shareholders or any of their respective associates (as defined in the rules governing the listing of securities on the Stock Exchange (the "Listing Rules")) is engaged in any business which competes or is likely to compete with the business of the Group, and none of them has other conflicts of interests with the Group.

AUDIT COMMITTEE

The Company established an audit committee on 27 August 2003 with terms of reference. The primary duties of the audit committee are to supervise the financial reporting process, the internal control and risk management of the Company.

The audit committee comprises three independent non-executive Directors, namely Mr. Gao Lihui (the Chairman of the audit committee), Mr. Hu Hanhui and Mr. Niu Zhongjie. The audit committee of the Company has reviewed the audited results of the Group for the period under review and has provided advice and comments thereon.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

On 28 January 2021, the Company and Nanjing Sample Technology Group Co., Ltd. (“Sample Group”) entered into the Creditor’s Rights Transfer Agreement I, pursuant to which, Sample Group agreed to purchase, and the Company agreed to sell, a creditor’s right at the consideration of RMB153,311,928.00. On 28 January 2021, Jiangsu Intellitrans Company Limited (“Jiangsu Intellitrans”), a subsidiary of the Company, and Sample Group entered into the Creditor’s Rights Transfer Agreement II, pursuant to which, Sample Group agreed to purchase, and Jiangsu Intellitrans agreed to sell, 7 creditor’s rights at the consideration of RMB352,346,262.23.

On 21 October 2021, Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) (“Sample Group”), as purchaser, entered into the Equity Transfer Agreement with the Company, as vendor, pursuant to which the Company agreed to sell, and Sample Group agreed to purchase, 60% equity interest in Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司), at a consideration of RMB45,203,160.00.

On 31 December 2021, the Company (as the lessor) and Nanjing Sample (as the lessee) had renewed the Property Leasing Framework Agreement for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. Pursuant to the Property Leasing Framework Agreement, the Company agreed to lease their lawfully owned properties to Sample Group and its associates (as defined under the Listing Rules) and Sample Group agreed to rent and procure the members of Sample Group and its associates to rent the lawfully owned properties of the Company.

Each of Mr. Sha Min, the chairman of the Board and an executive Director of the Company, and Mr. Chang Yong, the vice chairman of the Board and a non-executive Director of the Company, are respectively interested in 60.40% and 38.96% of equity interest in Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司), which in turn owns 49% of equity interest in Sample Group, a controlling shareholder of the Company. Therefore, each of Mr. Sha and Mr. Chang is considered to have a material interest in the above-mentioned transactions.

Save as disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director or a Supervisor had a direct and indirect material interest, subsisted at the end of the year or at any time during the year.

CORPORATE GOVERNANCE CODE

During the year, the Company continued to strengthen its internal governance measures in order to comply with the provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules. Management occasionally held meetings and discussions to evaluate the effectiveness and the compliance of the internal governance measures. The internal governance measures have been adopted on standards no less exacting than those required by the Code.

The Company has complied with all the applicable code provisions of the Code to establish formal and transparent procedures to protect and maximize the interests of shareholders during the year.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the financial statements, the Company did not commit any future plan for material investment or capital assets.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

In consideration of the impacts brought by the ongoing outbreak of COVID-19 pandemic on global economy, and the various market uncertainties, it would be crucial for the Group to keep adequate liquidity. Thus, at the Board meeting held on 31 March 2022, the Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

PUBLICATION OF ANNUAL REPORT

The 2021 annual report of the Company containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.samples.com.cn/> in due course.

By Order of the Board
Nanjing Sample Technology Company Limited*
Sha Min
Chairman

Nanjing, the PRC
31 March 2022

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui and Mr. Zhang Junmin, the non-executive director is Mr. Chang Yong; and the independent non-executive directors are Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie.

* For identification purpose only