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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)

CLARIFICATION ANNOUNCEMENT
IN RELATION TO
INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Reference is made to the interim results announcement dated 9 August 2016 (the “**Interim Results Announcement**”) and the interim report (the “**Interim Report**”) dated 23 August 2016 of Nanjing Sample Technology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2016. Unless otherwise defined, terms and capitalised terms used in this announcement have the same meaning as those defined in the Interim Results Announcement and the Interim Report.

As set out in the section headed “2. TOTAL OPERATING INCOME” on page 5 of the Interim Results Announcement and page 10 of the Interim Report respectively, the operating income of the Group represents the Group’s principal operating income, including revenue received and receivable from (i) system integration; (ii) intelligent terminal sales; (iii) service; and (iv) cross-border trade and service businesses.

In relation to our cross-border trade and service businesses:

1. Operating income deriving from our cross-border trade and service businesses was mainly through our non wholly-owned subsidiary, Jiangsu Cross-border e-Commercial Services Co., Ltd.* (江蘇跨境電子商務服務有限公司) (“**Jiangsu Cross-border**”)
2. Jiangsu Cross-border is a company established in the PRC and is principally engaged in the operation of an integrated service platform for cross-border trading and e-commerce. The integrated service platform mainly provides to small and medium foreign trade and cross-border e-commerce enterprises comprehensive services including logistics, customs clearance, foreign exchange settlement, tax refund, etc.

3. Jiangsu Cross-border had been initially classified as a cross-border trade and service company by our auditor. Accordingly, Jiangsu Cross-border's income derived from foreign trade comprehensive services was initially recorded at transaction value plus service fee to be received by Jiangsu Cross-border.

In February 2016, the Nanjing Municipal Bureau of Commerce issued a notice recognising Jiangsu Cross-border as a "Foreign Trade Comprehensive Services Pilot Enterprise* in Nanjing" (南京市外貿綜合服務試點企業). The auditor of the Company is of the view that part of Jiangsu Cross-border's income (i.e. the income derived from foreign trade comprehensive services) should have been recorded at service fee to be received by Jiangsu Cross-border rather than transaction value plus service fee to be received by Jiangsu Cross-border. Jiangsu Cross-border is merely a service provider of cross-border foreign trade services since (i) Jiangsu Cross-border does not take part in the negotiations of the price or the value of the goods; (ii) the delivery time and other logistics matters is determined by domestic importers/exporters and their foreign customers/suppliers; (iii) Jiangsu Cross-border does not take part in quality control process of the goods; and (iv) Jiangsu Cross-border does not make payments to domestic enterprises until it receives payments from foreign clients. Accordingly, Jiangsu Cross-border neither bear the risk associated with the ownership of the goods nor does Jiangsu Cross-border bear any credit risk with regard to the sales/purchase of the goods.

Due to the abovementioned reasons and the clarification on the record of part of Jiangsu Cross-border's income (i.e. the income derived from foreign trade comprehensive services), the adjusted unaudited consolidated results of the Group for the six months ended 30 June 2016 together with the comparative figures of 2015 are re-presented as below. The amount of adjustment did not have impact in prior years.

Consolidated Balance Sheet (unaudited)*As of 30 June 2016**(** items that are adjusted)*

ASSETS	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
Current assets:		
Cash at bank and on hand	1,166,526,414.63	1,212,720,957.69
Notes receivable	20,000.00	430,000.00
Accounts receivable**	402,527,135.65	405,045,579.64
Prepayments	134,401,801.91	102,561,214.68
Interest receivable	1,222,488.59	806,088.29
Other receivables	173,062,817.39	80,821,123.74
Inventories	570,668,573.29	539,754,737.11
Other current assets	131,680,601.98	156,802,978.14
Total current assets**	2,580,109,833.44	2,498,942,679.29
Non-current assets:		
Available-for-sale financial assets	45,120,000.00	44,520,000.00
Long-term equity investments	3,988,306.43	3,475,159.72
Investment property	211,022,900.00	211,022,900.00
Fixed assets	243,521,363.92	246,314,755.16
Construction in progress	25,726,852.88	25,322,742.02
Construction materials	3,711,228.67	2,911,916.51
Intangible assets	16,316,063.31	12,374,724.82
Long-term deferred expenses	11,584,510.54	12,365,667.87
Deferred income tax assets	23,805,899.33	23,895,454.79
Other non-current assets	120,000,000.00	120,000,000.00
Total non-current assets	704,797,125.08	702,203,320.89
TOTAL ASSETS**	3,284,906,958.52	3,201,146,000.18

Consolidated Balance Sheet (unaudited) (Continued)*As of 30 June 2016*

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	566,553,298.87	508,765,000.00
Notes payable	59,211,627.20	81,521,681.76
Accounts payable**	437,506,331.15	526,961,876.08
Advances from customers	120,326,145.02	84,041,499.16
Staff remuneration payables	1,354,193.63	3,137,558.73
Taxes payable	28,659,425.82	38,877,388.22
Interest payable	1,128,983.12	1,060,086.67
Dividends payable	95,047,020.00	—
Other payables**	100,597,881.62	49,094,015.39
Non-current liabilities due within 1 year	23,930,000.00	27,860,000.00
Total current liabilities**	1,434,314,906.43	1,321,319,106.01
Non-current liabilities:		
Long-term borrowings	128,210,000.00	138,210,000.00
Deferred income	8,391,234.77	9,128,698.17
Deferred income tax liabilities	9,141,731.52	9,111,725.27
Total non-current liabilities	145,742,966.29	156,450,423.44
Total liabilities**	1,580,057,872.72	1,477,769,529.45
Shareholders' equity:		
Share capital	316,823,400.00	316,823,400.00
Capital surplus	417,042,894.68	417,042,894.68
Other comprehensive income	33,604,865.66	30,662,281.62
Surplus reserve	72,085,199.91	72,085,199.91
Undistributed profits	810,672,153.84	832,932,029.03
Total equity attributable to the shareholders of the Company	1,650,228,514.09	1,669,545,805.24
Minority interest	54,620,571.71	53,830,665.49
Total shareholders' equity	1,704,849,085.80	1,723,376,470.73
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	3,284,906,958.52	3,201,146,000.18
Net current assets	1,145,794,927.01	1,177,623,573.28
Total assets less current liabilities	1,850,592,052.09	1,879,826,894.17

Consolidated income statement (unaudited)*For the six months ended 30 June 2016**(** items that are adjusted)*

ITEMS	Six months ended 30 June	
	2016	2015
I. Total operating income**	588,274,800.99	413,914,653.68
II. Total operating cost**	521,047,390.03	337,299,377.65
Operating cost**	444,010,818.50	271,533,736.93
Taxes and surcharges	6,649,114.21	6,091,910.41
Selling and distribution expenses	21,235,004.31	10,275,977.71
Administrative expenses	42,078,190.06	31,160,436.90
Finance costs	8,922,275.58	15,821,286.80
Impairment losses for assets	(1,848,012.63)	2,416,028.90
Investment income	11,641,458.40	1,065,469.44
Including: Share of profit of associates and jointly controlled entities	—	(200,283.98)
III. Operating profit	78,868,869.36	77,680,745.47
Add: Non-operating income	5,936,303.05	5,252,519.92
Less: Non-operating expenses	7,270.99	6,661.56
IV. Total profit	84,797,901.42	82,926,603.83
Less: Income tax expenses	12,561,449.94	12,602,251.06
V. Net profit	72,236,451.48	70,324,352.77
Net profit attributable to the shareholders of the Company	72,787,144.81	69,767,800.12
VI. Other comprehensive income	2,942,584.04	37,340,561.35
VII. Total comprehensive income	75,179,035.52	107,664,914.12
Total comprehensive income attributable to the shareholders of the Company	75,729,728.85	107,108,361.47
Total comprehensive income attributable to minority shareholders	(550,693.33)	556,552.65
VIII. Earnings per share:		
Basic earnings per share	0.230	0.232
Diluted earnings per share	0.230	0.232
IX. Dividends	—	—

Note 2 to the unaudited interim financial statements should read as follows:

TOTAL OPERATING INCOME

Operating income represents the Group's principal operating income, including revenue received and receivable from system integration, intelligent terminal sales, service, cross-border trade and service businesses.

(1) Operating income and operating cost

Item	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Principal operating income	580,603,520.14	404,309,426.69
Other operating income	7,671,280.85	9,605,226.99
Total operating income	<u>588,274,800.99</u>	<u>413,914,653.68</u>
Principal operating cost	443,141,271.60	269,952,193.02
Other operating cost	869,546.90	1,581,543.91
Total operating cost	<u>444,010,818.50</u>	<u>271,533,736.93</u>

(2) Principal operations (by product)

Name of Products	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	operating income	operating cost	operating income	operating cost
System integration	389,120,863.57	301,568,669.27	299,323,741.21	209,183,486.85
Intelligent terminal sales	102,041,181.34	72,245,156.39	70,373,228.51	46,016,445.72
Service	39,150,146.51	24,877,594.57	34,612,456.97	14,752,260.45
Cross-border trade and service	50,291,328.72	44,449,851.37	—	—
Total	<u>580,603,520.14</u>	<u>443,141,271.60</u>	<u>404,309,426.69</u>	<u>269,952,193.02</u>

Note 8 to the unaudited interim financial statements should read as follows:

TRADE AND OTHER RECEIVABLES

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
Accounts receivable	449,190,707.02	453,196,963.88
Less: Provision for doubtful and bad debts for accounts receivables	46,663,571.37	48,151,384.24
Notes receivable	20,000.00	430,000.00
Prepayments	134,401,801.91	102,561,214.68
Other receivables	175,976,342.32	84,094,848.43
Less: Provision for doubtful and bad debts for other receivables	2,913,524.93	3,273,724.69
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Total	<u>710,011,754.95</u>	<u>588,857,918.06</u>

The aging analysis of accounts receivable

Types	At 30 June 2016 (Unaudited)		At 31 December 2015 (Audited)	
	Closing balance	Provision for bad debts	Closing balance	Provision for bad debts
Within 1 year (including one year)	178,605,811.61	1,825,413.14	331,003,412.85	10,368,895.12
1 to 2 years	193,275,782.44	16,899,332.19	50,626,354.38	4,101,926.16
2 to 3 years	66,377,107.86	17,094,276.96	47,186,046.85	14,010,676.43
Over 3 years	10,932,005.11	10,844,549.08	24,381,149.80	19,669,886.53
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Total	<u>449,190,707.02</u>	<u>46,663,571.37</u>	<u>453,196,963.88</u>	<u>48,151,384.24</u>

Note 9 to the unaudited interim financial statements should read as follows:

TRADE AND OTHER PAYABLES

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
Accounts payables	437,506,331.15	526,961,876.08
Advances from customers	120,326,145.02	84,041,499.16
Other payables	100,597,881.62	49,094,015.39
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Total	<u>658,430,357.79</u>	<u>660,097,390.63</u>

The aging analysis of accounts payables

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
Within 1 year	371,025,085.58	458,456,832.19
1 to 2 years	23,012,738.85	23,713,284.42
Over 2 years	43,468,506.72	44,791,759.47
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Total	<u>437,506,331.15</u>	<u>526,961,876.08</u>

And, the disclosure of the total operating income on pages 1 and 9 of the Interim Results Announcement and pages 1 and 16 of the Interim Report should be amended as follows:

“The total operating income of the Group for the six months ended 30 June 2016 (the “Period”) amounted to RMB588,274,800.99 (instead of RMB1,449,343,275.60), representing a growth of approximately 42.12% (instead of 250.16%) as compared to the corresponding period of last year.”

The description of the gross profit margin on page 9 of the Interim Results Announcement and page 16 of the Interim Report should be amended as follows:

“The gross profit margin for the Review Period decreased from approximately 34.40% to 24.52% (instead of 9.95%) as compared with the corresponding period of last year.”

The above clarification and adjustment does not affect other information contained in the Interim Results Announcement and the Interim Report. Save as disclosed in this announcement, the contents of each of Interim Results Announcement and Interim Report remain unchanged.

By Order of the Board
Nanjing Sample Technology Co., Limited*
Sha Min
Chairman

16 December 2016
Nanjing, the PRC

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Zhu Xiang; the non-executive Director is Mr. Ma Jun and the independent non-executive Directors are Mr. Shum Shing Kei, Mr. Geng Nai Fan and Mr. Hu Hanhui.

* *For identification purpose only*