



南京三寶科技股份有限公司

NANJING SAMPLE TECHNOLOGY COMPANY LIMITED*

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

Stock Code : 8287

Interim Report 2009



* for identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

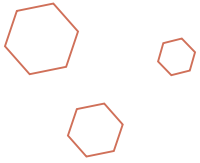
GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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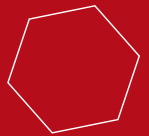
This report, for which the directors (the “Directors”) of Nanjing Sample Technology Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief; (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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Financial Highlights

The turnover of the Group for the six months ended 30 June 2009 amounted to approximately RMB276,684,000, representing an increase of approximately 60.7% as compared to the corresponding period of last year.

The profit attributable to owners of the parent for the six months ended 30 June 2009 was approximately RMB57,585,000, representing an increase of approximately 0.5% as compared to the corresponding period of last year.

The Board does not recommend the payments of an interim dividend for the six months ended 30 June 2009.



Financial Information

UNAUDITED CONSOLIDATED INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Nanjing Sample Technology Company Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and the six months ended 30 June 2009 together with the comparative unaudited figures for the corresponding periods ended 30 June 2008, prepared in accordance with Hong Kong Financial Reporting Standards and generally accepted accounting principles in Hong Kong, as follows. The unaudited results have not been audited by the Company’s auditor but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2009	2008	2009	2008
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Turnover	4	276,684	172,204	182,376	95,103
Cost of sales		(199,084)	(95,112)	(133,055)	(45,744)
Gross profit		77,600	77,092	49,321	49,359
Other income		15,806	4,588	12,303	3,429
Distribution costs		(4,197)	(6,046)	(2,856)	(4,251)
Administrative expenses		(14,214)	(13,235)	(8,669)	(7,851)
Finance costs	5	(4,433)	(3,009)	(2,077)	(1,505)
Profit before tax		70,562	59,390	48,022	39,181
Income tax charge	6	(12,977)	(2,005)	(10,710)	(1,474)
Profit for the period	7	57,585	57,385	37,312	37,707
Attributable to:					
Owners of the parent		57,585	57,290	37,312	37,678
Non-controlling interests		—	95	—	29
		57,585	57,385	37,312	37,707
Dividends	8	—	19,350	—	19,350
Earnings per share					
— Basic (RMB cents)	9	29.76	29.61	19.28	19.47

Financial Information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Profit for the period	57,585	57,385	37,312	37,707
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	6	—	6	—
Total comprehensive income for the period	57,591	57,385	37,318	37,707
Attributable to:				
Owners of the parent	57,591	57,290	37,318	37,678
Non-controlling interests	—	95	—	29

Financial Information

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	51,149	53,966
Prepaid lease payments		6,493	6,568
Intangible assets		18,083	18,083
Deferred tax assets		1,817	1,817
		77,542	80,434
Current assets			
Inventories		75,579	1,856
Trade receivables	11	209,216	249,941
Other receivables and prepayments		123,868	84,913
Prepaid lease payments		150	150
Amounts due from customers for contract work		218,458	90,377
Tax recoverable		1,041	1,041
Pledged bank deposits		78,418	19,329
Bank balances and cash		199,457	158,246
		906,187	605,853
Current liabilities			
Trade and other payables and receipts in advance	12	331,228	152,116
Bills payable		20,000	—
Short-term bank loans		187,000	142,000
Other loan payable		—	2,000
Dividends payable		—	7,200
Tax payable		11,264	4,713
		549,492	308,029
Net current assets		356,695	297,824
Total assets less current liabilities		434,237	378,258
Non-current liabilities			
Deferred tax liabilities		2,789	2,789
Net assets		431,448	375,469
Capital and reserves			
Share capital	13	193,500	193,500
Reserves	14	237,948	180,273
Equity attributable to owners of the parent		431,448	373,773
Non-controlling interests		—	1,696
Total equity		431,448	375,469

Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the parent						Non-controlling interests	Total
	Share Capital	Share premium	Statutory surplus reserve	Exchange translation reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2009 (Audited)	193,500	20,391	35,221	(423)	125,084	373,773	1,696	375,469
Exchange difference arising on translation of foreign operations (Unaudited)	—	—	—	6	—	6	—	6
Profit for the period (Unaudited)	—	—	—	—	57,585	57,585	—	57,585
Reduction in non-controlling interests on acquisition of additional interest in a subsidiary (Unaudited)	—	—	84	—	—	84	(1,696)	(1,612)
Profit appropriation (Unaudited)	—	—	23,383	—	(23,383)	—	—	—
At 30 June 2009 (Unaudited)	193,500	20,391	58,688	(417)	159,286	431,448	—	431,448
At 1 January 2008 (Audited)	193,500	20,391	25,332	—	80,527	319,750	1,443	321,193
Total comprehensive income for the period (Unaudited)	—	—	—	—	57,290	57,290	95	57,385
Less: Final dividend for 2007 (Unaudited)	—	—	—	—	(19,350)	(19,350)	—	(19,350)
At 30 June 2008 (Unaudited)	193,500	20,391	25,332	—	118,467	357,690	1,538	359,228



Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Net cash inflow from operating activities	58,686	80,460
Net cash outflow from investing activities	(60,475)	(37,292)
Net cash inflow (outflow) from financing activities	43,000	(12,000)
Increase in cash and cash equivalents	41,211	31,168
Cash and cash equivalents at the beginning of the period	158,246	68,070
Cash and cash equivalents at the end of the period	199,457	99,238



Financial Information

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL

南京三寶科技股份有限公司 (Nanjing Sample Technology Company Limited) (the “Company”) was established in the People’s Republic of China (the “PRC”) and was approved to be reorganized into a joint stock limited company on 28 December 2000. It is principally engaged in the provision of video security system solutions, sale of security system software and sales of related computer products. The addresses of the registered office and principal place of business of the Company are located at Room 103, Building No. 1, Ruan Jian Chuang Ye Zhong Xin, High Technology Development Region Qixia District, Nanjing City, Jiangsu Province, the PRC and 1 Huangzhuang Road, Maqun Technology Park, Qixia District, Nanjing City, Jiangsu Province, the PRC, respectively.

The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 June 2004.

The books and records of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are maintained in Renminbi (“RMB”), the functional currency in which the majority of the Group’s transactions is denominated.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION


The condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).



Financial Information

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2009 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 December 2008 except for the following amendments and interpretations (“New HKFRSs”) issued by HKICPA which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation
HKFRS 7	Financial instruments: Disclosures — Improving Disclosure about Financial Instruments
HKFRS 8	Operating segments
HK(IFRIC) — 9	Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments Recognition and Measurement
HK(IFRIC) — 13	Customer Loyalty Programmes
HK(IFRIC) — 15	Agreements for the Construction of Real Estate
HK(IFRIC) — 16	Hedges of a Net Investment in a Foreign Operations



The adoption of the above New HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group’s unaudited consolidated financial statements.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

Over 90% of the Group’s revenue, results, assets and liabilities are derived from security system business. Accordingly, no detailed analyses of the Group’s business segments are disclosed.

Geographical segments

The Group’s operations are situated in the PRC in which its revenue was derived principally therefrom. Accordingly, no geographical segments are presented.

Financial Information

4. TURNOVER

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Provision of video security system solutions	276,684	172,204	182,376	95,103

5. FINANCE COSTS

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	4,433	3,009	2,077	1,505

6. INCOME TAX CHARGE

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
The charge comprises:				
PRC income tax	12,977	2,005	10,710	1,474

PRC income tax is calculated at the rates prevailing under the relevant laws and regulations in the PRC.

The Company is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 10%. (2008: 15%).

Financial Information

7. PROFIT FOR THE PERIOD

	Six months ended 30 June		Three months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):				
Amount of inventories recognised as expenses	197,505	95,046	1,461	45,971
Research and development cost	5,473	963	3,899	582
Depreciation of property, plant and equipment	2,960	2,668	1,480	1,291
Operating lease rentals in respect of land use rights	30	427	28	258
Staff costs (including Directors' emoluments)	7,092	108,069	4,207	106,505
Interest income	(391)	(997)	(291)	(803)
PRC value added tax refunded	(7,444)	(1,458)	(5,591)	(1,458)

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: RMB19,350,000).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months and six months ended 30 June 2009 are based on the profit attributable to owners of the parent of approximately RMB37,312,000 (2008: RMB37,678,000) and RMB57,585,000 (2008: RMB57,290,000) respectively and on the weighted average number of 193,500,000 (2008: 193,500,000) ordinary shares in issue during the periods.

No diluted earnings per share have been presented for the three months and six months ended 30 June 2009 and 2008 as the Company has no potential dilutive ordinary shares outstanding during the relevant periods.

Financial Information

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group spent approximately RMB315,000 (2008: RMB1,142,000) and nil (2008: RMB19,000) for the acquisition of property, plant and equipment and additions to construction in progress respectively.

11. TRADE RECEIVABLES

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Trade receivables	220,856	261,581
Less: Allowance for doubtful debts	(3,352)	(3,352)
Less: Provision for impairment losses	(8,288)	(8,288)
	209,216	249,941

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 180 days of issuance, except for certain well established customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts and provision for impairment losses at the statement of financial position date:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Aged:		
0-90 days	94,607	52,638
91-180 days	25,333	24,845
181-365 days	71,620	64,633
1-2 years	17,656	82,302
Over 2 years	—	25,523
	209,216	249,941

The fair value of the Group's trade receivables at the balance sheet date, determined based on the present value of the estimated cash flows discounted at the prevailing market rate at the balance sheet date, approximates to their corresponding carrying amounts.



Financial Information

12. TRADE AND OTHER PAYABLES AND RECEIPTS IN ADVANCE

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Trade payables	293,516	89,654
Other payables	28,158	29,288
Receipts in advance	—	9,509
Other tax payables	9,554	23,665
	331,228	152,116

The following is an aged analysis of trade payables:

	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Aged:		
0-90 days	224,686	6,159
91-180 days	4,576	13,326
181-365 days	51,982	9,674
1-2 years	10,675	8,997
Over 2 years	1,597	2,380
	293,516	89,654



Financial Information

13. SHARE CAPITAL

	Number of shares		Amount	
	At 30 June 2009 '000 (Unaudited)	At 31 December 2008 '000 (Audited)	At 30 June 2009 RMB'000 (Unaudited)	At 31 December 2008 RMB'000 (Audited)
Registered issued and fully paid:				
Domestic shares with par value of RMB1.00 each	132,300	132,300	132,300	132,300
H shares with par value of RMB1.00 each	61,200	61,200	61,200	61,200
	193,500	193,500	193,500	193,500

Pursuant to the circular dated 19 June 2009 in relation to the subscription of new H shares, the Company entered into the relevant subscription agreements with the subscribers (being retail investors), of which each subscriber had agreed to subscribe for and to purchase an aggregate of 30,600,000 H shares in the share capital of the Company with an aggregate nominal value of HK\$122,400,000 at a subscription price of HK\$4.00 per subscription share. Upon the fulfillment of the conditions of the subscription and immediately after the completion of the subscription of new H shares, the Company had issued an aggregate of 91,800,000 H shares and an aggregate of 132,300,000 Domestic shares.

14. RESERVES

Movements of the reserves for the six months ended 30 June 2009 and 2008 are shown in the condensed consolidated statement of changes in equity.

15. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts, which includes borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising share capital, reserves and retained earnings.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.



Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2009 (the "Review Period"), the turnover of the Group reached approximately RMB276,684,000, representing a dramatic increase of approximately 60.7% over that of the corresponding period of last year. It was mainly attributed to the Group's active development in various operations, which resulted in a higher market share in the industry. In the meantime, in line with the demands arose from the rapid development of the highway sector, the Group had actively explored for new markets during the Review Period to expand the Group's market share in the highway sector.

Gross profit margin

The gross profit margin for the Review Period decreased by 16.8% to 28.0% as compared with the corresponding period of last year. The decrease was mainly due to the increased proportion of highway sector and the gross profit margin of Jiangsu Intellitrans Company Limited was relatively lower than that of other companies under the Group.

Distribution costs

Distribution costs led to a decrease of 30.6% as compared with the corresponding period of last year. The decrease was mainly attributable to the increase in promotion expenses related to the substantial acquisition in the corresponding period of last year while no such project was undertaken during the Review Period.

Administrative expenses

The administrative expenses increased from approximately RMB13,235,000 to approximately RMB14,214,000 in the corresponding period of last year. The increase was mainly attributable to the increase of investment in technological research and development during the Review Period.

Liquidity and Financial Resources

The Group adopted stringent financial management policies and maintained a healthy financial condition. The net current assets as at 30 June 2009 was approximately RMB356,695,000 (At 31 December 2008: approximately RMB297,824,000).



Management Discussion and Analysis

As at 30 June 2009, the bank balances and cash of the Group amounted to approximately RMB199,457,000 (At 31 December 2008: approximately RMB158,246,000).

Capital Structure

As at 30 June 2009, the total bank borrowings of the Group was RMB187,000,000 (At 31 December 2008: RMB142,000,000).

Pledge of Assets of the Group

As at 30 June 2009, the bank deposits of RMB78,418,000 (At 31 December 2008: RMB19,329,000) are pledged for projects bidding/projects in progress and banking facilities.

Employees

As at 30 June 2009, the Group has an aggregate of 322 employees (At 30 June 2008: 383 employees). During the Review Period, the staff costs (including Directors' remuneration) was approximately RMB7,092,000 (corresponding period of 2008: approximately RMB108,069,000).

The salary and bonus policy of the Group is principally determined by the performance of the individual employee.

Gearing Ratio

The gearing ratio (being bank loans less cash and cash equivalents divided by equity) of the Group as at 30 June 2009 was approximately zero (At 31 December 2008: zero). This was attributable to the sufficient cash and cash equivalents of the Group for the repayment of bank loans.

Risk in Foreign Exchange

The revenue and expenses of the Group were denominated in Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant.

Significant Investment Held

The Group did not have significant investment held as at 30 June 2009.



Management Discussion and Analysis

Future Plans Relating to Material Investment or Capital Asset

As at the date of this report, the Group has not executed any agreement in respect of proposed acquisition and did not have any other future plan of material investment or capital asset.

Contingent Liabilities

As at 30 June 2009, the Group did not have any material contingent liabilities.

BUSINESS REVIEW AND PROSPECT

During the Review Period, the Group was elected as a “key software enterprise within the State planning framework” for the second time, manifesting the strength and sustainable development of Sample. During the Review Period, as the ePolice system project in Anqing, Anhui Province, the crime prevention security technology project in Jiaozhou and the public security and traffic police project in Rugao City initiated by the Group were well received by the market, the Group successfully captured more market shares despite intense market competition. In particular, the crime prevention security technology project in Jiaozhou has become an important tool in implementing the “Enhancement of Police Force by Science and Technology” policy by Jiaozhou Public Security Bureau, which serves as a strong guarantee in maintaining and assuring public safety.

During the Review Period, the Group had completed the development, testing and trial operation of the united platform system in Dalian Customs, which, in the third quarter, would be further optimized in terms of operation functions such as airport logistics, bonded logistics center operation and domestic and foreign trade within the same port. The Group had also completed the development and testing of the Xiamen bonded harbour logistics monitoring system and united platform for customs checkpoints; the development and testing of intranet system in Nanjing Customs, which had been put into online trial operation on Long Tan Port in Nanjing Customs, as well as the development of the entire system (with supplementary requirements) of Su-Tai Interaction Cooperation project, which is expected to be put into trial operation in the third quarter and go in line with the promotion and application of electronic customs lock in Su-Tai project. In the meantime, the Group had also completed the proposals for various projects including united testing on platforms, yard management system, centralized customs districts monitoring center and electronic customs lock in the first half of the year, and launched various products such as intelligent customs checkpoint system and centralized customs checkpoint facility control system. Looking forward to the second half, the Group will focus on market operation of projects like bonded harbour and bonded logistics center, and actively seek for market opportunities in regions such as Dalian



Management Discussion and Analysis

and Pearl River Delta as well as to enhance the promotion of electronic customs lock in Nanjing Customs and Chongqing Customs, while sales effort on software will be sharpened to maximize the profits for the projects.

During the Review Period, the Group utilized the impact of the State's investment strategy on national highway M&E project sector and actively participated in the bidding of certain significant projects in areas such as Zhejiang, Guizhou, Guangxi, Gansu and Shanxi, and success was gained in Lu-Wu, Anhui highway project, assuring the solid operation in key regional markets like Jiangsu, Anhui, Zhejiang and Chongqing. The Group won the bid on the 130-million-yuan M&E projects of the Zhuyong Highway and Tunnel in Zhejiang Province and the highway under such project would contain the longest tunnel in Zhejiang Province. At the same time, implementation work under Jin-Ji highway construction project was completed and all procedures of examination and acceptance upon completion were passed smoothly. In the second half, the Group will actively utilize our market advantage, and execute a stringent and flexible marketing strategy to strive for excellent results in projects in various provinces within southwest, northwest, east and central regions, so that our market share in highway M&E projects will continue to expand and the application of traffic sector software in the industry will be further promoted.

During the Review Period, the Group endeavoured to focus on car park management as its targeted market and breakthrough by continuously improving product design, enhancing management of purchases, lowering direct costs, controlling various fees, as well as adopting different strategies for different markets and actively participate in existing market competition. Meanwhile, focus was put on training in various aspects, and quality analysis meetings were regularly convened for participation by personnel of research and development, merchandizing, production and marketing to provide suggestions on further enhancing the quality of our products. During the Review Period, the Group was awarded "Innovative Product Award" in 2008 for RFID in the PRC, and provincial technological accreditation was obtained for all three newly invented RFID products, namely RFS2300 series RFID reader, RFS1503 portable read-write module and RFS261X series RFID reader, which made an important contribution to industrialization of the integration of RFID reader and chip in China as well as the application and development in various industries.



Other Information

INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICERS

As at 30 June 2009, none of the Directors, supervisors and chief executive officers of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) which should be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Long positions in shares of the Company:



Name of Director	Number of domestic shares	Nature of interests	Approximate percentage of the registered capital of the Company (%)
Sha Min	1,350,000	Beneficial owner	0.7

Note: As Du Yu (杜予) is the spouse of Sha Min, Du Yu is deemed to be interested in 1,350,000 domestic shares held by Sha Min pursuant to Part XV of the SFO.



Other Information

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far to the knowledge of the Directors, as at 30 June 2009, the following shareholders (other than the Directors, supervisors or chief executive officers of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which should be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares of the Company:

Name of Shareholders	Number of domestic shares	Nature of interests	Approximate percentage of the registered capital of the Company (%)
Nanjing Sample Technology Group Company Limited ("Sample Group") (Note)	58,950,000	Beneficial and corporate	30.47
Jiang Su Century Golden Ox Technology & Industry & Trade Corporation	22,455,000	Beneficial	11.60
Active Gold Holding Limited	49,545,000	Beneficial and corporate	25.60

Note: Sample Group directly holds 54,000,000 domestic shares and is also interested in 95.00% of the registered capital of Nanjing Sample Technology Commerce City Company Limited (南京三寶科技商城有限公司) ("Sample Commerce City"), which in turn is directly interested in 4,950,000 domestic shares. Pursuant to Section 316 of the SFO, Sample Group is deemed to be interested in the 4,950,000 domestic shares held by Sample Commerce City.



Other Information

DIRECTORS' AND SUPERVISORS' INTERESTS IN UNDERLYING SHARES BY DERIVATIVES

Save as disclosed above, as at 30 June 2009, none of the Directors or supervisors of the Company is authorised to subscribe any H shares of the Company. As at 30 June 2009, none of the Directors or supervisors of the Company or any of their spouses or children under eighteen years of age has any right to subscribe any H shares of the Company or has exercised any such right during the Review Period.

SHARE OPTION SCHEME

A share option scheme ("Share Option Scheme") was conditionally adopted by a resolution of the shareholders of the Company on 24 April 2004. As at 30 June 2009, none of the options is granted under the Share Option Scheme.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM 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 any other conflicts of interests with the Group.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The code of conduct for securities transactions by Directors adopted by the Company is on terms no less exacting than the required standard of dealings in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any circumstances that the Directors did not comply with the required standards of dealings and the code of conduct for securities transactions by Directors throughout the six months ended 30 June 2009.



Other Information

AUDIT COMMITTEE

The Company established an audit committee on 27 August 2003 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duty of the audit committee is to supervise the financial reporting process and internal control of the Company.

The audit committee comprises of three independent non-executive Directors, namely Mr. Zhang Zhan (the chairman of the audit committee), Mr. Wang Wei and Mr. Lau Shek Yau John. The audit committee of the Company has reviewed the unaudited results of the Group for the Review Period and has provided advice and comments thereon.

CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2009, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

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

3 August 2009
Nanjing, the PRC

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Guo Ya Jun; the non-executive Directors is Mr. Ge Jun and the independent non-executive Directors are Mr. Zhang Zhan, Mr. Wang Wei and Mr. Lau Shek Yau John.

** for identification purpose only*