



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 2010

Characteristics of the Growth Enterprise Market (the “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 high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Financial Highlights

The turnover of the Group for the six months ended 30 June 2010 amounted to approximately RMB306,922,000, representing an increase of approximately 10.9% as compared to the corresponding period of last year.

The profit attributable to owners of the Company for the six months ended 30 June 2010 was approximately RMB59,042,000, representing an increase of approximately 2.5% as compared to the corresponding period of last year.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010.

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 2010 together with the comparative unaudited figures for the corresponding periods ended 30 June 2009, 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 STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Turnover	4	306,922	276,684	197,250	182,376
Cost of sales		(226,571)	(199,084)	(144,754)	(133,055)
Gross profit		80,351	77,600	52,496	49,321
Other income		8,803	15,806	3,779	12,303
Distribution costs		(4,255)	(4,197)	(3,182)	(2,856)
Administrative expenses		(11,790)	(14,214)	(7,564)	(8,669)
Finance costs	5	(4,418)	(4,433)	(2,342)	(2,077)
Profit before tax		68,691	70,562	43,187	48,022
Income tax charge	6	(9,649)	(12,977)	(5,690)	(10,710)
Profit for the period	7	59,042	57,585	37,497	37,312
Attributable to:					
Owners of the Company		59,042	57,585	37,497	37,312
Non-controlling interests		-	-	-	-
		59,042	57,585	37,497	37,312
Earnings per share attributable to the owners of the Company					
— Basic (RMB cents)	9	26.35	29.76	16.73	19.28

Financial Information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Profit for the period	59,042	57,585	37,497	37,312
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	94	6	94	6
Total comprehensive income for the period	59,136	57,591	37,591	37,318
Total comprehensive income for the period attributable to:				
Owners of the Company	59,136	57,591	37,591	37,318
Non-controlling interests	-	-	-	-

Financial Information

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		45,811	48,050
Prepaid lease payments		6,342	6,417
Intangible assets		10,705	11,678
Deferred tax assets		1,949	1,949
Deposit for investment in a jointly-controlled entity		–	75,000
Interest in a jointly-controlled entity		75,000	–
		139,807	143,094
Current assets			
Inventories		2,458	1,947
Other investments		160,000	–
Trade receivables	10	131,595	143,132
Other receivables and prepayments		225,542	217,295
Prepaid lease payments		150	150
Amounts due from customers for contract work		267,795	223,930
Tax recoverable		1,641	1,529
Pledged bank deposits		28,593	19,059
Bank balances and cash		157,123	190,411
		974,897	797,453
Current liabilities			
Trade and other payables and receipts in advance	11	223,282	231,919
Short-term bank loans		255,000	127,000
Tax payable		5,615	9,957
		483,897	368,876

Financial Information

	Notes	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Net current assets		491,000	428,577
Total assets less current liabilities		630,807	571,671
Non-current liabilities			
Deferred tax liabilities		1,941	1,941
Net assets		628,866	569,730
Capital and reserves			
Share capital	12	224,100	224,100
Reserves	13	404,766	345,630
Equity attributable to owners of the Company		628,866	569,730
Non-controlling interests		-	-
Total equity		628,866	569,730

Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company							Total
	Share Capital	Share premium	Statutory surplus reserve	Exchange translation reserve	Retained profits	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010 (Audited)	224,100	96,217	49,673	(431)	200,171	569,730	-	569,730
Exchange difference arising on translation of foreign operations (Unaudited)	-	-	-	94	-	94	-	94
Profit for the period (Unaudited)	-	-	-	-	59,042	59,042	-	59,042
Profit appropriation (Unaudited)	-	-	5,744	-	(5,744)	-	-	-
At 30 June 2010 (Unaudited)	<u>224,100</u>	<u>96,217</u>	<u>55,417</u>	<u>(337)</u>	<u>253,469</u>	<u>628,866</u>	<u>-</u>	<u>628,866</u>
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)	<u>193,500</u>	<u>20,391</u>	<u>58,688</u>	<u>(417)</u>	<u>159,286</u>	<u>431,448</u>	<u>-</u>	<u>431,448</u>

Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Net cash inflow from operating activities	3,223	58,686
Net cash outflow from investing activities	(159,868)	(60,475)
Net cash inflow (outflow) from financing activities	<u>123,357</u>	<u>43,000</u>
Increase/(decrease) in cash and cash equivalents	(33,288)	41,211
Cash and cash equivalents at the beginning of the period	<u>190,411</u>	<u>158,246</u>
Cash and cash equivalents at the end of the period	<u>157,123</u>	<u>199,457</u>

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.

Financial Information

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated 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").

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 2010 are consistent with those adopted in preparing the audited financial statements of the Group for the year ended 31 December 2009, except for the adoption of all the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. The adoption of these new and revised standards and interpretation has had no material effect on these 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.

4. TURNOVER

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Provision of video security system solutions	306,922	276,684	197,250	182,376

Financial Information

5. FINANCE COSTS

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	4,418	4,433	2,342	2,077

6. INCOME TAX CHARGE

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
The charge comprises: PRC income tax	9,649	12,977	5,690	10,710

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%. (2009: 10%).

Financial Information

7. PROFIT FOR THE PERIOD

	Six months ended 30 June		Three months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):				
Amount of inventories recognised as expenses	225,004	197,505	14,402	1,461
Research and development cost	4,132	5,473	2,612	3,899
Depreciation of property, plant and equipment	2,518	2,960	1,259	1,480
Operating lease rentals in respect of land use rights	307	30	71	28
Staff costs (including Directors' emoluments)	10,580	7,092	7,752	4,207
Interest income	(593)	(391)	(317)	(291)
PRC value added tax refunded	(5,499)	(7,444)	(2,066)	(5,591)

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months and six months ended 30 June 2010 are based on the profit attributable to owners of the company of approximately RMB37,497,000 (2009: RMB37,312,000) and RMB59,042,000 (2009: RMB57,585,000) respectively and on the weighted average number of 224,100,000 (2009: 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 2010 and 2009 as the Company has no potential dilutive ordinary shares outstanding during the relevant periods.

Financial Information

10. TRADE RECEIVABLES

	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Trade receivables	136,469	148,006
Less: Allowance for doubtful debts	(3,316)	(3,316)
Less: Provision for impairment losses	(1,558)	(1,558)
	131,595	143,132

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 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Aged:		
0 – 90 days	36,492	63,002
91 – 180 days	24,746	14,083
181 – 365 days	30,246	18,810
1 – 2 years	29,935	37,191
Over 2 years	10,176	10,046
	131,595	143,132

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

11. TRADE AND OTHER PAYABLES AND RECEIPTS IN ADVANCE

	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Trade payables	165,898	162,602
Other payables	44,761	45,648
Receipts in advance	7,009	2,984
Other tax payables	5,614	20,685
	223,282	231,919

The following is an aged analysis of trade payables:

	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 RMB'000 (Audited)
Aged:		
0 – 90 days	124,535	122,061
91 – 180 days	21,025	7,306
181 – 365 days	7,454	8,335
1 – 2 years	6,636	20,607
Over 2 years	6,248	4,293
	165,898	162,602

Financial Information

12. SHARE CAPITAL

	Number of shares		Amount	
	At 30 June 2010 '000 (Unaudited)	At 31 December 2009 '000 (Audited)	At 30 June 2010 RMB'000 (Unaudited)	At 31 December 2009 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	91,800	91,800	91,800	91,800
	224,100	224,100	224,100	224,100

13. RESERVES

Movements of the reserves for the six months ended 30 June 2010 and 2009 are shown in the condensed consolidated statement of changes in equity.

14. 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 Company, 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 2010 (the “Review Period”), the turnover of the Group reached approximately RMB306,922,000, representing an increase of approximately 10.9% over that of the corresponding period of last year. It was mainly attributed to the Group’s active development in various operations. In addition, the Group successfully bid the “Safe Meat” projects in Nanjing City and Yangzhou City.

Gross profit margin

The gross profit margin for the Review Period decreased by 1.9% to 26.2% as compared with the corresponding period of last year. The decrease was mainly due to the high raw material price.

Distribution costs

Distribution costs for the six months ended 30 June 2010 was approximately RMB4,255,000, representing an increase of approximately 1.4% as compared with the corresponding period of last year. The increase was mainly attributable to increase in turnover during the Review Period.

Administrative expenses

The administrative expenses recorded a decrease of approximately 17.1% from approximately RMB14,214,000 in the corresponding period of last year to approximately RMB11,790,000 for the Review Period. The decrease was mainly attributable to the effective cost control during the Review Period.

Management Discussion and Analysis

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 2010 was approximately RMB491,000,000 (At 31 December 2009: approximately RMB428,577,000).

As at 30 June 2010, the bank balances and cash of the Group amounted to approximately RMB157,123,000 (At 31 December 2009: approximately RMB190,411,000).

Capital Structure

As at 30 June 2010, the total bank borrowings of the Group was RMB255,000,000 (At 31 December 2009: RMB127,000,000).

Pledge of Assets of the Group

As at 30 June 2010, the bank deposits of RMB28,593,000 (At 31 December 2009: RMB19,059,000) are pledged for projects bidding/projects in progress and banking facilities.

Management Discussion and Analysis

Employees

As at 30 June 2010, the Group has an aggregate of 430 employees (At 30 June 2009: 322 employees). During the Review Period, the staff costs (including Directors' remuneration) was approximately RMB10,580,000 (corresponding period of 2009: approximately RMB7,092,000).

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 2010 was approximately 15.6% (At 31 December 2009: zero). This was attributable to the increase on bank loans during the Review Period.

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 2010.

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 2010, the Group did not have any material contingent liabilities.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECT

During the period under review, the Group actively engaged in the major construction projects of the IOT. The Group successfully bid the “Safe Meat” projects in Nanjing City and Yangzhou City. These projects are key components for the food safety service system using IOT technology and are expected to be promoted extensively and fully applied in the domestic food safety industry. Meanwhile, the Group actively engaged in RFID demo environment project for beef production line, ETC monthly pass project for toll stations, pilot project of green and low carbon community in urban area and urban intelligent traffic service project. The Group will closely cooperate with the system integrators in the second half of the year to provide advanced IOT solutions to more business sectors.

During the period under review, the intranet project in Nanjing Customs was upgraded to a logistics monitoring project. Such project will allow complete monitoring and control on the sea, land and air transport. The project is expected to be completed by 2012, of which the part of import sea transportation developed by the Group has been inspected and accepted after the trial shipping at Long Tan Port, and is ready for promotion now. It is expected Zhangjiagang will be the next target market in the second half of the year and the project will be further promoted to other customs throughout the country. During the period under review, the General Administration of Customs suggested that the intelligent secure lock should be the sally port for H2010 customs logistic monitoring and the application of IOT in customs; and the application of secure lock in the entire logistics chain should be further promoted. The Group actively engaged in the development of intelligent secure lock and looked for a suitable place for the pilot project. The Group preliminarily decided to carry out customs lock pilot project in Nanjing customs, Zhangjiagang customs and new customs in Suzhou by integrating electronic customs locks into existing systems to increase efficiency and simplify the procedure, thus achieving the customs-customs and customs-ports application. Meanwhile, the Group made a progress in Hangzhou-Ningbo electric customs lock project. Loading test for such products has been carried out at the Yiwu International Logistics Center.

Management Discussion and Analysis

During the period under review, the Group established a market-oriented business system and engaged in bidding for several major projects in Zhejiang, Shanxi, Hebei, Jiangsu, Guizhou and Sichun. We successfully secured the construction project of Ya'an expressway in Sichun Province and Langfang City in Hebei Province and the renovation project of monitoring system of Sujiahang Expressway. Among the above projects, the construction project of Ya'an expressway in Sichun Province is a large M&E project after the Group entered into the southwestern market. It is also a key M&E project for the roads leading to the western region comprising the national expressway network. During the period under review, the construction of Zhuyong Highway, Zhejiang Province, in which the Group was the contractor also, has been finished and will be opened to traffic in July. Mengxin project and the monitoring system project for Xiamen Second Bridge are under construction.

During the period under review, the Group actively promoted its business in the highway software market, through which the existing customers will be maintained and new markets explored. Projects completed and accepted including the management system for Taizhou Bridge project, the quality supervision and management system for the supervision authority in Jiangsu Province, the integrated information management project for Xiandai Investment in Hunan, the Wuxi metro project, the integrated management system for Nanjing-Shanghai Expressway, the management system project in Taizhou City as well as the reclaiming project in Lianyungang.

During the period under review, the Group conducted research on the topics such as optimizing the functions of UHF readers and applying electronic label under different circumstances. During the period under review, the Group successfully developed front-end products for high-definition customs checkpoint as well as developed and optimized a vehicle monitoring platform for large area. Through modifying the customs checkpoint project for those three lanes of Nanjing 110, customs checkpoint monitoring project in Huai'an and the high-definition customs checkpoint project in Yantai, the performance of those equipment used in the high-definition customs checkpoints, the production flow and the standards have been fully examined.

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 2010, 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	0.6

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 2010, 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 1)	65,720,000	Beneficial owner/ corporate	29.33
Jiangsu Red Stone Technology Corporation ("Jiangsu Red Stone") (Note 2)	15,865,000	Beneficial owner/ corporate	7.00
Active Gold Holding Limited	49,545,000	Beneficial owner/ corporate	22.11

Note:

1. Sample Group directly holds 60,770,000 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.
2. Jiang Su Century Golden Ox Technology & Industrial & Trade Corporation has changed its company name to Jiangsu Red Stone Technology Corporation (the "Name Change"). The registration of the Name Change with Administration for Industry and Commerce Bureau of the PRC was completed on 21 April 2010.

Other Information

DIRECTORS' AND SUPERVISORS' INTERESTS IN UNDERLYING SHARES BY DERIVATIVES

Save as disclosed above, as at 30 June 2010, none of the Directors or supervisors of the Company is authorised to subscribe any H shares of the Company. As at 30 June 2010, 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 2010, 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 2010.

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 2010, 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

6 August 2010
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. Ma Jun and the independent non-executive Directors are Mr. Zhang Zhan, Mr. Wang Wei and Mr. Lau Shek Yau John.

* for identification purpose only