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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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**FINANCIAL HIGHLIGHTS**

The total operating income of the Group for the year ended 31 December 2019 (the “Review Period”) amounted to approximately RMB1,487,129,114.80, representing a decrease of approximately 18.93% as compared to the corresponding period of last year.

The net profit attributable to shareholders of the parent company for the year ended 31 December 2019 was approximately RMB107,023,458.97, representing a decrease of approximately 45.39% as compared to corresponding period of last year.

The basic earnings per share for the year ended 31 December 2019 was approximately RMB0.14 (2018: RMB0.25).

The Board did not propose the payment of final dividend for the year ended 31 December 2019.

**ANNUAL RESULTS**

Reference is made to the announcement dated 30 March 2020 of Nanjing Sample Technology Co., Limited\* (the “Company”, together with its subsidiaries, the “Group”) in respect of the announcement (the “2019 Unaudited Annual Results Announcement”) of its unaudited annual results for the year ended 31 December 2019 (the “2019 Unaudited Annual Results”). The financial information contained in the 2019 Unaudited Annual Results Announcement was neither audited nor agreed with the Company’s auditors as at the date of its publication. After completion of the audit of consolidated financial statement of the Group for the year ended 31 December 2019, some adjustments were made to the 2019 Unaudited Annual Results. For clarity, 2019 Unaudited Annual Results as well as details of the differences between the audited annual results and unaudited annual results were provided as below.

The board (the “Board”) of directors (the “Directors”) of the Company hereby announces the audited consolidated annual results of the Group for the year ended 31 December 2019 together with the audited comparative figures for the year ended 31 December 2018 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 2019

ASSETS	Note	2019 (Audited)	2019 (Unaudited)	Difference	2018
<b>Current assets:</b>					
Cash at bank and on hand		163,444,153.79	163,433,115.11	11,038.68	532,958,036.92
Held-for-trading financial assets		–	–	–	–
Derivative financial assets		–	–	–	–
Notes receivable	3	576,000.00	1,070,000.00	–494,000.00	257,915,095.36
Accounts receivable	3	1,114,075,029.94	1,139,017,401.30	–24,942,371.36	837,139,367.60
Receivables financing	3	1,220,000.00	720,000.00	500,000.00	1,535,180.00
Prepayments	3	206,861,485.08	207,226,474.72	–364,989.64	424,735,769.16
Other receivables	3	139,362,794.66	142,540,415.81	–3,177,621.15	321,587,484.36
Inventories		150,627,602.21	150,662,020.06	–34,417.85	116,839,463.12
Contract assets		1,149,189,607.89	1,127,588,261.00	21,601,346.89	1,074,867,660.48
Held-for-sale assets		–	–	–	–
Non-current assets due within one year		–	16,483,024.28	–16,483,024.28	57,483,115.26
Other current assets		50,252,379.01	35,093,843.40	15,158,535.61	31,831,942.89
<b>Total current assets</b>		<b>2,975,609,052.58</b>	<b>2,983,834,555.68</b>	<b>–8,225,503.10</b>	<b>3,656,893,115.15</b>
<b>Non-current assets:</b>					
Debt investment		–	–	–	–
Other debt investment		–	–	–	–
Long-term receivables		–	–	–	–
Long-term equity investments		14,034,388.49	466,539,372.92	–452,504,984.43	43,343,934.94
Other equity instruments investment		679,253,400.00	226,119,781.74	453,133,618.26	227,319,415.64
Other non-current financial assets		125,359,255.07	124,691,142.39	668,112.68	134,623,072.37
Investment property		230,602,600.00	230,602,600.00	–	227,503,300.00
Fixed assets		294,887,205.17	312,950,794.46	–18,063,589.29	376,964,307.99
Construction in progress		3,424,335.80	3,424,335.80	–	6,534,672.42
Productive biological assets		–	–	–	–
Oil and gas assets		–	–	–	–
Right-of-use assets		–	–	–	–
Intangible assets		11,173,166.61	12,647,450.58	–1,474,283.97	10,842,557.61
Development expenditures		–	–	–	–
Goodwill		526,438.04	–	526,438.04	–
Long-term deferred expenses		2,182,783.12	2,782,783.12	–600,000.00	4,195,163.46
Deferred income tax assets		49,419,949.36	54,539,859.72	–5,119,910.36	48,646,186.13
Other non-current assets		73,145,879.55	73,145,879.55	–	74,825,893.61
<b>Total non-current assets</b>		<b>1,484,009,401.21</b>	<b>1,507,444,000.28</b>	<b>–23,434,599.07</b>	<b>1,154,798,504.17</b>
<b>TOTAL ASSETS</b>		<b>4,459,618,453.79</b>	<b>4,491,278,555.96</b>	<b>–31,660,102.17</b>	<b>4,811,691,619.32</b>

LIABILITIES & OWNERS' EQUITY	Note	2019 (Audited)	2019 (Unaudited)	Difference	2018
<b>Current liabilities:</b>					
Short-term borrowings		680,071,088.70	679,303,956.63	767,132.07	640,884,809.47
Held-for-trading financial liabilities		-	-	-	-
Derivative financial liabilities		-	-	-	-
Notes payable	4	6,593,170.50	6,593,170.50	-	28,756,738.41
Accounts payable	4	898,959,973.99	893,122,235.98	5,837,738.01	1,068,563,578.78
Advances from customers		-	-	-	-
Contract liabilities	4	131,652,689.48	132,980,123.11	-1,327,433.63	92,499,959.57
Payroll payables		4,804,999.97	4,685,579.97	119,420.00	10,242,978.09
Taxes payable		26,958,471.76	37,531,949.84	-10,573,478.08	36,820,446.28
Other payables	4	36,026,989.45	67,139,489.55	-31,112,500.10	63,775,516.04
Held-for-sale liabilities		-	-	-	-
Non-current liabilities due within 1 year		356,946,404.90	344,640,000.00	12,306,404.90	183,496,961.64
Other current liabilities		25,907,029.50	14,451,187.13	11,455,842.37	87,291,565.13
<b>Total current liabilities</b>		<b><u>2,167,920,818.25</u></b>	<b><u>2,180,447,692.71</u></b>	<b><u>-12,526,874.46</u></b>	<b><u>2,212,332,553.41</u></b>
<b>Non-current liabilities:</b>					
Long-term borrowings		136,512,056.75	148,062,056.75	-11,550,000.00	472,250,000.00
Bonds payables		-	-	-	-
Including: preferred shares		-	-	-	-
perpetual bond		-	-	-	-
Lease liabilities		-	-	-	-
Long-term payables		-	-	-	-
Long-term payroll payables		-	-	-	-
Estimated liabilities		-	-	-	-
Deferred income		27,140,354.72	21,377,779.50	5,762,575.22	34,318,829.09
Deferred income tax liabilities		12,455,217.94	12,334,322.88	120,895.06	11,798,478.85
Other non-current liabilities		-	-	=	=
<b>Total non-current liabilities</b>		<b><u>176,107,629.41</u></b>	<b><u>181,774,159.13</u></b>	<b><u>-5,666,529.72</u></b>	<b><u>518,367,307.94</u></b>
<b>Total liabilities</b>		<b><u>2,344,028,447.66</u></b>	<b><u>2,362,221,851.84</u></b>	<b><u>-18,193,404.18</u></b>	<b><u>2,730,699,861.35</u></b>

LIABILITIES & OWNERS' EQUITY (Continued)	Note	2019 (Audited)	2019 (Unaudited)	Difference	2018
<b>Owners' equity:</b>					
Share capital		792,058,500.00	792,058,500.00	-	792,058,500.00
Other equity instruments		-	-	-	-
Including: preferred shares		-	-	-	-
perpetual bond		-	-	-	-
Capital reserves		103,269,821.12	102,535,079.40	734,741.72	96,793,749.50
Less: treasury stocks		-	-	-	-
Other comprehensive income		28,782,888.30	31,565,587.87	-2,782,699.57	29,501,087.49
Special reserves		-	-	-	-
Surplus reserves		104,128,024.15	104,460,258.52	-332,234.37	96,626,439.01
Undistributed profits	5	1,011,075,961.59	1,014,802,280.25	-3,726,318.66	990,758,260.44
Total owners' equity attributable to the parent company		2,039,315,195.16	2,045,421,706.04	-6,106,510.88	2,005,738,036.44
Minority interest		76,274,810.97	83,634,998.08	-7,360,187.11	75,253,721.53
<b>Total owners' equity</b>		<b><u>2,115,590,006.13</u></b>	<b><u>2,129,056,704.12</u></b>	<b><u>-13,466,697.99</u></b>	<b><u>2,080,991,757.97</u></b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b><u>4,459,618,453.79</u></b>	<b><u>4,491,278,555.96</u></b>	<b><u>-31,660,102.17</u></b>	<b><u>4,811,691,619.32</u></b>

**Consolidated income statement**  
*For the year ended 31 December 2019*

ITEMS	Note	2019	2019	Difference	2018
		(Audited)	(Unaudited)		
<b>I. Total operating income</b>	6	<b>1,487,129,114.80</b>	1,487,129,114.80	-	1,834,487,601.95
Less: Operating cost	6	<b>1,087,821,112.21</b>	1,086,992,443.29	828,668.92	1,318,439,374.75
Taxes and surcharges		<b>5,903,146.59</b>	5,931,075.31	-27,928.72	7,634,498.43
Selling and distribution expenses		<b>39,240,810.95</b>	39,236,269.69	4,541.26	41,886,685.67
Administrative expenses		<b>51,773,501.21</b>	51,771,680.25	1,820.96	63,670,452.74
Research & development expenses		<b>66,827,257.85</b>	66,796,099.11	31,158.74	83,519,378.44
Financial expenses	9	<b>67,838,828.28</b>	67,394,501.42	444,326.86	57,991,496.21
Including: Interest expenses		<b>68,798,047.07</b>	63,187,643.91	5,610,403.16	58,767,621.16
Interest income		<b>3,361,466.47</b>	3,375,410.63	-13,944.16	8,097,068.42
Add: Other income		<b>13,094,118.16</b>	18,856,693.38	-5,762,575.22	8,467,340.30
Investment income (with "-" for losses)		<b>-5,385,066.67</b>	-4,494,076.77	-890,989.90	961,306.91
Including: Investment income from associates and joint ventures		<b>-7,616,321.07</b>	-3,823,364.96	-3,792,956.11	-4,420,731.52
Gain on derecognition of financial assets at amortized cost		-	-	-	-
Income from net exposure to hedging (with "-" for losses)		-	-	-	-
Gain on fair value change (with "-" for losses)		<b>7,932,904.53</b>	7,340,973.39	591,931.14	8,767,392.27
Credit impairment loss (with "-" for losses)		<b>-56,469,888.08</b>	-74,757,428.14	18,287,540.06	-46,362,563.43
Asset impairment loss (with "-" for losses)		<b>-20,060,805.42</b>	-441,938.13	-19,618,867.29	-3,805,844.66
Income on disposal of assets (with "-" for losses)		<b>1,331,128.22</b>	504,252.20	826,876.02	62,859.80
<b>II. Operating profit (with "-" for losses)</b>		<b>108,166,848.45</b>	116,015,521.66	-7,848,673.21	229,436,206.90
Add: Non-operating income		<b>214,484.63</b>	211,448.81	3,035.82	3,237,224.95
Less: Non-operating expenses		<b>194,478.34</b>	193,235.42	1,242.92	3,034,972.86
<b>III. Total profit (with "-" for total losses)</b>		<b>108,186,854.74</b>	116,033,735.05	-7,846,880.31	229,638,458.99
Less: Income tax expenses	10	<b>25,999,536.81</b>	19,929,374.67	6,070,162.14	36,942,240.30

ITEMS	Note	2019 (Audited)	2019 (Unaudited)	Difference	2018
<b>IV. Net profit (with “-” for net losses)</b>		<b>82,187,317.93</b>	96,104,360.38	-13,917,042.45	192,696,218.69
Including: net profit achieved by the merger of the merged party before the merger under the same control					
(I) Classified by business continuity		–	–	–	–
1. Net profit from the continuing operations (with “-” for net losses)		<b>82,187,317.93</b>	96,104,360.38	-13,917,042.45	192,696,218.69
2. Net profit from the discontinued operations (with “-” for net losses)		–	–	–	–
(II) Classified by ownership		–	–	–	–
1. Net profit attributable to the shareholders of parent company		<b>107,023,458.97</b>	111,083,689.32	-4,060,230.35	195,992,114.49
2. Minority shareholder gains and losses		<b>-24,836,141.04</b>	-14,979,328.94	-9,856,812.10	-3,295,895.80
<b>V. Net other comprehensive income, net of tax</b>		<b>-716,521.87</b>	2,066,177.70	-2,782,699.57	2,709,406.73
Net other comprehensive income attributable to the owners of parent company, net of tax		<b>-716,521.87</b>	2,066,177.70	-2,782,699.57	2,709,406.73
(I) Other comprehensive income that will not be reclassified to profit or loss		<b>-1,966,919.39</b>	1,677.32	-1,968,596.71	-56,853.24
1. Changes of re-measurement of defined benefit plans		–	–	–	–
2. Other comprehensive income under equity method that cannot be reclassified into profit and loss		–	1,677.32	-1,677.32	-56,853.24
3. Changes in fair value of other equity instruments investment		<b>-1,966,919.39</b>	–	-1,966,919.39	–
4. Changes in fair value of the company’s own credit risk		–	–	–	–
5. Others		–	–	–	–

ITEMS	Note	2019 (Audited)	2019 (Unaudited)	Difference	2018
(II) Other comprehensive income that will be reclassified to profit and loss		1,250,397.52	3,848,345.38	-2,597,947.86	2,766,259.97
1. Other comprehensive income under equity method that can be reclassified into profit and loss		-	-	-	-
2. Changes in fair value of other debt investments		-	-	-	-
3. Financial assets reclassified into other comprehensive income		-	-	-	-
4. Credit impairment provisions for other debt investment		-	-	-	-
5. Reserves for cash flows hedges		-	-	-	-
6. Converted difference in foreign currency statements		1,250,397.52	3,848,345.38	-2,597,947.86	2,766,259.97
7. Investment income from a package disposal of subsidiaries before the loss of control		-	-	-	-
8. Conversion of other assets to investment property measured by fair value model		-	-	-	-
9. Others		-	-	-	-
<b>VI. Total comprehensive income</b>		<b>81,470,796.06</b>	98,170,538.08	-16,699,742.02	195,405,625.42
Total comprehensive income attributable to the owner of parent company		106,306,937.10	113,149,867.02	-6,842,929.92	198,701,521.22
Total comprehensive income attributable to minority shareholders		<u>-24,836,141.04</u>	<u>-14,979,328.94</u>	<u>-9,856,812.10</u>	<u>-3,295,895.80</u>
<b>VII. Earnings per share:</b>					
(1) Basic earnings per share (yuan/share)	11	0.14	0.14	-	0.25
(2) Diluted earnings per share (yuan/share)		<u>0.14</u>	<u>0.14</u>	<u>-</u>	<u>0.25</u>

**Notes to the financial statements**  
*For the year ended 31 December 2019*

**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.

**Change in major accounting policies and accounting estimates**

**(I) Change in major accounting policies**

In 2018, the Ministry of Finance issued the revised “Accounting Standard for Business Enterprises No. 21 – Leasing” (the “New Lease Standard”) which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognize right-of-use asset and lease liability for all leases other than short-term and low-value assets leases and recognize depreciation and interest expenses, respectively. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly revised lease standard and elected not to reevaluate whether the contracts that have existed before the date of first implementation are or contain leases. According to the transitional requirements, the information for the comparable period will not be adjusted and retained earnings will be retrospectively adjusted based on the



difference between the New Lease Standard and the current lease standard on the first day of implementation. The implementation of the New Lease Standard had no impact on the retained earnings of the Group as at 1 January 2019.

The Group has implemented the “Accounting Standards for Business Enterprises No. 7 – Non-Monetary Asset Exchange” revised by the Ministry of Finance in 2019 since 10 June 2019 and has implemented the “Accounting Standards for Business Enterprises No. 12 – Debt Restructuring” revised by the Ministry of Finance in 2019 since 17 June 2019. Such change in accounting policy adopted the future applicable method, and the non-monetary asset exchange and debt restructuring occurred from 1 January 2019 to the implementation date of the standard was adjusted according to the provisions of the standard. The implementation of the above standards by the Company has no material impact on the financial statements during the reporting period.

The 2019 financial statements have been prepared in accordance with the requirements of the Notice on Revising and Issuing Format of 2019 Annual Financial Statements for General Business Enterprises (Cai Kuai [2019] No. 6) 《關於修訂印發2019年度一般企業財務報表格式的通知》(財會[2019]6號)) and Accounting Standards for Business Enterprises, such change of accounting policy is subject to retrospective adjustments. Items and amounts in 2018 financial statements which are significantly affected are as follows:

The Group adjusted the comparative data retrospectively. This change in accounting policy has no impact on the consolidated and the company’s net profit and owner’s equity.

*Unit: RMB yuan*

<b>Presentation items</b>	<b>Amount before change of presentation</b>	<b>Affected amount</b>	<b>Amount after change of presentation</b>	<b>Note</b>
Notes receivable	–	257,915,095.36	257,915,095.36	
Receivables financing	–	1,535,180.00	1,535,180.00	
Accounts receivable	–	837,139,367.60	837,139,367.60	
Notes receivable and accounts receivable	1,096,589,642.96	–1,096,589,642.96	–	
Notes payable	–	28,756,738.41	28,756,738.41	
Accounts payable	–	1,068,563,578.78	1,068,563,578.78	
Notes payable and accounts payable	1,097,320,317.19	–1,097,320,317.19	–	
Interest receivable	4,911,486.42	–4,911,486.42		
Non-current assets due within one year		4,911,486.42	4,911,486.42	
Short-term borrowings		1,584,809.47	1,584,809.47	
Non-current liabilities due within one year		826,961.64	826,961.64	
Other payables	2,411,771.11	–2,411,771.11		

## (II) Change in major accounting estimates

There were no changes in major accounting estimates for this period.

### 3. TRADE AND OTHER RECEIVABLES

	2019	2018
Accounts receivable	1,296,531,239.84	956,108,356.74
Less: Provision for doubtful and bad debts for accounts receivables	182,456,209.90	118,968,989.14
Receivables financing	1,220,000.00	1,535,180.00
Notes receivable	576,000.00	259,450,275.36
Prepayments	206,861,485.08	424,735,769.16
Other receivables	159,063,772.32	357,591,064.98
Less: Provision for doubtful and bad debts for other receivables	24,220,310.72	36,003,580.62
Interest receivable	4,519,333.06	—
Total	<u>1,462,095,309.68</u>	<u>1,842,912,896.48</u>

#### The aging analysis of accounts receivable

Types	2019 Closing balance	2018 Closing balance
Within 1 year (including one year)	702,842,316.76	753,089,331.43
1 to 2 years	436,111,052.22	101,348,947.18
2 to 3 years	78,146,805.86	47,833,613.39
Over 3 years	79,431,065.00	53,836,464.74
Sub-total	1,296,531,239.84	956,108,356.74
Less: Provision for bad debts	182,456,209.90	118,968,989.14
Total	<u>1,114,075,029.94</u>	<u>837,139,367.60</u>

### 4. TRADE AND OTHER PAYABLES

Items	2019	2018
Accounts payable	898,959,973.99	1,068,563,578.78
Notes payable	6,593,170.50	28,756,738.41
Advances from customers	—	—
Other payables	36,026,989.45	63,775,516.04
Contract liabilities	131,652,689.48	92,499,959.57
Total	<u>1,073,232,823.42</u>	<u>1,253,595,792.80</u>

## Aging analysis of accounts payables

	2019	2018
Within 1 year	605,157,534.69	744,463,292.98
1 to 2 years	155,235,187.65	179,281,440.45
Over 2 years	138,567,251.65	144,818,845.35
Total	<u>898,959,973.99</u>	<u>1,068,563,578.78</u>

## 5. UNDISTRIBUTED PROFITS

	2019	2018
Undistributed profit at the beginning of the year	990,758,260.44	1,076,559,118.85
Change of accounting standards	–	-32,766,303.85
Add: Net profit attributable to shareholders of the company for the current period	107,023,458.97	195,992,114.49
Less: Provision of statutory surplus reserves	7,501,585.14	11,409,119.05
Less: Ordinary shares dividends payable	79,205,850.00	79,205,850.00
Less: Undistributed profit converted into share capital	–	158,411,700.00
Add: Other	1,677.32	–
Undistributed profit at the end of the period	<u>1,011,075,961.59</u>	<u>990,758,260.44</u>

The distribution of dividend on ordinary shares to shareholders of the Company was made according to the profit distribution plan for 2018 approved at the annual general meeting of the Company held on 27 May 2019, namely a cash dividend of RMB0.1 per share to each shareholder, totaling RMB79,205,850 for 2018, as calculated based on the Company's total issued share of 792,058,500 at the record date. The actual distributed cash amounted to RMB79,205,850.

## 6. TOTAL OPERATING INCOME

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

### (1) Operating income and operating cost

Items	2019	2018
Principal operating income	1,455,495,474.22	1,816,062,084.24
Other operating income	31,633,640.58	18,425,517.71
Total operating income	<u>1,487,129,114.80</u>	<u>1,834,487,601.95</u>
Principal operating cost	1,077,966,980.58	1,316,616,718.94
Other operating cost	9,854,131.63	1,822,655.81
Total operating cost	<u>1,087,821,112.21</u>	<u>1,318,439,374.75</u>

(2) **Principal operations (by product)**

Name of Products	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
System integration	835,303,273.00	600,804,948.19	952,694,796.64	692,242,932.99
Intelligent terminal sales	436,610,687.23	369,482,783.10	672,386,173.60	568,724,504.26
Service	183,581,513.99	107,679,249.29	190,981,114.00	55,649,281.69
Total	<u>1,455,495,474.22</u>	<u>1,077,966,980.58</u>	<u>1,816,062,084.24</u>	<u>1,316,616,718.94</u>

7. **SEGMENTS 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**

	2019	2018
Operating income	1,487,129,114.80	1,834,487,601.95
Operating cost	<u>1,087,821,112.21</u>	<u>1,318,439,374.75</u>
Gross profit	<u>399,308,002.59</u>	<u>516,048,227.20</u>

9. **FINANCIAL EXPENSES**

Items	2019	2018
Interest expenses	68,798,047.07	58,767,621.16
Less: interest income	3,361,466.47	8,097,068.42
Exchange gain and loss	733,795.41	1,142,886.01
Handling fee	<u>1,668,452.27</u>	<u>6,178,057.46</u>
Total	<u>67,838,828.28</u>	<u>57,991,496.21</u>

## 10. INCOME TAX EXPENSES

Items	2019	2018
Current income tax	25,781,486.36	43,154,259.99
Deferred income tax	218,050.45	-6,212,019.69
Total	<u>25,999,536.81</u>	<u>36,942,240.30</u>

### Reconciliation between total profit and income tax expenses is as follows

Items	2019	2018
Total profit	108,186,854.74	229,638,458.99
Income tax expenses calculated at statutory tax rates	16,228,028.22	34,445,768.85
Effect of different tax rates applicable to subsidiaries	-2,676,028.98	-2,367,293.06
Income tax adjustments on prior periods	1,207,413.75	688,921.51
Expenses, costs and losses not deductible for tax purposes	463,351.32	1,794,240.50
Additional deduction for qualified research and development expenses	-5,204,975.12	-662,697.45
Effect of deductible loss of the deferred income tax assets unrecognized in the previous period	-285,987.74	-800,162.05
Impact of deductible temporary differences or deductible loss for which deferred tax assets not recognized in the current period	16,267,735.37	3,843,462.00
Income tax expenses	<u>25,999,536.81</u>	<u>36,942,240.30</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	2019	2018
Consolidated net profit attributable to ordinary shareholders of the Company	107,023,458.97	195,992,114.49
Weighted average number of ordinary shares outstanding of the Company	792,058,500.00	792,058,500.00
Basic earnings per share (yuan/share)	<u>0.14</u>	<u>0.25</u>

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 2019 and 2018.

The calculation of the weighted average number of ordinary shares:

Items	2019	2018
Ordinary shares issued at the beginning of the year	792,058,500.00	316,823,400.00
Add: Weighted average number of ordinary shares issued during the current period	–	475,235,100.00
Less: Weighted average number of ordinary shares repurchased during the current period	–	–
Weighted average number of ordinary shares issued at the end of the period	<u>792,058,500.00</u>	<u>792,058,500.00</u>

## 12. DIVIDENDS

Items	2019	2018
No final dividend proposed (2018: RMB0.1 per share)	<u>–</u>	<u>79,205,850.00</u>

The Board did not recommend the payment of final dividend for the year ended 31 December 2019 on 30 March 2020 (2018: RMB0.1 per share).

Items	2019	2018
Final dividend in respect of the previous year approved during the year	79,205,850.00	79,205,850.00
Final dividend in respect of the previous year paid during the year	79,205,850.00	85,894,425.00
Final dividend in respect of the previous year unpaid during the year	<u>–</u>	<u>–</u>

## 13. NET CURRENT ASSETS

	2019	2018
Current assets	2,975,609,052.58	3,656,893,115.15
Less: current liabilities	<u>2,167,920,818.25</u>	<u>2,212,332,553.41</u>
Net current assets	<u>807,688,234.33</u>	<u>1,444,560,561.74</u>

## 14. TOTAL ASSETS LESS CURRENT LIABILITIES

	2019	2018
Total assets	4,459,618,453.79	4,811,691,619.32
Less: current liabilities	<u>2,167,920,818.25</u>	<u>2,212,332,553.41</u>
Total assets less current liabilities	<u>2,291,697,635.54</u>	<u>2,599,359,065.91</u>

## 15. CONTINGENT LIABILITIES

As at 31 December 2019, 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 2019 was approximately RMB1,487,129,114.80, representing a decrease of approximately 18.93% over last year. The decrease was mainly due to the decrease in the Group's bidding projects in 2019 resulted in decrease in income from the system integration and terminal sales.

#### *Gross Profit*

Gross profit margin of the Group for the year ended 31 December 2019 was approximately 26.85% which is in line with that of last year.

#### *Selling and Distribution Costs*

Selling and distribution costs of the Group for the year ended 31 December 2019 was approximately RMB39,240,810.95, representing a decrease of approximately 6.32% over last year. The decrease was mainly attributable to the efforts devoted in self-media promotion which reduced the business promotion expenses to a certain extent.

#### *Administrative Expenses*

Administrative expenses of the Group for the year ended 31 December 2019 was approximately RMB51,773,501.21, representing an decrease of approximately 18.69% over last year. The decrease was mainly due to the fact that the Company has enhanced its performance management during the Review Period and reduced management costs.

#### *Net Profit Attributable to Shareholders of the Parent Company*

For the year ended 31 December 2019, the Group recorded a net profit attributable to the shareholders of the parent company of approximately RMB107,023,458.97, representing a decrease of 45.39% over last year. The decrease was mainly attributable to the decrease in income of principal businesses and increase in financial expenses during the Review Period.

#### *Other Current Assets*

As at 31 December 2019, the Group's other current assets was RMB50,252,379.01, representing an increase of 57.87% as compared with that of the same period last year. The increase was mainly due to the increase of external loan of the Company for the Review Period as compared with that of the same period last year.

### ***Long-term Equity Investments***

As at 31 December 2019, the Group's long-term equity investments was RMB14,034,388.49, representing a decrease of 67.62% over the same period last year. The decrease was mainly due to the Group's disposal of equity interests in subsidiaries during the Review Period.

### ***Other Equity Instrument Investment***

As at 31 December 2019, the Group's other equity instrument investment was RMB679,253,400, representing an increase of 198.81% over the same period last year. The increase was mainly due to the Group's acquisition of Nanjing Dongbang Equipment Co., Ltd.\* (南京動邦裝備有限公司) ("Nanjing Dongbang") during the Review Period, where Nanjing Dongbang externally invested RMB450,000,000 to Jianan Xuyi Equity Fund No.1 which was classified as other equity instrument investment.

### ***Other Receivables***

As at 31 December 2019, the Group's other receivables was RMB139,362,794.66, representing a decrease of 56.66% over the same period last year. The decrease was mainly due to the recovery of guarantee deposits for a project.

### ***Non-current Assets Due Within One Year***

As at 31 December 2019, the Group's non-current assets due within one year was RMB 356,946,404.90, representing an increase of 94.52% over the same period last year. The increase was mainly due to the increase of long-term borrowings to be due within one year.

## **FINANCIAL RESOURCES AND LIQUIDITY**

For the year ended 31 December 2019, the shareholders' equity of the Group was approximately RMB2,115,590,006.13. Current assets were approximately RMB2,975,609,052.58, comprising cash and bank balances of approximately RMB163,444,153.79. Non-current liabilities were approximately RMB176,107,629.41. Current liabilities were approximately RMB2,167,920,818.25, mainly comprising accounts payable and other payables and advances from customers, short-term borrowings and tax payable. As at 31 December 2019, net assets per share of the Group was approximately RMB2.57 (31 December 2018: RMB2.53). The short-term borrowings of the Group were RMB680,071,088.70.

## **PLEDGE OF ASSETS**

As at 31 December 2019, bank deposits of RMB27,523,624.03 were pledged to the bank for projects in progress (2018: RMB36,413,835.27).

## **GEARING RATIO**

For the year ended 31 December 2019, 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 0.49 (2018: 0.38).



## 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 were 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	2019 <sup>(7)</sup>	2018 <sup>(8)</sup>
Net profit ratio (%) <sup>(1)</sup>	5.65%	10.61%
Return on net assets ratio (%) <sup>(2)</sup>	3.88%	9.26%
Return on equity ratio (%) <sup>(3)</sup>	3.88%	9.26%
Debt ratio (%) <sup>(4)</sup>	52.56%	56.75%
Current ratio <sup>(5)</sup>	1.37	1.65
Quick ratio <sup>(6)</sup>	0.77	1.11

*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 2019 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2019
- (8) The 2018 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2018

### Net profit ratio

During the reporting period, the Group's net profit margin decreased from 10.61% in the same period of the previous year to 5.65%. The decrease was mainly attributable to the increase in financial expenses.

### Return on net assets ratio

During the reporting period, the Group's return on net assets decreased from 9.26% in the same period of the previous year to 3.88% which was mainly due to the decrease in profits during the reporting period.

### Return on equity ratio

The Group's return on equity decreased from 9.26% in the same period of last year to 3.88% which was mainly due to the decrease in profits during the reporting period.

## **Debt ratio**

The Group's debt ratio decreased from 56.75% of last year to 52.56% which was due to the decrease in total debts at the end of the reporting period.

## **Current ratio**

The Group's current ratio decreased from 1.65 of the same period last year to 1.37 which was mainly due to the decrease in current assets during the reporting period.

## **Quick ratio**

The Group's quick ratio decreased from 1.11 of the same period last year to 0.77. The reason for the change in the quick ratio was same as the reason for the decrease in current ratio as abovementioned.

## **SUBSTANTIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT**

On 5 September 2019, Nanjing Sample Technology Group Company Limited\* (南京三寶科技集團有限公司) ("Sample Group") as purchaser entered into an equity transfer agreement with the Company as vendor pursuant to which the Company agreed to sell, and the Sample Group agreed to purchase, 64.86% equity interests in Xuzhou Jiuli Bus Terminal Station Project Management Co., Ltd.\* (徐州市九裡公交首末站項目管理有限公司) at a consideration of RMB60,144,200.

On 5 September 2019, Sample Group as purchaser entered into an equity transfer agreement with the Company as vendor pursuant to which the Company agreed to sell, and the Sample Group agreed to purchase, 46.24% equity interests in Xuzhou Xingshanzi Bus Terminal Station Project Management Co., Ltd.\* (徐州市杏山子公交首末站項目管理有限公司) at a consideration of RMB76,059,100.

On 24 September 2019, the abovementioned disposal has been completed with the change of registration in the Xuzhou Market Supervision and Administration Bureau. For details of the disposal, please refer to the announcement of the Company dated 5 September 2019.

On 18 September 2019, the Company and Qiushan Machinery Manufacturing Jiangsu Co., Ltd.\* (秋山機械製造江蘇有限公司) ("Qiushan Machinery") entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase and Qiushan Machinery agreed to sell, 42% equity interests in Nanjing Dongbang Equipment Co., Ltd.\* (南京動邦裝備有限公司) ("Nanjing Dongbang") at a consideration of RMB21,000,000. On 18 September 2019, the Company and Shanghai Yanchuang Investment Management Co., Ltd.\* (上海燕創投資管理有限公司) ("Shanghai Yanchuang"), entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase and Shanghai Yanchuang agreed to sell, 10% equity interests in Nanjing Dongbang at a consideration of RMB5,000,000.

On 23 September 2019, the abovementioned acquisition has been changed its registration with Market Supervision and Administration Bureau of Yuhuatai District in Nanjing. For details of this acquisition, please refer to the announcement of the Company dated 18 September 2019.

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

## **CAPITAL COMMITMENT**

As at 31 December 2019, the Group did not have any material capital commitment.

## **CONTINGENT LIABILITIES**

As at 31 December 2019, the Group did not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2019, total employees' remuneration of the Group was approximately RMB64,047,722.15 (2018: RMB71,451,611.05) and the number of employees was 306 (2018: 384). 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**

In the expressway intelligent transportation business domain, the Group continued to optimise its business plan in the market and develop new business sectors and explore development targets based on its existing market coverage. The Group has always adhered to its customer-orientated approach, strengthened its execution, improved its refined management standards in project implementation and enhanced its competitiveness in the market. In the meantime, with cooperation to attain win-win outcome as its spirit, the Group has actively established strategic cooperation with peers among the industry and developed new market sectors and business projects.

During the reporting period, the Group effectively procured the modification and extension of Hangzhou-Nanjing Expressway (Zhejiang section), cancellation of expressway toll stations at provincial boundary and mechanical and electrical engineering project of S25 Jingyuan Huating (Ninggan boundary) Jingheyuan town-Shuanggedaliang section highway.

During the reporting period, the Group signed and completed various project contracts of cancellation of expressway toll stations at provincial boundary, such as the cancellation of expressway toll stations at provincial boundary of Hu-Ning Expressway (ETC gantry system integration), cancellation of expressway toll stations at provincial boundary of Suzhou Ring Expressway (ETC gantry system integration), and cancellation of expressway toll stations at provincial boundary of Yanjiang Expressway (ETC road modification).

Meanwhile, the Group signed several new project contracts such as construction project of the mechanical and electrical engineering of the toll system of Haiyan-Qidong Expressway, mechanical and electrical engineering of Jilin Province Jishuang Expressway (Jian-Tonghua section) and mechanical and electrical engineering of Huadu-Dongguan Expressway and mechanical and electrical engineering of G1816 Wuhai-Maqin National Expressway Jingtai-Zhongchuan Airport section.

The Group actively commenced various construction projects and provided integrated services to clients, comprising highway monitoring systems, communication systems, toll systems and tunnel electromechanical systems. In addition to the continuous improvement of project management and data collection capability, the Group also proactively explored the application of big data analysis related to transportation in new areas and extended the intelligent transportation concept to every business segment.

In the city intelligent transport business domain, the Group strengthened its capability to fulfill its core mission of offering comprehensive solutions of city intelligent transportation. To this end, it continued to integrate elements such as data collection terminals for internet-of-things (IOT) and intelligent information management platforms, creating the basis for ecological transport services in the construction of intelligent cities.

During the reporting period, the Group proactively procured the project of the 1st stage of Intelligent traffic management system Phase II of Olympic Sports Center in Suzhou Industrial Park and commenced and completed the electromechanical integration project of the second stage of the Tianfu New District Meishan Double Creation Center (Meishan Huawei Big Data Center) project.

To support its user demand-oriented scheme, the Group conducted in-depth research on traffic model algorithms via both self-development and external cooperation. By forming teams dedicated to the big data model and software development, the Group further enhanced its understanding of the transportation sector. Meanwhile, the Group endeavored to shift its core competence from project implementation to the ability of seizing on industry demand and analyzing big data by development achievements of advanced technology.

In the customs logistic business domain, leveraging RFID core technology, the Group provided intelligent solutions such as electronic locks and smart containers, fast customs clearance systems and comprehensive logistics supervision systems for customs and free trade zones.

During the reporting period, the Group reconstructed the software system for customs integrated gate for the upgrading to proactive cloud operation and maintenance with rapid response, providing service to customers and collecting Sample gate operation and maintenance data. It developed station management system to realise full scenario business linkage of the customs platform, gate and station and collect information related to enterprises and forwarding agents for preparing the Group's development of new businesses and ensuring its sustaining advantage in intelligent customs logistics. During the reporting period, the Group secured projects such as specific information system for customs clearance base of Nanjing airport, equipment purchase and installation of the information system of bonded logistics center in Rudong Yangkou Port Economic Development Zone (A type), and modification of customs information aided management system of Fuzhou Bonded Port.

## **Research and development**

During the reporting period, the Group actively participated in the work of the national internet-of-things standard working group led by China Electronics Standardization Institute of the Ministry of Industry and Information Technology. The Group led the formulation of a national standard “Internet-of-things Information Sharing Exchange Part 4: Data Interface (GBT 36478.4-2019)” which was published officially in 2019 and implemented officially on 1 March 2020. The three national standards the Group actively participated in the past several years, i.e. “Internet-of-things Information Sharing Exchange Part 1: Overall Structure (36478.1-2018)”, “Internet-of-things Information Sharing Exchange Part 2: Universal Technical Requirements (GBT3647)” and “Internet-of-things for Intelligent City Application Guide (GBT 36620-2018)” were approved in 2018 for official publication, two projects of which have been implemented on 1 January 2019, and the third one on 1 May 2019.

During the reporting period, the Group’s “2016 Provincial Industry and Information Transformation and Upgrade Project Fund” and “2017 Provincial Enterprise’s Promotion Plan for Intellectual Property Strategy” were inspected and passed by the Jiangsu Provincial Department of Industry and Information Technology and the Intellectual Property Office of Jiangsu Province. The Group also obtained approval for its “2019 Provincial Industry and Information Transformation and Upgrade Project Fund ” and promoted, built and implemented government projects including NDRC’s “Internet +” and the Provincial high-value patent cultivation project of the Intellectual Property Office of Jiangsu Province.

During the reporting period, the Group was awarded the “2019 Excellent Technology Enterprise in Jiangsu”, “Jiangsu Software Talent Charity Contribution Award” and ranked as one of the “Top 50 Innovative Enterprises in Nanjing 2019”. During the reporting period, the Group attached great importance to the application and protection of intellectual property rights, filed new applications for 6 invention patents and 39 software copyrights, conducted 5 software products assessments, and was granted 1 invention patent and 1 utility model patent.

## **BUSINESS OUTLOOK**

### **Future business development plan**

In 2020, the Group will continue to focus on two core industries of intelligent transportation and intelligent logistics, adhere to the customer-orientated approach and market-demand-oriented target, focus on both technological and business model innovation, centralize its resources and use information technologies such as the internet-of-things and “internet +” as its core to build the ecological system of an intelligent city.

Regarding the intelligent transportation domain, the Group will increase cooperation with government and enterprises within the industry, and provide professional and customized solutions for administration departments of the transportation industry by a combination of means including “optimising traffic organisation + refining transportation projects + improving scientific management measures + advance ITS technology”. On the foundation of data collected in respect of electrical and mechanical infrastructure, carrying equipment and operating trend of transportation, and of relevant government and operators, and in accordance with the demand for daily monitoring, coordination and control, dispatching and directing, alert and forecast, the Group will provide industrial services of “project interaction + operation and maintenance” to users of the transportation industry at various levels. Based on the “big data, intelligent technology, mobile internet, cloud computing” technology and incorporating a number of its own intellectual property rights, the Group will provide professional monitoring and management system, toll management system, emergency and security system and operation and maintenance system to highway administration departments, and provide all-round transport management and intelligent transport services to users at various levels.

Regarding the customs logistics domain, the Group will continue to adhere to the philosophy of “connection, development, sharing”, devote to technological innovation and promote industrial efficiency driven by technology, data and scenarios. Based on the six processes of “in custom, in warehouse, in transit, in factory, in use, and in management” of goods to guide IoT scenario modification, the Group will create all scenario service products for customs, and obtain dynamic and static data based on the scenarios to enhance management effectiveness. On the foundation of consolidating its existing businesses, the Group will pay great attention to project quality management and service standard for further enhancement of the market reputation of its customs logistics business. It will continue to strengthen its business teams, optimize the structure of integration projects and explore new areas of customs clearance logistics, laying the foundation for business transformation and upgrade in the future.

### **Research and development planning**

In 2020, the Group will continue to rely on the National Radio Frequency Identification Device (RFID) System Engineering and Technology Research Center, carry out prospective and industrial common technology R&D related to the core industries, strengthen cooperation with relevant companies, universities and colleges and R&D institutes, consolidate the R&D strengths of all parties, focus on the needs for exploring core business sectors of the Company, conduct R&D of new technologies and products; make planning on the intelligent city ecosystem of the Company, make good use of the industry status and influences of the national engineering center, expand resource cooperation in the industries or related domains, and through cooperation with external parties, establish complementary advantages by uniting partners of the ecosystem; enhance the competitiveness of the products and services of the Company, raise the entry barrier of the industry and protect the development strategies of the internet-of-things business of the Company through core technologies, accumulation of intellectual property rights and upgrade and iteration of core products.

## **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 will expire on 31 December 2021 and the further renewal of a term of 3 years shall be subject to the approval at the 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.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE AUDITOR**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Da Hua Certified Public Accountants (Special General Partnership), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Da Hua Certified Public Accountants (Special General Partnership) in this regards did not constitute an assurance engagement in accordance with the Auditing Standards issued by the Ministry of Finance of the PRC and consequently no assurance has been given by Da Hua Certified Public Accountants (Special General Partnership) on the preliminary announcement of results.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

On 31 December 2018, the Company (as the lessor) and Nanjing Sample Technology Group Company Limited\* (南京三寶科技集團有限公司) (“Sample Group”) (as the lessee) entered into the Property Leasing Framework Agreement for a term of three years commencing from 1 January 2019 and ending on 31 December 2021. 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.

On 5 September 2019, Sample Group as purchaser entered into an equity transfer agreement with the Company as vendor pursuant to which the Company agreed to sell, and the Sample Group agreed to purchase, 64.86% equity interests in Xuzhou Jiuli Bus Terminal Station Project Management Co., Ltd.\* (徐州市九裡公交首末站項目管理有限公司) at a consideration of RMB60,144,200.

On 5 September 2019, Sample Group as purchaser entered into an equity transfer agreement with the Company as vendor pursuant to which the Company agreed to sell, and the Sample Group agreed to purchase, 46.24% equity interests in Xuzhou Xingshanzi Bus Terminal Station Project Management Co., Ltd.\* (徐州市杏山子公交首末站項目管理有限公司) at a consideration of RMB76,059,100.

Each of Mr. Sha Min, the chairman of the Board, an executive Director and a de facto controller of the Company, and Mr. Chang Yong, the vice chairman of the Board and a non-executive Director, 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 the entire 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 2019.

## **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 impact on global economy by the outbreak of COVID-19 coronavirus, and the various market uncertainty, it would be crucial for the Group to keep adequate liquidity. Thus, at the Board meeting held on 30 March 2020, the Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: RMB0.10 per Share).

The Board resolved to consider the above matters at the forthcoming annual general meeting of the Company (the "2019 AGM") to be held on 30 June 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the identity of the shareholders to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Saturday, 20 June 2020 to Tuesday, 30 June 2020 (both days inclusive) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 June 2020.

## **PUBLICATION OF ANNUAL REPORT**

The 2019 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](http://www.hkexnews.hk) and the Company at <http://www.sampletech.cn> in due course.

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

Nanjing, the PRC  
30 May 2020

*As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Zhu Xiang and Ms. Yu Hui, 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*