

The total operating income of the Group for the six months ended 30 June 2022 (the “Review Period”) amounted to RMB531,667,245.37, representing a decrease of approximately 7.68% as compared to the corresponding period of last year.

The net loss attributable to owners of the parent company for the six months ended 30 June 2022 was RMB7,108,515.65, as compared to the net profit attributable to shareholders of the parent company of RMB3,077,457.74 for the corresponding period of last year.

The basic loss per share for the six months ended 30 June 2022 was approximately RMB0.009 (corresponding period of 2021: basic earnings per share of RMB0.004).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

Financial Information

UNAUDITED INTERIM RESULTS

The board (the “Board”) of Directors of Nanjing Sample Technology Co., Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 together with the comparative figures of 2021 as follows:

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

CONSOLIDATED BALANCE SHEET

At 30 June 2022

ASSETS	Note	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Current assets:			
Cash at bank and on hand		591,965,763.39	379,312,843.32
Settlement provisions		—	—
Placements with banks and other financial institutions		—	—
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Notes receivable	8	6,349,960.00	3,600,960.00
Accounts receivable	8	348,015,201.16	326,188,720.07
Receivables financing	8	4,200,000.00	4,000,000.00
Prepayments	8	140,829,121.74	142,015,522.10
Premiums receivable		—	—
Reinsurance receivable		—	—
Reinsurance contract reserve receivable		—	—
Other receivables	8	448,705,011.49	821,201,854.95
Financial assets held under resale agreements		—	—
Inventories		76,702,195.97	70,393,240.44
Contract assets		656,310,829.59	607,228,964.84
Held-for-sale assets		428,077,500.00	428,077,500.00
Non-current assets due within one year		—	—
Other current assets		61,538,324.69	74,216,262.60
Total current assets		2,762,693,908.03	2,856,235,868.32

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2022

ASSETS (CONTINUED)	Note	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Non-current assets:			
Loans and advances to customers		–	–
Debenture investments		–	–
Other debenture investment		–	–
Long-term receivables		–	–
Long-term equity investments		10,114,791.00	114,791.00
Other equity instruments investment		5,613,951.53	5,613,951.53
Other non-current financial assets		121,532,560.62	140,947,660.22
Investment property		236,490,100.00	236,490,100.00
Fixed assets		177,978,776.27	208,814,233.66
Construction in progress		1,317,696.65	–
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets		–	–
Intangible assets		9,740,965.18	10,308,157.92
Development expenditures		–	–
Goodwill		–	–
Long-term deferred expenses		243,198.84	620,319.39
Deferred income tax assets		68,544,038.84	68,446,098.11
Other non-current assets		23,665,787.50	23,665,787.50
Total non-current assets		655,241,866.43	695,021,099.33
TOTAL ASSETS		3,417,935,774.46	3,551,256,967.65

Financial Information

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2022

LIABILITIES & OWNERS' EQUITY	Note	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Current liabilities:			
Short-term borrowings		784,770,000.00	772,812,942.91
Borrowings from central bank		-	-
Placements from banks and other financial institutions		-	-
Held-for-trading financial liabilities		-	-
Derivative financial liabilities		-	-
Notes payable	9	4,000,000.00	4,000,000.00
Accounts payable	9	470,994,303.40	547,731,378.35
Advances from customers	9	42,699.00	17,872.20
Contract liabilities	9	55,019,253.88	53,269,281.83
Financial assets sold under repurchase agreements		-	-
Receipts of deposits and deposits from banks and other financial institutions		-	-
Securities trading of agency		-	-
Securities underwriting		-	-
Salaries payable		5,800,178.77	16,063,182.97
Taxes payable		12,551,264.53	7,599,550.52
Other payables	9	37,705,563.55	52,244,563.53
Fee and commissions payable		-	-
Reinsurance accounts payable		-	-
Held-for-sale liabilities		-	-
Non-current liabilities due within 1 year		46,000,000.00	96,000,000.00
Other current liabilities		8,210,541.70	3,618,602.10
Total current liabilities		1,425,093,804.83	1,553,357,374.41

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2022

LIABILITIES & OWNERS' EQUITY (CONTINUED)	Note	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Non-current liabilities:			
Insurance contract reserves		-	-
Long-term borrowings		97,250,000.00	90,250,000.00
Debentures payables		-	-
Including: Preferred shares		-	-
Perpetual bond		-	-
Lease liabilities		-	-
Long-term payables		-	-
Long-term salaries payable		-	-
Estimated liabilities		-	-
Deferred income		11,082,146.51	14,385,829.85
Deferred income tax liabilities		15,795,089.36	15,804,508.85
Other non-current liabilities		-	-
Total non-current liabilities		124,127,235.87	120,440,338.70
Total liabilities		1,549,221,040.70	1,673,797,713.11
Owners' equity:			
Share capital		792,058,500.00	792,058,500.00
Other equity instruments		-	-
Including: Preferred shares		-	-
Perpetual bond		-	-
Capital reserves		103,269,821.12	103,269,821.12
Less: treasury stocks		-	-
Other comprehensive income		27,311,452.10	25,457,396.42
Special reserves		-	-
Surplus reserves		104,128,024.15	104,128,024.15
General risk provision		-	-
Undistributed profits		805,341,465.11	812,449,980.76
Total owners' equity attributable to the parent company		1,832,109,262.48	1,837,363,722.45
Non-controlling interest		36,605,471.28	40,095,532.09
Total owners' equity		1,868,714,733.76	1,877,459,254.54
TOTAL LIABILITIES AND OWNERS' EQUITY		3,417,935,774.46	3,551,256,967.65

Financial Information

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

ITEMS	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
I. Total operating income	2	531,667,245.37	575,885,384.90
Including: Operating income		531,667,245.37	575,885,384.90
Interest income		-	-
Premiums earned		-	-
Fee and commission income		-	-
II. Total operating cost		548,896,804.47	578,571,517.53
Including: Operating costs	2	485,659,525.85	490,144,729.86
Interest expenses		-	-
Fee and commission expense		-	-
Surrenders		-	-
Net payment from indemnity		-	-
Net provisions for insurance contract		-	-
Insurance policy dividend payment		-	-
Reinsurance cost		-	-
Tax and surcharges		2,575,861.42	3,136,968.64
Selling expenses		15,541,968.31	15,667,964.66
Administrative expenses		18,434,711.70	25,635,448.19
R&D expenses		10,124,745.82	26,234,605.84
Finance costs	4	16,559,991.37	28,475,856.07
Including: Interest expense	4	19,905,565.78	29,306,083.47
Interest income	4	3,456,819.29	1,163,241.77

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2022

ITEMS	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Add: Other income		4,830,055.93	4,861,979.41
Investment income (losses are represented by "-")		675,165.71	-
Including: Investment income of associates and joint ventures		-	-
Gains from derecognition of financial assets at amortized costs		-	-
Exchange gain (losses are represented by "-")		-	-
Gains on net exposure hedging (losses are represented by "-")		-	-
Gains arising from changes in fair value (losses are represented by "-")		-	-
Credit impairment loss (losses are represented by "-")		-	10,739,956.85
Asset impairment loss (losses are represented by "-")		-	-15,901.12
Gains on disposal of assets (losses are represented by "-")		-	19,983.08
III. Operating profit (losses are represented by "-")		-11,724,337.46	2,195,829.86
Add: Non-operating income		828.65	274,913.14
Less: Non-operating expenses		0.09	80.51
IV. Total profit (total losses are represented by "-")		-11,723,508.90	2,470,662.49
Less: Income tax expense	5	-1,124,932.44	925,819.85
V. Net profit (net losses are represented by "-")		-10,598,576.46	1,544,842.64
(I) Classified the business continuity			
1. Net profit from continuing operations (net losses are represented by "-")		-10,598,576.46	1,544,842.64
2. Net profit from discontinued operation (net losses are represented by "-")		-	-
(II) Classified by the attribution of the ownership			
1. Net Profit attributable to the equity owners of the parent company (net losses are represented by "-")		-7,108,515.65	3,077,457.74
2. Non-controlling interests profit and loss (net losses are represented by "-")		-3,490,060.81	-1,532,615.10

Financial Information

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2022

ITEMS	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
VI. Net other comprehensive income after tax		1,854,055.68	312,981.87
Net other comprehensive income after tax attributable to owners of the parent company		1,854,055.68	312,981.87
(I) Other comprehensive income which will not be reclassified subsequently to profit and loss		-	-
1. Changes as a result of re-measurement of defined benefit plan		-	-
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		-	-
3. Changes in fair value of other equity instruments investment		-	-
4. Changes in fair value of the enterprise's own credit risk		-	-
(II) Other comprehensive income which will be reclassified to profit and loss		1,854,055.68	312,981.87
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		-	-
2. Changes in fair value of other debt investment		-	-
3. Amount of financial assets reclassified to other comprehensive income		-	-
4. Provision for credit impairment of other debt investment		-	-
5. Cash flow hedging reserve		-	-
6. Translation difference of financial statements in foreign currencies		1,854,055.68	312,981.87
7. Others		-	-
Net other comprehensive income after tax attributable to minority shareholders		-	-

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2022

ITEMS	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
VII. Total comprehensive income		-8,744,520.78	1,857,824.51
(I) Total comprehensive income attributable to the owners of the parent company		-5,254,459.97	3,390,439.61
(II) Total comprehensive income attributable to minority shareholders		-3,490,060.81	-1,532,615.10
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)	6	-0.009	0.004
(II) Diluted earnings per share (Yuan/share)		-0.009	0.004

Financial Information

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June	
	2022	2021
I. Cash flows from operating activities		
Net cash flows from operating activities	330,601,826.14	-200,932,038.00
II. Cash flows from investing activities		
Net cash flows from investing activities	10,644,031.41	1,083,234.93
III. Cash flows from financing activities		
Net cash flows from financing activities	-118,892,827.97	158,329,367.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents	61,320.93	-84,829.46
V. Net increase in cash and cash equivalents	222,414,350.51	-41,604,265.03
Add: Cash and cash equivalents at beginning of period	359,877,697.64	379,222,636.69
VI. Cash and cash equivalent at end of period	582,292,048.15	337,618,371.66

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2022											Total owners' equity		
	Owners' equity attributable to the parent company													
	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority interest	Total owners' equity
1. Opening balance of prior year	792,063,500.00	-	-	102,269,282.12	-	25,457,736.62	-	104,120,024.15	-	812,449,580.76	-	1,827,958,722.65	40,965,520.09	1,877,492,254.54
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of accounting errors for prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Opening balance of current year	792,063,500.00	-	-	102,269,282.12	-	25,457,736.62	-	104,120,024.15	-	812,449,580.76	-	1,827,958,722.65	40,965,520.09	1,877,492,254.54
11. Changes during the period (unit: ¥; for decrease)	-	-	-	-	-	1,854,653.68	-	-	-	-7,105,155.65	-	-524,463.97	-3,490,000.81	-8,744,320.78
(A) Total comprehensive income	-	-	-	-	-	1,854,653.68	-	-	-	-7,105,155.65	-	-524,463.97	-3,490,000.81	-8,744,320.78
(B) Owners' contribution and capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contribution by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital increase by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share payment included in the owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

Six months ended 30 June 2022

Owners' equity attributable to the parent company

ITEMS	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-held	Minority interest	Total owners' equity
(M) Profit appropriation														
1. Appropriation to surplus reserves														
2. Appropriation to general risk provision														
3. Distribution to owners (or shareholders)														
4. Others														
(N) Internal transfer of owners' equity														
1. Capital reserves transferred to capital (or share capital)														
2. Surplus reserves transferred to capital (or share capital)														
3. Surplus reserves to cover losses														
4. Retained benefit plan changes carried forward to retained earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Others														

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2022																
	Owners' equity attributable to the parent company	Other equity instruments	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority interest	Total owners' equity
IV. Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilized in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Change balance current period	792,083,500.00	-	-	-	-	60,269,282.12	-	27,211,482.00	-	104,123,024.15	-	882,541,665.11	-	1,322,000,262.48	6,606,471.28	1,688,714,333.76	

Financial Information

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2021														
	Share capital	Preference shares	Other equity instruments	Perpetual bonds	Others	Capital reserve	Treasury stock	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Unappropriated profits	Minority interest	Total owners' equity
I. Opening balance of prior year	792,665,000.00	-	-	-	-	103,289,821.12	-	-	23,419,400.51	-	104,128,024.15	-	871,684,716.41	82,538,089.73	1,977,108,651.72
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of accounting error in prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	792,665,000.00	-	-	-	-	103,289,821.12	-	-	23,419,400.51	-	104,128,024.15	-	871,684,716.41	82,538,089.73	1,977,108,651.72
III. Changes during the period (with "+" increased)	-	-	-	-	-	-	-	312,881.67	-	-	-	-	3,077,457.74	-1,532,615.10	1,857,824.51
(i) Total comprehensive income	-	-	-	-	-	-	-	312,881.67	-	-	-	-	3,077,457.74	-	3,390,339.81
(ii) Owners' contribution and capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,532,615.10	-1,532,615.10
1. Ordinary shares contribution by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share payment included in the owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,532,615.10	-1,532,615.10

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the six months ended 30 June 2022

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2021										Total owners' equity			
	Share capital	Preference shares	Other equity instruments	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve		General risk provision	Unappropriated profits	Minority interest
(M) Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Appropriation to general risk provision	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distribution to owners (for shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
(M) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital reserves transferred to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Surplus reserves transferred to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Surplus reserves to cover losses	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Other unappropriated profits transferred to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
(M) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Utilized in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	
(M) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Closing balance of current period	792,655,000	-	-	-	-	103,289,212	-	237,924,718	-	104,280,045	-	874,772,716	8,005,463	1,978,965,762.3

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICES

The unaudited interim financial statements have been prepared in accordance with the China Accounting Standards for Business Enterprises, Information Disclosure Rule No. 15 of Public Offerings Company – Financial Reporting General Provisions (2014 Amendments) 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”).

The accounting policies and calculation methods used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021. This interim result has not been audited by the auditor of the Company, and has been reviewed by the audit committee of the Company.

2. TOTAL OPERATING INCOME

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

(1) *Operating income and operating cost*

Items	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Principal operating income	517,271,286.11	560,978,985.14
Other operating income	14,395,959.26	14,906,399.76
Total operating income	531,667,245.37	575,885,384.90
Principal operating cost	481,669,678.92	488,650,639.28
Other operating cost	3,989,846.93	1,494,090.58
Total operating cost	485,659,525.85	490,144,729.86

(2) *Principal operations (by product)*

Name of Products	Six months ended 30 June 2022 (Unaudited)		Six months ended 30 June 2021 (Unaudited)	
	Operating income	Operating cost	Operating income	Operating cost
	System integration	276,744,641.29	240,421,368.36	388,222,021.67
Intelligent terminal sales	217,647,167.88	215,573,288.79	130,618,244.86	127,584,690.01
Service	22,879,476.94	25,675,021.77	42,138,718.61	24,359,555.43
Total	517,271,286.11	481,669,678.92	560,978,985.14	488,650,639.28

3. SEGMENTS INFORMATION

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

4. FINANCE COSTS

Items	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Interest expenses	19,905,565.78	29,306,083.47
Less: interest income	3,456,819.29	1,163,241.77
Exchange gain or loss	560.70	–
Others	110,684.18	333,014.37
Total	16,559,991.37	28,475,856.07

5. INCOME TAX EXPENSES

Items	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Current income tax calculated based on tax law and related regulations	-1,124,932.44	925,819.85
Deferred income tax adjustment	-	-
Total	-1,124,932.44	925,819.85

Approved by Jiangsu Department of Science and Technology, Jiangsu Department of Finance and Jiangsu Provincial Taxation Bureau of State Administration of Taxation, the Company passed the re-evaluation of its High-New Technology Enterprise status on 2 December 2020. It holds a Certification of High-New Technology Enterprise (code: GR202032002979) with a valid period of 3 years. From 2 December 2020 to 2 December 2023, the Company enjoys the preferential income tax rate of 15% for State's key support High-New Technology Enterprise.

Approved by Jiangsu Department of Science and Technology, Jiangsu Department of Finance and Jiangsu Provincial Taxation Bureau of State Administration of Taxation, Jiangsu Intellitrans Company Ltd., a subsidiary of the Company, passed the re-evaluation of its High-New Technology Enterprise status on 2 December 2020. It holds a Certification of High-New Technology Enterprise (code: GR202032000060) with a valid period of 3 years. From 2 December 2020 to 2 December 2023, the company enjoys the preferential income tax rate of 15% for State's key support High-New Technology Enterprise.

The other domestic subsidiaries of the Company were taxed at 25% enterprise income tax rate.

The offshore subsidiaries of the Company were taxed at the local applicable income tax rate.

6. EARNINGS/LOSS PER SHARE

The calculation of the earnings/loss per share is based on the net loss attributable to the owners of the parent company for the six months ended 30 June 2022 of RMB7,108,515.65 (corresponding period of 2021: net profit for the period attributable to the owners of the parent company of RMB3,077,457.74) and weighted average number of issued ordinary shares of 792,058,500 (2021: 792,058,500) during the Review Period.

The amount of basic earnings per share is the same as the diluted earnings per share as there was no dilution during the periods ended 30 June 2022 and 2021.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

Financial Information

8. TRADE AND OTHER RECEIVABLES

Items	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Accounts receivable	575,617,720.64	553,791,272.94
Less: Provision for bad debts for accounts receivable	227,602,519.48	227,602,552.87
Receivable financing	4,200,000.00	4,000,000.00
Notes receivable	6,349,960.00	3,600,960.00
Prepayments	140,829,121.74	142,015,522.10
Other receivables	513,178,268.91	907,584,591.12
Less: Provision for bad debts for other receivables	64,473,257.42	86,382,736.17
Interest receivable	-	-
Dividends receivable	-	-
Total	948,099,294.39	1,297,007,057.12

The aging of accounts receivable based on the recognition date

Items	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Within 1 year (including one year)	108,262,555.48	130,360,129.59
1 to 2 years	51,305,772.63	101,924,499.52
2 to 3 years	100,168,750.67	166,512,465.46
Over 3 years	315,880,641.86	154,994,178.37
Sub-total	575,617,720.64	553,791,272.94
Less: Provision for bad debts	227,602,519.48	227,602,552.87
Total	348,015,201.16	326,188,720.07

9. TRADE AND OTHER PAYABLES

Items	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Accounts payable	470,994,303.40	547,731,378.35
Notes payable	4,000,000.00	4,000,000.00
Advances from customers	42,699.00	17,872.20
Other payables	37,705,563.55	52,244,563.53
Interest payable	–	–
Dividend payable	–	–
Contract liabilities	55,019,253.88	53,269,281.83
Total	567,761,819.83	657,263,095.91

The aging analysis of accounts payable

Items	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Within 1 year	248,737,685.58	247,841,605.01
1 to 2 years	7,000,985.85	116,605,931.56
Over 2 years	215,255,631.97	183,283,841.78
Total	470,994,303.40	547,731,378.35

The aging analysis of notes payable

Items	At 30 June 2022 (Unaudited)	At 31 December 2021 (Audited)
Within 1 year	4,000,000.00	4,000,000.00
1 to 2 years	–	–
Over 2 years	–	–
Total	4,000,000.00	4,000,000.00

Financial Review

Total Operating Income

For the six months ended 30 June 2022 (the “Review Period”), the total operating income of the Group amounted to RMB531,667,245.37, representing a decrease of approximately 7.68% over that of the corresponding period of last year. The decrease was mainly due to the impact of the ongoing pandemic during the period resulted to the bidding of some projects have been delayed or cancelled and commencement of project work have been deferred which led to a decline in the revenue.

Gross Profit Margin

The gross profit margin for the Review Period decreased from approximately 14.89% for the corresponding period of last year to approximately 8.65% which was mainly due to the decrease of the operating income as influenced by the ongoing pandemic and the increases of procurement cost of equipment and labor outsourcing expenses, resulting in a decrease in operating profit.

Selling and Distribution Expenses

Selling and distribution expenses for the six months ended 30 June 2022 was RMB15,541,968.31 which is in line with that of the corresponding period of last year.

Administrative Expenses

The administrative expenses recorded a decrease of approximately 28.09% from RMB25,635,448.19 in the corresponding period of last year to RMB18,434,711.70 for the Review Period. This was mainly attributable to the decline in office expenses, travelling expenses, technical service fees and entertainment expenses as impacted by the control and lockdown measures implemented during the period.

R&D Expenses

The research and development expenses for the six months ended 30 June 2022 was RMB10,124,745.82, representing a decrease of approximately 61.41% as compared with the same period last year. The decrease was mainly due to most of the research & development work has not been carried out as scheduled as affected by the ongoing pandemic.

Finance Costs

The finance costs for the six months ended 30 June 2022 was RMB16,559,991.37, representing a decrease of approximately 41.85% as compared with the same period last year. The main reason for the decrease was attributable to the decrease in the total borrowings for the current period which led to the decrease in interest expenses.

Liquidity and Financial Resources

The Group adopted stringent financial management policies and maintained a healthy financial condition. The Group's working capital (being current assets less current liabilities) as at 30 June 2022 was RMB1,337,600,103.20 (At 31 December 2021: RMB1,302,878,493.91).

As at 30 June 2022, the bank balances and cash of the Group amounted to RMB591,965,763.39 (At 31 December 2021: RMB379,312,843.32).

Management Discussion and Analysis

Capital Structure

As at 30 June 2022, the total bank borrowings of the Group was RMB928,020,000.00 (At 31 December 2021: RMB959,062,942.91), which included secured bank borrowings of RMB140,020,000.00 with annual interest rates ranging from 4.35% to 4.41% and are repayable within 12 years. The remaining of RMB788,000,000.00 was unsecured bank borrowings, including bank borrowings of RMB778,000,000.00 with annual interest rates ranging from 4% to 7% and are repayable within one year, bank borrowings amounted to RMB10,000,000 with annual interest rate at 5.55% and are repayable within two years. During the Review Period, the bank borrowings was mainly used in support of the Group's business development and the funds obtained was mainly used for project procurement and prepayments for projects.

As at 30 June 2022, the registered and issued share capital of the Company was RMB792,058,500.00 which was divided into 229,500,000 H Shares and 562,558,500 Domestic Shares.

Pledge of Assets of the Group

As at 30 June 2022, the Group had the following assets pledged:

- (i) The total book value of the Group's assets of RMB333,501,339.30 (including: investment property of RMB236,490,100.00, fixed assets of RMB89,675,328.39, intangible assets of RMB7,335,910.91) were pledged to banks to secure outstanding bank loans of approximately RMB140,020,000.00.
- (ii) The bank deposits of RMB9,673,715.24 (As at 31 December 2021: RMB19,435,145.68) were pledged for projects bidding/projects in progress and banking facilities.

Employees

As at 30 June 2022, the Group has an aggregate of 275 employees (At 30 June 2021: 290 employees). During the Review Period, the staff costs (including Directors' remuneration) was RMB24,424,214.22 (corresponding period of 2021: RMB27,804,547.37).

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

Gearing Ratio

The gearing ratio (being short-term borrowings plus long-term borrowings plus non-current liabilities due within one year less cash and cash equivalents divided by equity) of the Group as at 30 June 2022 was approximately 18.50% (At 31 December 2021: approximately 31.91%). This was mainly attributable to the decrease of total amount of loans as the Group repaid the matured borrowings.

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 Investments Held

As of 30 June 2022, there were no investments held with a value of 5% or more of the Group's total assets.

Management Discussion and Analysis

Substantial Acquisition and Disposal and Significant Investment

The Disposal

On 28 June 2022, the Company (as the vendor) and Nanjing Zijin Investment Group Co., Ltd.* (南京紫金投資集團有限責任公司) (“Zijin Investment”) (as the purchaser) entered into the Asset Transaction Agreement, pursuant to which, the Company has agreed to sell, and Zijin Investment has agreed to acquire, 15.1236% equity interest of Nanjing Informatization Investment Holding Co., Ltd.* (南京市信息化投資控股有限公司) (“Informatization Company”) at the Consideration of RMB41,263,200.00. Upon completion of the Disposal, the Company no longer held any equity interest in Informatization Company. For details of the Disposal can be referred to the Company’s announcements dated 23 May 2022 and 28 June 2022.

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

Future Plans Relating to Material Investment or Capital Asset

As at the date of this announcement, 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 2022, the Group did not have any material contingent liabilities.

BUSINESS REVIEW AND PROSPECTS

In the first half of 2022, the prolonged pandemic with widespread COVID-19 variants, the severe and complicated international situation and the escalation of Russian-Ukrainian crisis dealt a heavy blow to the development of the global economy. The risk of global stagflation increased significantly, and the international financial market was highly volatile. In the face of a new round of COVID-19 outbreak, coupled with the complexity and severity of external development, the Chinese government continued to adhere to the keynote of seeking progress while maintaining stability and put more emphasis on maintaining stable growth. China has adopted proactive fiscal policies, enhanced its policy effectiveness, introduced prudent monetary policy and deepened supply-side structural reform to drive the economy forward in a stable manner. China's economy has stabilized and recovered from the unsettled environment with a steady and stable progress, and the major economic indicators continued to improve, resulted in the continuation of a high-quality development trend and social stability.

Business development

The impact of the resurgence of the pandemic has increased the economic downward pressure significantly. In the first half of 2022, profit margin shrank as a result of the slowdown in development pace of the intelligent transportation and the intelligent customs industry; postponement or cancellation of the bidding of some projects; delay in commencement of project work and intensified market competition. During the Review Period, the Company strengthened project management, standardized project setup management, tightened its project examination system, formulated a new project budget management mechanism, strictly granted approval to project budgets and implementation of budget, formulated labor service fee standard, improved the Company's internal control management and reinforced its ability in controlling construction cost in a bid to maintain stable operation, reduce the operational risk and secure its profitability.

Management Discussion and Analysis

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

During the Review Period, the Group effectively advanced the settlement and inspection of the installation of equipment and cable laying construction project of the JD1 contract section of mechanical engineering project of Yan'an-Yanchuan (Shaanxi-Shanxi Boundary) Expressway, the pilot project of the traffic safety guidance system of the Qingyin Branch of Hebei Expressway Group Co., Ltd. (河北高速公路集團有限公司青銀分公司), and the ETC and MTC lane construction project of the toll station of Shaanxi Yulin Yushen Expressway Co., Ltd. (陝西榆林榆神高速公路有限公司).

Meanwhile, the Group has entered into the electrical and mechanical engineering construction project of Section JD01 of Lin'an-Jiande Section of Linjin Expressway, Shanghai power monitoring system upgrade project, the electrical and mechanical engineering construction project of Section LN-92 of Jiangsu Section of Liyang-Ningde Highway, and labor service construction of EHJD1-EHJD13 of the electrical and mechanical engineering construction project of Emei to Hanyuan Expressway.

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

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

As for the intelligent customs business, the Group has been dedicated to provide packaged intelligent solutions such as information planning, software, hardware, integration of information system and operation and maintenance services for logistics customers such as the customs, the customs special regulatory districts (including bonded zone, cross-border comprehensive experimental zone, etc.), port terminals and airports to enhance regulatory efficiency, reduce regulatory costs and improve the convenience of customs clearance to facilitate trade flows.

During the Review Period, the Group continuously optimized existing products, innovated models and extended scenarios. In addition to smart checkpoints, artificial intelligence products and station products, the Group proactively explored business scenarios like maritime information system, information of original inspection laboratory, and customs finance information. During the Review Period, the Group completed the acceptance of projects such as the integrated hub terminal at the Hongguang operation area in Pengze Port Zone, Jiujiang Port and coastal port opening project. At the same time, the Group entered into projects like cross-border e-commerce in Zhenjiang comprehensive bonded zone and smart checkpoints system in Xiongan comprehensive bonded zone.

Research and development

During the Review Period, the Group cooperated closely with Southeast University and other institutions, and continued to promote the national key project “Research on Key Technologies for Correcting Driver Behaviors for the Purpose of Low Emission (面向低排放的駕駛員行為修正關鍵技術研究)” of the specialised projects of “Intergovernmental International Cooperation on Science and Technology Innovation” (政府間國際科技創新合作) of the 2021 National Key Research and Development Programme of China; proactively implemented the “high-value patent cultivation project for Jiangsu Province Intellectual Property Strategic Promotion Plan 2021 (Upgrade)”. Such application for joint construction of provincial “High-Value Patent Cultivation Demonstration Centre” strived to achieve exemplary results in optimising the cultivation system of high-value patents in the field of “core devices for the Internet of Things”, with the use of patent information to carry out key core (common) technology research. Meanwhile, the Group entered into agreement with Southeast University to jointly establish the “Postgraduate Workstation in Jiangsu Province” and “Postgraduate Practice Base”.

Management Discussion and Analysis

On 23 June 2022, the Ministry of Industry and Information Technology issued the “List of Internet of Things Demonstration Projects in 2021”, the project “R&D and industrialization of safety monitoring vehicle terminal and cloud platform based on vehicle-human collaboration” undertaken by the Company has been selected.

During the Review Period, the Group continued to promote the planning work for products of intelligent transportation, intelligence customs and other segments, and successfully developed the “Expressway Guidance Information Release System”, “Expressway Command and Control System”, “Highway Patrol Maintenance System”, “Expressway Incidents Monitoring System”, “Food Safety Supervision Platform” and other products, and some of these products have already been put into application, which has fostered the technology progress and business expansion of the Group. During the Review Period, the Group continued to strengthen the application and protection of intellectual property rights, and filed applications for three software copyright and was granted one utility model patent, two invention patents and one software copyright.

Future prospects

In the second half of the year, the Group will continuously strive to adhere to the customer-centric principle and adopt the customer-orientated approach and market-demand-oriented target while continuing to focus on two core businesses of intelligent transportation and intelligent customs in line with the strategies set at the beginning of the year. Through the planning and design of comprehensive solutions, the Group will give full play to the latest technical products in the industry, improve the management efficiency of the transportation industry and the customs logistics industry, and help customers fully realise the operation and management objectives of reducing costs and increasing efficiency.

In the second half of the year, in respect of the intelligent transportation segment, the Group will strengthen the implementation of various projects to ensure the construction progress will not be affected by the pandemic and external environment. We will increase market exploration in deprived regions and strive for breakthroughs in business results. We will closely focus on the digital transformation goal set out in the “14th Five-Year Plan” for strategic planning, fully promote the upgrading of various businesses, and actively expand new business directions, including but not limited to urban transportation, municipal machinery and electricity, intelligent lighting, data room and other fields.

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

At the same time, with the proposal of “Carbon Peak Emissions and Carbon Neutrality”, “Green” operations have become the “new coordinate” for high quality development of Chinese enterprises. The Group will attempt to expand into and formulate plans in new business areas such as low-carbon emission park and intelligent energy by keeping abreast of carbon peaking and carbon neutrality policies, focus on the zero-carbon emission economy and make vertical market expansion in line with the strategies established at the beginning of the year.

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

Save as disclosed below, as at 30 June 2022, none of the Directors, Supervisors and chief executive officers of the Company had any interests or short positions in the shares, underlying shares and 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 or short positions which they have taken or 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 the required standard of dealings as set out in Appendix 10 of the Listing Rules.

Long Positions in Shares

Name of Director	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Sha Min (Note 1)	3,375,000	Beneficial owner	0.43%
	Domestic Shares		
	397,821,000	Interest of controlled corporation	50.77%
	Domestic Shares		
	4,310,000		
	H Shares		
Chang Yong (Note 2)	397,821,000	Interest of controlled corporation	50.77%
	Domestic Shares		
	4,310,000		
	H Shares		

Notes:

- (1) Mr. Sha Min (“Mr. Sha”) directly holds 3,375,000 Domestic Shares and is indirectly interested in 60.40% of equity interest of Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司) (“Jiangsu Sample”) which in turn owns the 49% equity interest in Nanjing Sample Technology Group Company Limited (“Sample Group”) which in turn owns directly 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares. Under the SFO, Mr. Sha is deemed to be interested in all 401,196,000 Domestic Shares and 4,310,000 H Shares. Du Yu (杜予) is the spouse of Mr. Sha. Under the SFO, Du Yu is also deemed to be interested in 401,196,000 Domestic Shares and 4,310,000 H Shares in which Mr. Sha is interested.

Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company and Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 60.40% by Tibet Zhuo Xin Venture Capital Management Co., Ltd.* (西藏卓鑫創業投資管理有限責任公司) (“Tibet Zhuo Xin”). Tibet Zhuo Xin is owned as to 90% by Shanghai Jiixin Enterprise Management Center (limited partnership)* (上海佳鑫企業管理中心有限合夥) (“Shanghai Jiixin”) which in turn is beneficially owned as to 99% and 1% by Mr. Sha and his spouse, Du Yu (杜予). Under the SFO, Mr. Sha is deemed to be interested in the entire equity interest in each of Sample Group, Jiangsu Sample, Tibet Zhuo Xin and Shanghai Jiixin.

- (2) Mr. Chang Yong (“Mr. Chang”) is indirectly interested in 38.96% of equity interest of Jiangsu Sample which in turn owns the 49% equity interest in Sample Group which in turn owns directly 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares. Under the SFO, Mr. Chang is deemed to be interested in all 397,821,000 Domestic Shares and 4,310,000 H Shares.

Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company and Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 38.96% by Tibet Zhuo Cai Venture Capital Management Co., Ltd.* (西藏卓財創業投資管理有限責任公司) (“Tibet Zhuo Cai”). Tibet Zhuo Cai is owned as to 90% by Shanghai Lianqi Enterprise Management Center (limited partnership)* (上海聯啟企業管理中心有限合夥) (“Shanghai Lianqi”) which in turn is beneficially owned as to 99% by Mr. Chang. Under the SFO, Mr. Chang is deemed to be interested in the entire equity interest in each of Sample Group, Jiangsu Sample, Tibet Zhuo Cai and Shanghai Lianqi.

On 12 August 2022, Mr. Chang Yong has resigned as a non-executive director of the Company.

Other Information

SHARES DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as to the knowledge of the Directors, as at 30 June 2022, the following shareholders (other than the Directors, Supervisors or chief executive officers of the Company) had interests and short positions in the shares or underlying shares 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long position in Shares

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Nanjing Sample Technology Group Company Limited ("Sample Group") (Note 1)	397,821,000 Domestic Shares 4,310,000 H Shares	Beneficial owner Interest of controlled corporation	50.77%
Qingdao West Coast Development (Group) Limited ("West Coast Development Group") (Note 1)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
State-owned Assets Supervision and Administration Commission of the People's Government of Qingdao ("SASAC of Qingdao") (Note 1)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Jiangsu Sample Holding Limited* ("Jiangsu Sample") (Note 2)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Tibet Zhuo Xin Venture Capital Management Co., Ltd.* (Note 2)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Tibet Zhuo Cai Venture Capital Management Co., Ltd.* (Note 2)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Shanghai Jiaxin Enterprise Management Center (limited partnership)* (Note 2)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Shanghai Lianqi Enterprise Management Center (limited partnership)* (Note 2)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Active Gold Holding Limited (Note 3)	123,862,500 Domestic Shares	Beneficial owner	15.64%
Jian Ying Sample High Growth Investment Fund (Note 3)	123,862,500 Domestic Shares	Interest of controlled corporation	15.64%

Notes:

- Sample Group directly owns 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares. Hence, Sample Group is the substantial and the single largest shareholder of the Company. On 18 August 2020, West Coast Development Group completed the industry and commercial registration procedures in respect of the capital injection in Sample Group. Sample Group is owned as to 51% equity interests by West Coast Development Group which is 100% owned by SASAC of Qingdao.
- Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares. As such, Sample Group is the substantial and the single largest shareholder of the Company. Sample Group is 49% held by Jiangsu Sample which in turn is held by Tibet Zhuo Xin and Tibet Zhuo Cai as to 60.40% and 38.96% equity interests respectively. Tibet Zhuo Xin is in turn held by Shanghai Jiaxin and Nanjing Juge Enterprise Management Center (limited partnership)* (南京聚格企業管理中心(有限合伙)) ("Nanjing Juge") as to 90% and 10% equity interests respectively. Mr. Sha, the Chairman of the Company and his spouse, Du Yu (杜予), respectively held 99% and 1% in each of Shanghai Jiaxin and Nanjing Juge. On the other hand, Tibet Zhuo Cai is in turn held by Shanghai Lianqi and Nanjing Runge Enterprise Management Center (limited partnership)* (南京潤格企業管理中心(有限合伙)) ("Nanjing Runge") as to 90% and 10% equity interests respectively. Mr. Chang, a non-executive director of the Company, held 99% in each of Shanghai Lianqi and Nanjing Runge. Subsequently, Mr. Chang has resigned as non-executive director of the Company on 12 August 2022.
- Active Gold Holding Limited is wholly owned by Jian Ying Sample High Growth Investment Fund.

Other Information

Share Option Scheme

On 18 October 2011, the Board passed the resolution to terminate the execution of the share option scheme of the Company which was approved by the shareholders of the Company by way of resolution on 24 April 2004. The resolution was passed at the general meeting on 30 December 2011.

The Company has not granted any option under the share option scheme since the adoption of the scheme.

Competing Business and Conflicts of Interests

None of the Directors or substantial shareholders of the Company or any of their respective associates (as defined in 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 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 as set out in Appendix 10 to the 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 2022.

Audit Committee

The Company established an audit committee on 27 August 2003 with terms of reference in compliance with Rules 3.21 to 3.23 of the 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. Gao Lihui (the chairman of the audit committee), Mr. Niu Zhongjie and Mr. Hu Hanhui. 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.

Corporate Governance Code

For the six months ended 30 June 2022, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

Changes of Directors' and Supervisors' Information

- 1) On 29 April 2022, the director of Federal International Enterprise Ltd and Sample Technology (Hong Kong) Company Limited, the subsidiaries of the Company, were changed from Mr. Ma Fengkui to Mr. Sha Min.
- 2) On 29 April 2022, Mr. Zhang Junmin ceased to act as the general manager of Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司), a subsidiary of the Company.
- 3) On 26 May 2022, Mr. Qiu Xiangyang was nominated as an independent director of Nanjing Public Utilities Development Co., Ltd.* (南京公用發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000421).
- 4) On 29 June 2022, Mr. Qiu Xiangyang ceased to act as an independent director of Nanjing Kangni Mechanical & Electrical Co., Ltd.* (南京康尼機電股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603111) due to the expiration of the term of office.

Other Information

Save as disclosed above, the Company is not aware of any other changes in the information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2021 Annual Report of the Company.

Change in Constitutional Document

During the Review Period, there has been no significant change in the Company's Articles of Association.

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

30 August 2022
Nanjing, the PRC

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

* For identification purpose only