



# 2016

# Interim Report



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

\* for identification purpose only

## Financial Highlights

### FINANCIAL HIGHLIGHTS

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

The net profit attributable to shareholders of the Company for the six months ended 30 June 2016 was RMB72,787,144.81, representing an increase of approximately 4.33% as compared to corresponding period of last year.

The basic earnings per share for the six months ended 30 June 2016 was approximately RMB0.230 (2015: RMB0.232).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

### UNAUDITED INTERIM RESULTS

The board (the "Board") of Directors of Nanjing Sample Technology Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 together with the comparative figures of 2015 as follows:

(Unless otherwise stated, the financial information of the Company in this report was stated in Renminbi ("RMB") yuan)

## Financial Information

### CONSOLIDATED BALANCE SHEET

At 30 June 2016

ASSETS	Note	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		1,166,526,414.63	1,212,720,957.69
Notes receivable	8	20,000.00	430,000.00
Accounts receivable	8	456,336,241.19	405,045,579.64
Prepayments	8	134,401,801.91	102,561,214.68
Interest receivable		1,222,488.59	806,088.29
Other receivables	8	173,062,817.39	80,821,123.74
Inventories		570,668,573.29	539,754,737.11
Other current assets		131,680,601.98	156,802,978.14
<b>Total current assets</b>		<b>2,633,918,938.98</b>	<b>2,498,942,679.29</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets		45,120,000.00	44,520,000.00
Long-term equity investments		3,988,306.43	3,475,159.72
Investment property		211,022,900.00	211,022,900.00
Fixed assets		243,521,363.92	246,314,755.16
Construction in progress		25,726,852.88	25,322,742.02
Construction materials		3,711,228.67	2,911,916.51
Intangible assets		16,316,063.31	12,374,724.82
Long-term deferred expenses		11,584,510.54	12,365,667.87
Deferred income tax assets		23,805,899.33	23,895,454.79
Other non-current assets		120,000,000.00	120,000,000.00
<b>Total non-current assets</b>		<b>704,797,125.08</b>	<b>702,203,320.89</b>
<b>TOTAL ASSETS</b>		<b>3,338,716,064.06</b>	<b>3,201,146,000.18</b>

## Financial Information

### CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2016

LIABILITIES & SHAREHOLDERS' EQUITY	Note	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		566,553,298.87	508,765,000.00
Notes payable		59,211,627.20	81,521,681.76
Accounts payable	9	511,394,196.66	526,961,876.08
Advances from customers	9	120,326,145.02	84,041,499.16
Staff remuneration payables		1,354,193.63	3,137,558.73
Taxes payable		28,659,425.82	38,877,388.22
Interest payable		1,128,983.12	1,060,086.67
Dividends payable		95,047,020.00	-
Other payables	9	80,519,121.65	49,094,015.39
Non-current liabilities due within 1 year		23,930,000.00	27,860,000.00
<b>Total current liabilities</b>		<b>1,488,124,011.97</b>	1,321,319,106.01
<b>Non-current liabilities:</b>			
Long-term borrowings		128,210,000.00	138,210,000.00
Deferred income		8,391,234.77	9,128,698.17
Deferred income tax liabilities		9,141,731.52	9,111,725.27
<b>Total non-current liabilities</b>		<b>145,742,966.29</b>	156,450,423.44
<b>Total liabilities</b>		<b>1,633,866,978.26</b>	1,477,769,529.45

## Financial Information

### CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2016

LIABILITIES & SHAREHOLDERS' EQUITY (Continued)	Note	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
<b>Shareholders' equity:</b>			
Share capital		316,823,400.00	316,823,400.00
Capital surplus		417,042,894.68	417,042,894.68
Other comprehensive income		33,604,865.66	30,662,281.62
Surplus reserve		72,085,199.91	72,085,199.91
Undistributed profits		810,672,153.84	832,932,029.03
Total equity attributable to the shareholders of the Company		1,650,228,514.09	1,669,545,805.24
Minority interest		54,620,571.71	53,830,665.49
<b>Total shareholders' equity</b>		<b>1,704,849,085.80</b>	1,723,376,470.73
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,338,716,064.06</b>	3,201,146,000.18
<b>Net current assets</b>		<b>1,145,794,927.01</b>	1,177,623,573.28
<b>Total assets less current liabilities</b>		<b>1,850,592,052.09</b>	1,879,826,894.17

## Financial Information

### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2016

ITEMS	Note	Six months ended 30 June	
		2016	2015
I. Total operating income	2	<b>1,449,343,275.60</b>	413,914,653.68
II. Total operating cost		<b>1,382,115,864.64</b>	337,299,377.65
Operating cost		<b>1,305,079,293.11</b>	271,533,736.93
Taxes and surcharges		<b>6,649,114.21</b>	6,091,910.41
Selling and distribution expenses		<b>21,235,004.31</b>	10,275,977.71
Administrative expenses		<b>42,078,190.06</b>	31,160,436.90
Finance costs	4	<b>8,922,275.58</b>	15,821,286.80
Impairment losses for assets		<b>(1,848,012.63)</b>	2,416,028.90
Investment income		<b>11,641,458.40</b>	1,065,469.44
Including: Share of profit of associates and jointly controlled entities		–	(200,283.98)
III. Operating profit		<b>78,868,869.36</b>	77,680,745.47
Add: Non-operating income		<b>5,936,303.05</b>	5,252,519.92
Less: Non-operating expenses		<b>7,270.99</b>	6,661.56
IV. Total profit		<b>84,797,901.42</b>	82,926,603.83
Less: Income tax expenses	5	<b>12,561,449.94</b>	12,602,251.06
V. Net profit		<b>72,236,451.48</b>	70,324,352.77
Net profit attributable to the shareholders of the Company		<b>72,787,144.81</b>	69,767,800.12
VI. Other comprehensive income		<b>2,942,584.04</b>	37,340,561.35

## Financial Information

### CONSOLIDATED INCOME STATEMENT (UNAUDITED) (Continued)

For the six months ended 30 June 2016

ITEMS	Note	Six months ended 30 June	
		2016	2015
VII. Total comprehensive income		<b>75,179,035.52</b>	107,664,914.12
Total comprehensive income attributable to the shareholders of the Company		<b>75,729,728.85</b>	107,108,361.47
Total comprehensive income attributable to minority shareholders		<b>(550,693.33)</b>	556,552.65
VIII. Earnings per share:	6		
(1) Basic earnings per share		<b>0.230</b>	0.232
(2) Diluted earnings per share		<b>0.230</b>	0.232
IX. Dividends	7	-	-

## Financial Information

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2016

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June	
	2016	2015
<b>I. Cash flows from operating activities</b>		
<b>Net cash flows from operating activities</b>	<b>(139,847,685.66)</b>	(64,119,788.45)
<b>II. Cash flows from investing activities</b>		
<b>Net cash flows from investing activities</b>	<b>37,755,226.94</b>	(462,759,752.74)
<b>III. Cash flows from financing activities</b>		
<b>Net cash flows from financing activities</b>	<b>54,236,056.69</b>	409,483,376.07
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>1,043,187.38</b>	591,721.82
<b>V. Net increase in cash and cash equivalents</b>	<b>(46,813,214.65)</b>	(116,804,443.30)
Add: Cash and cash equivalents at beginning of period	<b>1,188,285,145.50</b>	782,748,257.94
<b>VI. Cash and cash equivalent at end of period</b>	<b>1,141,471,930.85</b>	665,943,814.64



## Financial Information

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

For the six months ended 30 June 2016

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2016						Total shareholders' equity
	Attributable to the shareholders of the Company						
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	
I. Closing balance of prior year	316,823,400.00	417,042,894.68	30,662,281.62	72,085,199.91	832,932,029.03	53,830,665.49	1,723,376,470.73
II. Opening balance of current year	316,823,400.00	417,042,894.68	30,662,281.62	72,085,199.91	832,932,029.03	53,830,665.49	1,723,376,470.73
III. Changes during the period	-	-	2,942,584.04	-	(22,259,875.19)	789,906.22	(18,527,384.93)
(I) Net profits	-	-	-	-	72,787,144.81	(550,693.33)	72,236,451.48
(II) Other comprehensive income	-	-	2,942,584.04	-	-	-	2,942,584.04
(III) Shareholders contribution and capital reduction	-	-	-	-	-	1,340,599.55	1,340,599.55
1. Capital contribution by shareholders	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	1,340,599.55	1,340,599.55
(IV) Profit appropriation	-	-	-	-	(95,047,020.00)	-	(95,047,020.00)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	(95,047,020.00)	-	(95,047,020.00)
(V) Others	-	-	-	-	-	-	-
IV. Closing balance of current period	316,823,400.00	417,042,894.68	33,604,865.66	72,085,199.91	810,672,153.84	54,620,571.71	1,704,849,085.80

## Financial Information

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

ITEMS	Six months ended 30 June 2015						Total shareholders' equity
	Attributable to the shareholders of the Company						
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	
I. Closing balance of prior year	224,100,000.00	99,627,613.95	(3,879,022.15)	51,644,250.39	752,268,735.54	49,347,683.96	1,173,109,261.69
II. Opening balance of current year	224,100,000.00	99,627,613.95	(3,879,022.15)	51,644,250.39	752,268,735.54	49,347,683.96	1,173,109,261.69
III. Changes during the period	92,723,400	321,255,669.07	37,340,561.35	-	6,403,120.12	556,552.65	458,279,303.19
(I) Net profits	-	-	-	-	69,767,800.12	556,552.65	70,324,352.77
(II) Other comprehensive income	-	-	37,340,561.35	-	-	-	37,340,561.35
(III) Shareholders contribution and capital reduction	92,723,400	321,255,669.07	-	-	-	-	413,979,069.07
1. Capital contribution by shareholders	92,723,400	321,255,669.07	-	-	-	-	413,979,069.07
(IV) Profit appropriation	-	-	-	-	(63,364,680.00)	-	(63,364,680.00)
1. Appropriation to surplus reserves	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	(63,364,680.00)	-	(63,364,680.00)
(V) Others	-	-	-	-	-	-	-
IV. Closing balance of current period	316,823,400.00	420,883,283.02	33,461,539.20	51,644,250.39	758,671,855.66	49,904,236.61	1,631,388,564.88

## Financial Information

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

#### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 methods of computation used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2015. During the reporting period, there was no change in accounting policies and accounting estimates. 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 revenue received and receivable from system integration, intelligent terminal sales, service, cross-border trade and service businesses.

##### (1) Operating income and operating cost

Item	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Principal operating income	<b>1,441,671,994.75</b>	404,309,426.69
Other operating income	<b>7,671,280.85</b>	9,605,226.99
Total operating income	<b>1,449,343,275.60</b>	413,914,653.68
Principal operating cost	<b>1,304,209,746.21</b>	269,952,193.02
Other operating cost	<b>869,546.90</b>	1,581,543.91
Total operating cost	<b>1,305,079,293.11</b>	271,533,736.93

## Financial Information

### 2. TOTAL OPERATING INCOME (Continued)

(2) Principal operations (by product)

Name of Products	Six months ended 30 June 2016 (Unaudited)		Six months ended 30 June 2015 (Unaudited)	
	operating income	operating cost	operating income	operating cost
	System integration	389,120,863.57	301,568,669.27	299,323,741.21
Intelligent terminal sales	102,041,181.34	72,245,156.39	70,373,228.51	46,016,445.72
Service	39,150,146.51	24,877,594.57	34,612,456.97	14,752,260.45
Cross-border trade and service	911,359,803.33	905,518,325.98	-	-
Total	1,441,671,994.75	1,304,209,746.21	404,309,426.69	269,952,193.02

### 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 Period is only derived from system integration, intelligent terminal sales, service, cross-border trade and service businesses. In addition, the Company's operations are situated in the PRC in which its revenue was derived principally therefrom. Accordingly, no separate segments are presented.

### 4. FINANCE COSTS

Item	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Interest expenses	17,647,820.74	20,717,935.05
Less: interest income	6,893,030.08	5,605,595.82
Exchange gain or loss	(2,929,661.77)	35,230.30
Others	1,097,146.69	673,717.27
Total	8,922,275.58	15,821,286.80

## Financial Information

### 5. INCOME TAX EXPENSES

Item	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Current income tax calculated based on tax law and related regulations	<b>12,441,888.23</b>	12,641,826.18
Deferred income tax adjustment	<b>119,561.71</b>	(39,575.12)
Total	<b>12,561,449.94</b>	12,602,251.06

On 2 September 2014, the Company obtained the High and New Technology Enterprise certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu State Tax Bureau and Jiangsu Local Tax Bureau (江蘇省科學技術廳、江蘇省財政廳、江蘇省國家稅務局、江蘇省地方稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise, therefore, the effective tax rate of enterprise income tax for the Company is 15% during the reporting period.

On 31 October 2014, Jiangsu Intellitrans Company Limited, a subsidiary of the Group, obtained the High and New Technology Enterprise certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu State Tax Bureau and Jiangsu Local Tax Bureau (江蘇省科學技術廳、江蘇省財政廳、江蘇省國家稅務局、江蘇省地方稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise, therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

On 6 July 2015, Jiangsu Ruifu Intelligent Tech. Co., Ltd., a subsidiary of the Group, obtained the High and New Technology Enterprise Certificate jointly issued by the Jiangsu Science and Technology Bureau, Jiangsu Finance Bureau, Jiangsu State Tax Bureau and Jiangsu Local Tax Bureau (江蘇省科學技術廳、江蘇省財政廳、江蘇省國家稅務局、江蘇省地方稅務局), for an effective period of three years. Pursuant to article 28 of the Enterprise Income Tax Law of the People's Republic of China, the income shall be taxed at the reduced rate of 15% for the New and High Technology Enterprise. Therefore, its effective tax rate of enterprise income tax is 15% during the reporting period.

### 5. INCOME TAX EXPENSES (Continued)

On 17 September, 2012, Nanjing City Intelligent Transportation Co., Ltd. a subsidiary of the Group, obtained the Software Enterprise Verification Certificate issued by the Jiangsu Economic and Information Commission (江蘇省經濟和信息化委員會) and was identified as software enterprise. According to the relevant provisions of the notice on a number of preferential policies on enterprise income tax by the Ministry of Finance, State Administration of Taxation, the software enterprises can enjoy 2-Year Free and 3-Year Half of enterprise income tax incentives. According to the notice issued by the tax authorities in-charge of the company, the company is exempted from enterprise income tax in 2012 and 2013. The effective tax rate of enterprise income tax of the Company for 2014, 2015, 2016 is 12.5%.

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 PER SHARE

The calculation of the earnings per share is based on the net profit for the period attributable to the shareholders of the Company of RMB72,787,144.81 (2015: RMB69,767,800.12) and weighted average number of issued ordinary shares of approximately 316,823,400 (2015: 301,369,500) during the 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 2016 and 2015.

### 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

## Financial Information

### 8. TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2016 (Unaudited)</b>	At 31 December 2015 (Audited)
Accounts receivable	<b>502,999,812.56</b>	453,196,963.88
Less: Provision for doubtful and bad debts for accounts receivables	<b>46,663,571.37</b>	48,151,384.24
Notes receivable	<b>20,000.00</b>	430,000.00
Prepayments	<b>134,401,801.91</b>	102,561,214.68
Other receivables	<b>175,976,342.32</b>	84,094,848.43
Less: Provision for doubtful and bad debts for other receivables	<b>2,913,524.93</b>	3,273,724.69
<b>Total</b>	<b>763,820,860.49</b>	588,857,918.06

#### The aging analysis of accounts receivable

Types	At 30 June 2016 (Unaudited)		At 31 December 2015 (Audited)	
	Closing balance	Provision for bad debts	Closing balance	Provision for bad debts
Within 1 year (including one year)	<b>232,414,917.14</b>	<b>1,825,413.14</b>	331,003,412.85	10,368,895.12
1 to 2 years	<b>193,275,782.44</b>	<b>16,899,332.19</b>	50,626,354.38	4,101,926.16
2 to 3 years	<b>66,377,107.86</b>	<b>17,094,276.96</b>	47,186,046.85	14,010,676.43
Over 3 years	<b>10,932,005.11</b>	<b>10,844,549.08</b>	24,381,149.80	19,669,886.53
<b>Total</b>	<b>502,999,812.56</b>	<b>46,663,571.37</b>	453,196,963.88	48,151,384.24

## Financial Information

### 9. TRADE AND OTHER PAYABLES

	<b>At 30 June 2016 (Unaudited)</b>	At 31 December 2015 (Audited)
Accounts payables	<b>511,394,196.66</b>	526,961,876.08
Advances from customers	<b>120,326,145.02</b>	84,041,499.16
Other payables	<b>80,519,121.65</b>	49,094,015.39
Total	<b>712,239,463.33</b>	660,097,390.63

#### The aging analysis of accounts payables

	<b>At 30 June 2016 (Unaudited)</b>	At 31 December 2015 (Audited)
Within 1 year	<b>444,912,951.09</b>	458,456,832.19
1 to 2 years	<b>23,012,738.85</b>	23,713,284.42
Over 2years	<b>43,468,506.72</b>	44,791,759.47
Total	<b>511,394,196.66</b>	526,961,876.08



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Total operating income

For the six months ended 30 June 2016 (the "Review Period"), the total operating income of the Group amounted to RMB1,449,343,275.60, representing an increase of approximately 250.16% over that of the corresponding period of last year. It was mainly attributed to the active development of the cross-border trade and service business during the Review Period.

### Gross profit margin

The gross profit margin for the Review Period decreased from approximately 34.40% to 9.95% as compared with the corresponding period of last year. Despite substantial increase of the revenue from cross-border trade and services business, its gross margin is very low, which has dragged down the Group's overall gross profit margin.

### Selling expenses

Selling expenses for the six months ended 30 June 2016 was RMB21,235,004.31, representing an increase of approximately 106.65% as compared with the corresponding period of last year. The increase was mainly attributed to the active expansion of new business channels of cross-border trade and service business.

### Administrative expenses

The administrative expenses recorded an increase of approximately 35.04% from RMB31,160,436.90 in the corresponding period of last year to RMB42,078,190.06 for the Review Period. The increase was mainly attributed to active expansion of new business channels of cross-border trade and service business.

### Liquidity and Financial Resources

The Group adopted stringent financial management policies and maintained a healthy financial condition. The net current assets as at 30 June 2016 was RMB1,145,794,927.01 (At 31 December 2015: RMB1,177,623,573.28).

As at 30 June 2016, the bank balances and cash of the Group amounted to RMB1,166,526,414.63 (At 31 December 2015: RMB1,212,720,957.69).

# Management Discussion and Analysis

## Capital Structure

As at 30 June 2016, the total bank borrowings of the Group was RMB718,693,298.87 (At 31 December 2015: RMB674,835,000.00).

As at 30 June 2016, the registered and issued share capital of the Company was RMB316,823,400 which was divided into 91,800,000 H Shares and 225,023,400 Domestic Shares.

## Pledge of Assets of the Group

As at 30 June 2016, the bank deposits of RMB25,054,483.78 (At 31 December 2015: RMB24,435,812.19) are pledged for projects bidding/projects in progress and banking facilities.

## Employees

As at 30 June 2016, the Group has an aggregate of 499 employees (At 30 June 2015: 380 employees). During the Review Period, the staff costs (including Directors' remuneration) was RMB27,486,052.88 (corresponding period of 2015: RMB27,056,671.42).

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

## Gearing Ratio

The gearing ratio (being bank loans less cash and cash equivalents divided by equity) of the Group as at 30 June 2016 was zero (At 31 December 2015: zero). This was attributable to the sufficient cash and cash equivalents of the Group for the repayment of bank loans.

## Risk in Foreign Exchange

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

## Substantial Acquisition and Disposal and Significant Investment

The Group did not have any other material acquisition and disposal and material investment during the Review Period.

## Management Discussion and Analysis

### Future Plans Relating to Material Investment or Capital Asset

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

### Contingent Liabilities

As at 30 June 2016, the Group did not have any material contingent liabilities.

## BUSINESS REVIEW AND PROSPECTS

### Strategic Business

As for the expressway intelligent transportation business, the Group continuously consolidated the improvement of existing business and implemented delicacy management on every segment of the projects as well as developed new business projects. During the reporting period, the Group won bids of 11 projects such as the electrical and mechanical engineering project JD1 of reconstructing and expanding the Li Cheng (Ji Jin Jie) to Chang Zhi Expressway, Shanxi Province, the construction project of traffic signals control of He Tong Road, Lu Jiang County, Anhui Province, the electrical and mechanical engineering project E Contract of Chang Shen Expressway and Yong An Gong Chuan in Fujian Province, the engineering project of Gu Li in Nanjing City. Meanwhile, the Group planted the idea of intelligent transportation into every business segment and proactively explored more business opportunity in constructing intelligent service area along expressways to achieve breakthroughs in project management.

As for the city intelligent transportation business, the Group continued to expand its business in various places by means of system integration. At the same time, we proactively developed diversified operation mode to expand new market for the products. During the reporting period, the Group won the bid of the project of sharing system on administrative information of hazardous chemicals in Nanjing, supervision platform project for venting of motor vehicles in Lian Yun Gang and completed 6 reserve projects including the project of supervision on electric vehicles of the Ministry of Public Security of Nanjing. Meanwhile, the Group entered into the Accession Agreement of Intelligent Transportation Industry Association with the Traffic Management Research Institute of the Ministry of Public Security. The Group gained authoritative recognition on the accumulative technology in relation to the E-Plate.

## Management Discussion and Analysis

As for the customs logistic business, the Group further enhanced the transformation and upgrade of business mode during the reporting period. While maintaining the scale of integrated projects, we also developed innovative business to achieve “3 separations and 1 association” of the traditional system integration business and innovative business, namely management separation, culture separation, mode separation and association between business and design, especially focused on the analysis, research and innovation of business, particularly promoting the implementation of “customs clearance”. During the reporting period, while promoting the after-sale service in East China and South China, the Group proactively expanded new projects in Mid West China and Bohai Rim Region.

As for the cross border trade and service business, the Group introduced for the first time the integrated service platform, “Maohd”, for foreign trade during the fourth quarter of 2015. The platform leveraged on the experience of customs logistics of the Group, knowing the disadvantage of traditional foreign trade services issues, such as high intermediary fee, complicated procedure for clearance and slow tax refund, to provide foreign enterprise a fast and low cost service including clearance, settlement, tax refund and logistics by means of internet and internet-of-things. As such, the business grew rapidly during the reporting period.

### Information Service

During the reporting period, the Group successfully introduced the intelligent driving training project, “You You Learn Driving APP”. Through establishing the standard “internet+intelligent driving training platform”, we innovated and upgraded the traditional driving training program.

During the reporting period, the group upgraded the intelligent car parking system of “Chao Xiang Ting” to version 2.0, an all-round upgrade to the front-end, platform, weixin public number and mobile APP, and linked the system to a number of key carparks in Nanjing, which demonstrated the city intelligent car parking project.

During the reporting period, the Group proactively expanded the “Green Travel” project, undertaking the construction and maintenance of the green travel channel of the APP “My Nanjing”, which accumulated certain scale of users and preliminarily explored the business promoting mode.

## Management Discussion and Analysis

### Research and Development

During the reporting period, the Group proactively developed and promoted the supporting platform for the operation of SmartOSS intelligent city. The platform achieves real time collection and sharing of numerous data, performs standard operation and maintenance to different terminals, equipment and systems to fully demonstrate its edges of real-timeliness, high efficiency, stability, monitorability, maintainability, free from development and low cost. In order to provide data support to the data administrator, we help customers to collect, transmit, integrate and share data from numerous internet-of-things terminal, IT equipment or third party systems.

During the reporting period, the Group obtained approval for 6 patents, completed a number of acceptance inspection for the provincial technological achievements transformation projects, the provincial industry transformation (software) project, and the State “863 Plan” project. Meanwhile, we proactively promoted and established a number of government projects such as provincial prospective industrial academic research joint project, provincial policy guidance planning (international technology co-operation) project, provincial industry transformation fund project. We also participated in the “national internet-of-thing standard working group”.

During the reporting period, the Group completed preliminarily the research and development of Guo (Jun) Biao UHF readers and writers and commenced the preparation work for the inspection by third party on the consistency and functionality of national standard readers and writers.

### FUTURE PROSPECT

In the second half of the year, as for the expressway intelligent transportation business, the Group will proactively expands market resources, focus on the four region, namely Jiangsu, Sichuan, Zhejiang and Shandong, seeks market potential and continue delicacy management on every segment of the projects to ensure projects-in-progress are commenced in order healthily. We will analyze the feasibility of the construction of intelligent service area of expressways to seek for the new growth point.

## Management Discussion and Analysis

In the second half of the year, as for the city intelligent transportation business, the Group will uphold a more pragmatic attitude to transform business by encompassing the idea of “creating cash, profit and values” as well as to integrate business to promote supporting platform for the operation of SmartOSS intelligent city. Through “Green Travel” project and intelligent car parking business, business value can be enhanced.

In the second half of the year, as for the customs logistic business, the Group will continue to expand integrated service business, safeguard the scheduled on line and marketing of the key project “Yun Ka Kou platform phase II”; promote the “custom clearance logistics” project and form a starting positioning, framework and business mode design as well as commence the research and development of the product v1.0 based on the preliminary market research and product analysis.

In the second half of the year, as for the cross border trade and service business, the Group will continue to improve the business procedure, enhance the construction of risk control system, put more effort in marketing to establish a core competitiveness with high-end resources.

In the second half of the year, the Group will continue the business direction of solving end users’ need and digging data resources. We continue to improve the business mode according to the market trend; to give priority to the customers’ satisfaction, endlessly optimize the platforms and products to enhance users’ experience so as to increase the influence of the Company in the industry.

## 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 2016, 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)	1,350,000	Beneficial owner	0.43%
	158,443,400	Interest of controlled corporation	50.01%
Chang Yong (Note 2)	158,443,400	Interest of controlled corporation	50.01%

Notes:

- Mr. Sha Min (“Mr. Sha”) directly holds 1,350,000 domestic shares of the Company and is interested in 70% of equity interest of 南京萬物互聯投資管理企業(有限合夥) which in turn owns 90.09% of equity interest of Nanjing Sample Technology Group Company Limited and which in turn owns 158,443,400 domestic shares of the Company. Under the SFO, Mr. Sha is deemed to be interested in all 159,793,400 domestic shares of the Company. Du Yu (杜予) is the spouse of Mr. Sha. Under the SFO, Du Yu is also deemed to be interested in 159,793,400 domestic share of the Company in which Mr. Sha is interested.
- Mr. Chang Yong (“Mr. Chang”) is interested in 30% of equity interest of 南京萬物互聯投資管理企業(有限合夥) which in turn owns 90.09% of equity interest of Nanjing Sample Technology Group Company Limited and which in turn owns 158,443,400 domestic shares of the Company. Under the SFO, Mr. Chang is deemed to be interested in all 158,443,400 domestic shares 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 2016, 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)	158,443,400 Domestic Shares	Beneficial owner/Interest of controlled corporation	50.01%
南京萬物互聯投資管理企業(有限公司)(Note 1)	158,443,400 Domestic Shares	Interest of controlled corporation	50.01%
Active Gold Holding Limited (Note 2)	49,545,000 Domestic Shares	Beneficial owner	15.64%
Ringing Finance Hong Kong Limited (Note 2)	49,545,000 Domestic Shares	Interest of controlled corporation	15.64%
北京豐匯達投資有限公司 (Note 2)	49,545,000 Domestic Shares	Interest of controlled corporation	15.64%
趙維 (Note 2)	49,545,000 Domestic Shares	Interest of controlled corporation	15.64%
Atlantis Capital Holdings Limited (Note 3)	24,997,000 H Shares	Interest of controlled corporation	7.89%



## Other Information

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Liu Yang (Note 3)	24,997,000 H Shares	Interest of controlled corporation	7.89%
Riverwood Asset Management (Cayman) Ltd. (Note 3)	22,200,000 H Shares	Investment Manager	7.00%
Fan Qinglong	16,523,000 H Shares	Beneficial owner & interest of Controlled corporation	5.22%
Jiangsu Ruihua Investment Holding Group Company Ltd. ("Jiangsu Ruihua")	13,750,000 Domestic Shares	Beneficial owner	4.34%
China First Private Equity Company Ltd.	12,924,000 H Shares	Beneficial owner	4.08%
Hwabao Trust Co., Ltd.	10,628,000 H Shares	Trustee	3.35%

### Notes:

- Sample Group directly holds 153,493,400 Domestic Shares. Sample Group is also interested in 100% of the registered capital of Nanjing Sample Investment Development Company Limited\* (南京三寶投資發展有限公司) ("Sample Investment"), which holds 4,950,000 Domestic Shares and therefore by virtue of the SFO, Sample Group is deemed to be interested in the 4,950,000 Domestic Shares held by Sample Investment. As such, Sample Group is the substantial and the single largest shareholders of the Company. Mr. Sha Min, the Chairman of the Company and Mr. Chang Yong, the Vice Chairman of the Company, respectively held 70% and 30% equity interests of 南京萬物互聯投資管理企業(有限合夥) which in turn owns 90.09% equity interest of Sample Group. By virtue of the SFO, Mr. Sha Min and Mr. Chang Yong are deemed to be interested in 158,443,400 Domestic Shares held by Sample Group.
- Active Gold Holding Limited is wholly owned by Ringing Finance Hong Kong Limited which is in turn wholly owned by 北京豐匯達投資有限公司. In addition, 趙維 held 70% equity interest of 北京豐匯達投資有限公司.
- Atlantis Capital Holdings Limited and Riverwood Asset Management (Cayman) Ltd. are 100% owned by Ms. Liu Yang. Under SFO, Ms. Liu Yang owned the 24,997,000 Shares in a capacity of interest under controlled corporation.

### **CHANGE OF DIRECTOR**

On 27 May 2016, Mr. Hu Hanhui has been appointed as an independent non-executive director of the Company to fill the vacancy arising from the retirement of Mr. Xu Suming from his position of independent non-executive director of the Company.

### **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, management shareholders 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 2016.

## Other Information

### 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. Shum Shing Kei (the chairman of the audit committee), Mr. Geng Nai Fan 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 2016, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

### PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

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

9 August 2016  
Nanjing, the PRC

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

\* For identification purpose only