



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



Interim Report 2023

* for identification purpose only

The total operating income of the Group for the six months ended 30 June 2023 (the “Review Period”) amounted to RMB292,771,678.34, representing a decrease of approximately 44.93% as compared to the corresponding period of last year.

The net profit attributable to owners of the parent company for the six months ended 30 June 2023 was RMB26,197,152.00, as compared to the net loss attributable to shareholders of the parent company of RMB7,108,515.65 for the corresponding period of last year.

The basic earnings per share for the six months ended 30 June 2023 was approximately RMB0.033 (corresponding period of 2022: basic loss per share of approximately RMB0.009).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

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 2023 together with the comparative figures of 2022 as follows:

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

CONSOLIDATED BALANCE SHEET

At 30 June 2023

		At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
ASSETS	<i>Note</i>		
Current assets:			
Cash at bank and on hand		222,973,162.56	472,877,356.21
Settlement provisions		-	-
Placements with banks and other financial institutions		-	-
Held-for-trading financial assets		-	-
Derivative financial assets		-	-
Notes receivable	<i>8</i>	2,272,691.83	5,278,413.60
Accounts receivable	<i>8</i>	269,166,405.54	240,880,565.69
Receivables financing	<i>8</i>	600,000.00	1,505,158.27
Prepayments	<i>8</i>	47,123,956.26	91,147,323.41
Premiums receivable		-	-
Reinsurance receivable		-	-
Reinsurance contract reserve receivable		-	-
Other receivables	<i>8</i>	513,605,747.85	366,840,678.68
Financial assets held under resale agreements		-	-
Inventories		57,149,477.18	36,949,072.95
Contract assets		539,358,815.87	547,320,001.45
Held-for-sale assets		-	-
Non-current assets due within one year		24,687,737.50	24,687,737.50
Other current assets		64,483,834.96	66,184,323.09
Total current assets		1,741,421,829.55	1,853,670,630.85

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2023

ASSETS (CONTINUED)	<i>Note</i>	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Non-current assets:			
Loans and advances to customers		-	-
Debenture investments		-	-
Other debenture investment		-	-
Long-term receivables		-	-
Long-term equity investments		10,132,457.00	10,132,457.00
Other equity instruments investment		502,211,599.45	502,211,599.45
Other non-current financial assets		160,852,080.16	160,405,352.56
Investment property		236,803,100.00	236,803,100.00
Fixed assets		128,839,872.22	152,999,306.59
Construction in progress		172,212.40	172,212.40
Productive biological assets		-	-
Oil and gas assets		-	-
Right-of-use assets		-	-
Intangible assets		9,803,483.28	10,395,621.02
Development expenditures		-	-
Goodwill		-	-
Long-term deferred expenses		-	-
Deferred income tax assets		71,504,724.83	71,504,724.83
Other non-current assets		-	-
Total non-current assets		1,120,319,529.34	1,144,624,373.85
TOTAL ASSETS		2,861,741,358.89	2,998,295,004.70

Financial Information

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2023

LIABILITIES & OWNERS' EQUITY	Note	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Current liabilities:			
Short-term borrowings		607,310,000.00	729,107,789.86
Borrowings from central bank		-	-
Placements from banks and other financial institutions		-	-
Held-for-trading financial liabilities		-	-
Derivative financial liabilities		-	-
Notes payable	9	-	-
Accounts payable	9	416,195,397.46	420,268,845.60
Advances from customers	9	-	-
Contract liabilities	9	46,316,768.58	55,344,250.54
Financial assets sold under repurchase agreements		-	-
Customer deposits and deposits from banks and other financial institutions		-	-
Securities trading of agency		-	-
Securities underwriting		-	-
Staff salaries payable		11,832,759.16	15,845,751.94
Taxes payable		3,778,044.43	4,175,039.57
Other payables	9	79,403,980.95	88,604,051.24
Bank charges and commissions due		-	-
Reinsurers due		-	-
Held-for-sale liabilities		-	-
Non-current liabilities due within 1 year		6,000,000.00	6,000,000.00
Other current liabilities		3,406,006.40	8,679,446.46
Total current liabilities		1,174,342,956.98	1,328,025,175.21

CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2023

LIABILITIES & OWNERS' EQUITY (CONTINUED)	<i>Note</i>	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Non-current liabilities:			
Insurance contract reserves		–	–
Long-term borrowings		81,250,000.00	88,032,451.78
Bonds payables		–	–
Including: preferred shares		–	–
perpetual bond		–	–
Lease liabilities		–	–
Long-term payables		–	–
Long-term staff salaries payable		–	–
Estimated liabilities		–	–
Deferred income		3,887,027.07	6,935,213.17
Deferred income tax liabilities		16,700,437.34	16,709,856.83
Other non-current liabilities		–	–
Total non-current liabilities		101,837,464.41	111,677,521.78
Total liabilities		1,276,180,421.39	1,439,702,696.99
Owners' equity:			
Share capital		792,058,500.00	792,058,500.00
Other equity instruments		–	–
Including: preferred shares		–	–
perpetual bond		–	–
Capital reserves		80,999,419.73	80,999,419.73
Less: treasury stocks		–	–
Other comprehensive income		35,744,416.01	34,759,511.88
Special reserves		–	–
Surplus reserves		104,128,024.15	104,128,024.15
General risk provision		–	–
Undistributed profits		563,197,029.42	536,999,877.42
Total equity attributable to shareholders of the parent company		1,576,127,389.31	1,548,945,333.18
Minority interest		9,433,548.19	9,646,974.53
Total shareholders' equity		1,585,560,937.50	1,558,592,307.71
TOTAL LIABILITIES AND OWNERS' EQUITY		2,861,741,358.89	2,998,295,004.70

Financial Information

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

ITEMS	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
I. Total operating income	2	292,771,678.34	531,667,245.37
Including: Operating income		292,771,678.34	531,667,245.37
Interest income		-	-
Premiums earned		-	-
Fee and commission income		-	-
II. Total operating cost		271,584,589.90	548,896,804.47
Including: Operating costs	2	232,070,501.07	485,659,525.85
Interest expenses		-	-
Fee and commission expense		-	-
Surrenders		-	-
Net amount of compensation payout		-	-
Net provisions for insurance contract		-	-
Insurance policy dividend payment		-	-
Reinsurance cost		-	-
Tax and surcharges		2,453,267.62	2,575,861.42
Selling expenses		15,457,693.65	15,541,968.31
Administrative expenses		18,206,562.63	18,434,711.70
R&D expenses		9,393,466.62	10,124,745.82
Finance costs	4	16,822,627.60	16,559,991.37
Including: Interest expense	4	17,556,583.21	19,905,565.78
Interest income	4	831,019.13	3,456,819.29

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2023

ITEMS	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Add: Other income		4,434,761.22	4,830,055.93
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 "-")		22,819,529.29	-
Asset impairment loss (losses are represented by "-")		-	-
Gains on disposal of assets (losses are represented by "-")		-	-
III. Operating profit (losses are represented by "-")		25,621,849.66	-11,724,337.46
Add: Non-operating income		100.38	828.65
Less: Non-operating expenses		13,934.75	0.09
IV. Total profit (total losses are represented by "-")		25,608,015.29	-11,723,508.90
Less: Income tax expense	5	-375,710.37	-1,124,932.44
V. Net profit (net losses are represented by "-")		25,983,725.66	-10,598,576.46
(i) Classified by business continuity			
1. Net profit from continuing operations (net losses are represented by "-")		25,983,725.66	-10,598,576.46
2. Net profit from discontinued operation (net losses are represented by "-")		-	-
(ii) Classified by the attribution of the ownership			
1. Net Profit attributable to shareholders of the parent company (net losses are represented by "-")		26,197,152.00	-7,108,515.65
2. Non-controlling interests profit and loss (net losses are represented by "-")		-213,426.34	-3,490,060.81

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2023

ITEMS	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
VI. Net other comprehensive income after tax		984,904.13	1,854,055.68
(I) Net other comprehensive income after tax attributable to owners of the parent company		984,904.13	1,854,055.68
1. 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		-	-
2. Other comprehensive income which will be reclassified to profit and loss		984,904.13	1,854,055.68
(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		984,904.13	1,854,055.68
(7) Others		-	-
(II) Net other comprehensive income after tax attributable to minority shareholders		-	-

CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2023

ITEMS	Note	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
VII. Total comprehensive income		26,968,629.79	-8,744,520.78
(I) Total comprehensive income attributable to owners of the parent company		27,182,056.13	-5,254,459.97
(II) Total comprehensive income attributable to minority shareholders		-213,426.34	-3,490,060.81
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)	6	0.033	-0.009
(II) Diluted earnings per share (Yuan/share)		0.033	-0.009

Financial Information

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2023

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June	
	2023	2022
I. Cash flows from operating activities		
Net cash flows from operating activities	-116,609,736.66	330,601,826.14
II. Cash flows from investing activities		
Net cash flows from investing activities	8,545,572.36	10,644,031.41
III. Cash flows from financing activities		
Net cash flows from financing activities	18,637,471.73	-118,892,827.97
IV. Effect of foreign exchange rate changes on cash and cash equivalents	11,973.23	61,320.93
V. Net increase in cash and cash equivalents	-89,414,719.34	222,414,350.51
Add: Cash and cash equivalents at beginning of period	308,915,828.15	359,877,697.64
VI. Cash and cash equivalent at end of period	219,501,108.81	582,292,048.15

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2023

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2023														
	Equity attributable to owners of the parent company														
	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Capital reserve	Others	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority interest	Total owners' equity
I. Opening balance of prior year	792,063,600.00	-	-	80,999,493.73	-	-	31,795,511.88	-	104,120,044.15	-	538,699,977.42	-	1,540,945,305.18	9,946,974.53	1,550,892,279.71
Add: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of accounting errors for prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	792,063,600.00	-	-	80,999,493.73	-	-	31,795,511.88	-	104,120,044.15	-	538,699,977.42	-	1,540,945,305.18	9,946,974.53	1,550,892,279.71
III. Changes during the period (unit: "¥" for decrease)															
(A) Total comprehensive income	-	-	-	-	-	-	9,949,413.13	-	-	-	26,197,162.00	-	27,146,565.13	27,146,565.13	26,990,820.79
(B) Owners' contribution and capital reduction	-	-	-	-	-	-	9,949,413.13	-	-	-	26,197,162.00	-	27,146,565.13	27,146,565.13	26,990,820.79
1. Ordinary shares contribution by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital investment 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 2023

(All amounts in Renminbi yuan unless otherwise stated)

Six months ended 30 June 2023

Equity attributable to owners of the parent company

ITEMS	Equity attributable to owners of the parent company										Total owners' equity					
	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Residual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve		General risk provision	Undistributed profits	Others	Sub-held	Minority interest
(III) Profit appropriation																
1. Appropriation to surplus reserves																
2. Appropriation to general risk provision																
3. Distribution to owners (or shareholders)																
4. Others																
(IV) 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. Deferred benefit plan changes carried forward to related earnings																
5. Other comprehensive income carried forward to related earnings																
6. Others																

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

For the six months ended 30 June 2023

(All amounts in Renminbi yuan unless otherwise stated)

		Six months ended 30 June 2023													
		Equity attributable to owners of 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
(V) Special reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilized in the current period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Change balance of current period		792,083,500.00	-	-	80,699,419.73	-	35,744,616.01	-	104,120,024.15	-	593,197,229.42	-	(1,576,127,368.31)	94,833,368.19	1,688,590,897.20

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2023

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2023													
	Equity attributable to owners of the parent company													
	Paid-in capital/ share capital	Preference shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General provision	Undistributed profits	Others	Subtotal	Minority interest	Total equity
I. Opening balance of prior year	792,035,830.00	-	-	103,898,821.12	-	25,457,398.42	-	104,129,024.15	-	812,449,880.76	-	1,820,369,722.45	40,085,820.09	1,877,459,254.54
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of accounting errors for prior period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of current year	792,035,830.00	-	-	103,898,821.12	-	25,457,398.42	-	104,129,024.15	-	812,449,880.76	-	1,820,369,722.45	40,085,820.09	1,877,459,254.54
III. Changes during the period (Add: +; For decrease)	-	-	-	-	-	1,854,033.68	-	-	-	-7,085,155.05	-	-525,459.97	-3,480,000.81	-8,744,820.78
(A) Total comprehensive income	-	-	-	-	-	1,854,033.68	-	-	-	-7,085,155.05	-	-525,459.97	-3,480,000.81	-8,744,820.78
(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners for shareholdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

For the six months ended 30 June 2023

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Six months ended 30 June 2023														
	Public capital or state capital	Preference shares	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General provision	Undistributed profits	Others	Subtotal	Minority interest	Total owners' equity	
(M) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital reserves transferred to capital for share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Surplus reserves transferred to capital for share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Surplus reserves to cover losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Defined benefit plan changes carried forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(M) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Utilized in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(M) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
M. Change balance of current period	192,068,830.00	-	-	-	103,280,282.12	-	27,511,652.00	-	104,220,241.45	-	685,541,455.11	-	1,832,109,252.45	68,635,471.25	1,867,743,376.70

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 (the “Listing Rules”) 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 2022. 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	
	2023 (Unaudited)	2022 (Unaudited)
Principal operating income	273,131,551.26	517,271,286.11
Other operating income	19,640,127.08	14,395,959.26
Total operating income	292,771,678.34	531,667,245.37
Principal operating cost	226,177,598.48	481,669,678.92
Other operating cost	5,892,902.59	3,989,846.93
Total operating cost	232,070,501.07	485,659,525.85

(2) *Principal operations (by product)*

Name of Products	Six months ended 30 June 2023 (Unaudited)		Six months ended 30 June 2022 (Unaudited)	
	Operating income	Operating cost	Operating income	Operating cost
	System integration	240,539,740.58	195,625,303.57	276,744,641.29
Intelligent terminal sales	7,764,979.55	7,272,316.18	217,647,167.88	215,573,288.79
Service	24,826,831.13	23,279,978.73	22,879,476.94	25,675,021.77
Total	273,131,551.26	226,177,598.48	517,271,286.11	481,669,678.92

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	
	2023 (Unaudited)	2022 (Unaudited)
Interest expenses	17,556,583.21	19,905,565.78
Less: interest income	831,019.13	3,456,819.29
Exchange gain or loss	–	560.70
Others	97,063.52	110,684.18
Total	16,822,627.60	16,559,991.37

5. INCOME TAX EXPENSES

Items	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Current income tax calculated based on tax law and related regulations	-375,710.37	-1,124,932.44
Deferred income tax adjustment	-	-
Total	-375,710.37	-1,124,932.44

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 profit attributable to owners of the parent company for the six months ended 30 June 2023 of RMB26,197,152.00 (corresponding period of 2022: net loss for the period attributable to owners of the parent company of RMB7,108,515.65) and weighted average number of issued ordinary shares of 792,058,500 (2022: 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 2023 and 2022.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

Financial Information

8. TRADE AND OTHER RECEIVABLES

Items	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Accounts receivable	572,498,477.76	555,706,138.02
Less: Provision for bad debts for accounts receivable	303,332,072.22	314,825,572.33
Receivable financing	600,000.00	1,505,158.27
Notes receivable	2,272,691.83	5,278,413.60
Prepayments	47,123,956.26	91,147,323.41
Other receivables	667,610,846.92	538,967,192.16
Less: Provision for bad debts for other receivables	154,005,099.07	172,126,513.48
Interest receivable	-	-
Dividends receivable	-	-
Total	832,768,801.48	705,652,139.65

The aging of accounts receivable based on the recognition date

Items	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Within 1 year (including one year)	95,769,737.68	167,921,165.70
1 to 2 years	122,366,600.67	44,181,366.60
2 to 3 years	37,155,327.65	33,938,309.12
Over 3 years	317,206,811.76	309,665,296.60
Sub-total	572,498,477.76	555,706,138.02
Less: Provision for bad debts	303,332,072.22	314,825,572.33
Total	269,166,405.54	240,880,565.69

9. TRADE AND OTHER PAYABLES

Items	At 30 June	At 31 December
	2023	2022
	(Unaudited)	(Audited)
Accounts payable	416,195,397.46	420,268,845.60
Notes payable	–	–
Advances from customers	–	–
Other payables	79,403,980.95	88,604,051.24
Contract liabilities	46,316,768.58	55,344,250.54
Total	541,916,146.99	564,217,147.38

The aging of accounts payable based on the recognition date

Items	At 30 June	At 31 December
	2023	2022
	(Unaudited)	(Audited)
Within 1 year	236,511,411.08	199,223,954.53
1 to 2 years	54,776,651.60	145,830,320.29
Over 2 years	124,907,334.78	75,214,570.78
Total	416,195,397.46	420,268,845.60

Financial Review

Total Operating Income

For the six months ended 30 June 2023 (the “Review Period”), the total operating income of the Group amounted to RMB292,771,678.34, representing a decrease of approximately 44.93% over that of the corresponding period of last year. The decrease was mainly due to the decline in intelligent terminal sales income during the Review Period.

Gross Profit Margin

The gross profit margin for the Review Period increased from approximately 8.65% for the corresponding period of last year to approximately 20.73% which was mainly due to after the end of the pandemic, the Group strengthened its project management efforts and pushed forward the realisation and implementation of projects during the Review Period, and the gross profit margin returned to the normal level of the previous period.

Selling Expenses

Selling expenses for the six months ended 30 June 2023 was RMB15,457,693.65, representing a decrease of approximately 0.54% as compared with that of the corresponding period of last year.

Administrative Expenses

The administrative expenses recorded a decrease of approximately 1.24% from RMB18,434,711.70 in the corresponding period of last year to RMB18,206,562.63 for the Review Period. This was mainly attributable to the continuous optimization of its organisational structure and the strengthening of the implementation of cost reduction and efficiency enhancement through effective management methods by the Group.

R&D Expenses

The research and development expenses for the six months ended 30 June 2023 was RMB9,393,466.62, representing a decrease of approximately 7.22% as compared with the same period last year. The decrease was mainly due to the Group has continuously optimised its organizational structure and strengthened the implementation of cost reduction and efficiency enhancement through effective management methods.

Finance Costs

The finance costs for the six months ended 30 June 2023 was RMB16,822,627.60, representing an increase of approximately 1.59% as compared with the same period last year.

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 2023 was RMB567,078,872.57 (At 31 December 2022: RMB525,645,455.64).

As at 30 June 2023, the bank balances and cash of the Group amounted to RMB222,973,162.56 (At 31 December 2022: RMB472,877,356.21).

Capital Structure

As at 30 June 2023, the total bank borrowings of the Group was RMB694,560,000.00 (At 31 December 2022: RMB823,140,241.64), which included secured bank borrowings of RMB134,020,000.00 with annual interest rates ranging from 3.65% to 4.41% and are repayable within 11 years. The remaining of RMB560,540,000.00 was unsecured bank borrowings with annual interest rates ranging from 4% to 5% and are repayable within one year. 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 2023, 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 2023, the Group had the following assets pledged:

- (i) The total book value of the Group's assets of RMB326,584,973.98 (including: investment property of RMB236,803,100.00, fixed assets of RMB82,686,737.43, intangible assets of RMB7,095,136.55) were pledged to banks to secure outstanding bank loans of RMB134,020,000.00.
- (ii) The bank deposits of RMB3,472,053.75 (As at 31 December 2022: RMB163,961,528.06) were pledged for projects bidding/projects in progress and banking facilities.

Management Discussion and Analysis

Employees

As at 30 June 2023, the Group has an aggregate of 225 employees (At 30 June 2022: 275 employees). During the Review Period, the staff costs (including Directors' remuneration) was RMB21,239,298.36 (corresponding period of 2022: RMB24,424,214.22).

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 2023 was approximately 29.96% (At 31 December 2022: approximately 32.99%).

Risk in Foreign Exchange

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

Significant Investments Held

As at 30 June 2023, the Group held the following significant investments accounted for 5% or above of the Group's total assets and classified as other equity instrument investments:

Name of investment	Investment cost	Fair value at 30 June 2023	Percentage of holding as at 30 June 2023	Changes in	Percentage to the Group's total assets	Total
				the six months ended 30 June 2023		dividends received for the six months ended 30 June 2023
Jianan Xuyi Equity Fund No. 1 Contractual Type Private Equity Investment Fund	450,000,000.00	454,761,800.00	N/A	-	15.89%	-

Management Discussion and Analysis

Investments description:

Jianan Xuyi Equity Fund No. 1 contractual type private equity investment fund (“Xuyi Fund”) was issued by Jiangsu Jianan Investment Development Co., Ltd.* (江蘇迦南投資發展有限公司) (as the fund manager) in October 2017. The total amount of Xuyi Fund is RMB450,000,000.00 which operates as a close-end fund for a term of 6 years. Fund is specifically invested in the equity interest of Xuyi County Sizhou Port Co., Ltd., a Xuyi Port industrial park PPP project company, while its idle fund would be invested in low risk products with stable income such as publicly offered money market funds, principal-guaranteed wealth management products and trust products (including trust beneficiary rights) through Jiangsu Bank.

As of 30 June 2023, except for the above investment, there were no investments held with a value of 5% or more of the Group’s total assets.

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.

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 2023, the Group did not have any material contingent liabilities.

BUSINESS REVIEW AND PROSPECTS

In the first half of 2023, facing a complex and severe international environment and arduous tasks of domestic reform, development and stability, under the strong leadership of the Central Committee of the Chinese Communist Party with Comrade Xi Jinping as the core, all regions and departments earnestly implemented the decisions and arrangements of the Central Committee and the State Council, adhered to the general principle of seeking progress while maintaining stability, and comprehensively implemented the new development concept in a complete, accurate and comprehensive manner. The government accelerated the establishment of a new development pattern, striving to promote high quality development, maintain check and balance in both domestic and international situations, and better balance development and security. Focus was put on stabilizing economic growth, employment and prices. Market demand gradually recovered, production and supply continued to increase, employment and prices remained stable on the whole, personal income grew steadily, and economic performance in general recovered and improved. According to the preliminary GDP data for the first half of 2023 released by the National Bureau of Statistics, China's GDP reached RMB59.3034 trillion, representing an increase of 5.5% year-on-year on constant prices basis.

Business development

In the face of the complex and changing international environment, the Company actively captures market opportunities, strives to overcome difficulties, constantly strengthens its main businesses, and closely keeps up with the development trend.

In the intelligent expressway sector of intelligent transportation, by implementing various major projects, the Group has provided intelligent integrated solutions for customers, which included integrated services such as cloud monitoring system, communication system, toll system, tunnel despatch 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.

Management Discussion and Analysis

During the Review Period, the Group effectively advanced the settlement and acceptance inspection of the electrical and mechanical engineering construction project of Section LN-92 of Jiangsu Section of Liyang-Ningde Highway, modification and expansion of the communication system for the Xinyi-Jiangdu section of the Beijing-Shanghai Expressway project, construction of the JHK-JDSG21 section of the ETC gantry system and other projects.

Meanwhile, the Group has entered into the electrical and mechanical engineering construction project of Jianhu-Xinghua Section of Funing-Liyang Highway, intelligent transportation integration construction II standard of tourist highway project for S103 Jizao Line city Hongfu intersection south-Taian boundary section of Jinan and other projects.

As for the intelligent customs business, the Group has been dedicated to providing 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, thus facilitating trade flows.

During the Review Period, the Group continuously optimized existing products by innovated models and extended scenarios. In addition to smart checkpoints, artificial intelligence products and station products, the Group proactively explored business scenarios like maritime informatization system, informatization of original inspection laboratory, and customs finance informatization. During the Review Period, the Group completed the acceptance of the EPC project for the first section of the import and export processing industrial park (Phase I) of Ganzhou International Land Port – subcontracting of customs informatization project, informatization system and equipment procurement for the cross-border e-commerce supervision center in 9610 Jiujiang District, Wuhu, the north cargo area and flight area supporting project of the third phase expansion project of Zhengzhou Xinzheng International Airport – civil aviation air traffic control project and airport weak power system project- equipment procurement and installation contracts for the card gate system. Meanwhile, the Group has newly entered into equipment procurement projects for Customs supervision warehouse informatization of Jingdezhen Logistics Park, upgrade and transformation for Wenchang open port, intelligent project for Guanyun Airport A type bonded Logistics Park, port customs supervision regional information system and supporting facilities project for Nantong Haoyang Port, procurement of customs supervision information equipments for Suqian Bonded Logistics Center (B type) and other projects.

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)”. The application for joint construction of provincial “High-Value Patent Cultivation Demonstration Centre” provides good support for the exploration, application and promotion of patents. The Group fully utilized its leading advantages in the Internet of Things industry in accordance with the selected research and development direction of “key core technologies and applications of the Internet of Things”, continued to carry out the “bottleneck” technology and “led by the nose” technology research and development.

Management Discussion and Analysis

In April 2023, the Jiangsu Provincial Department of Industry and Information Technology issued a document under which the Group's technology center successfully passed the 2022 provincial enterprise Technology Center evaluation organized by it, and obtained a "good" rating. On 5 June 2023, Nanjing Science and Technology Bureau issued the "Notice on the Announcement of the 2023 Nanjing Engineering Technology Research Center Accreditation List" (Ningke [2023] No. 71), the "Nanjing Cross-border Logistics Information Engineering Technology Research Center" constructed by the Group was granted accreditation.

During the Review Period, the Group continued to promote the construction of the customs logistics technology service platform, independently initiated research and development projects, and achieved breakthroughs in the application of core technologies for the cross-border logistics industry by relying on typical application projects in related industries. Products such as "Special Supervision Area Information System", "Customs Logistics information Solution", "Intelligent Card Gate System", and "AI Container Number Identification System" were successfully developed, some of which have been applied to promote the technical progress and business expansion of the Group. During the Review Period, the Group continued to strengthen the application and protection of intellectual property rights, filed applications for two invention patents and was granted two invention patents.

Future prospects

In the second half of the year, although the external environment remains complex and severe, and the economy is facing new difficulties and challenges, with the implementation of a series of policies to stabilize growth, China is expected to sustain its positive economic performance, internal growth impetus will be strengthened, the quality of economic growth will continue to improve, and gradually return to a normal level.

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 focusing 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 technological 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 external environment. We will increase market exploration in backward regions and strive for breakthroughs in business results. The Group will accelerate the deep integration of new generation information technologies such as artificial intelligence, big data, cloud computing and edge computing in the application of smart highway vehicle and road collaboration industry, combine traffic intelligence and networking to create a new scene of smart highway application and build a demonstration application project of vehicle and road collaboration.

In respect of the intelligent customs segment, the Group will continue to carry out research and development on cross-border logistics technology and demonstration project construction, and will integrate customs, third-party logistics and other resources to build an integrated cross-border logistics service information system. With the use of the Internet of Things technology as the core of the cross-border logistics tracking system and the goods in transit visual management system, a logistics environment with visibility can be created to improve logistic control, accelerate the speed in logistics service and customs clearance efficiency, reduce the probability of commodity losses during the process of logistics, and promote the efficient operation and rapid development of cross-border trade enterprises in China.

At the same time, with the proposition of “Carbon Peak Emissions and Carbon Neutrality”, “Green” operation has 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.

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 2023, 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)	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		

Note:

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, representing approximately 50.22% of the issued share capital of the Company and indirectly owns 4,310,000 H Shares, representing approximately 0.54% of the issued share capital of the Company. Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 60.40% by Shanghai Jiaxin Enterprise Management Center (limited partnership)* (上海佳鑫企業管理中心有限合夥) (“Shanghai Jiaxin”) 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 and Shanghai Jiaxin.

Other Information

SHARES DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as to the knowledge of the Directors, as at 30 June 2023, 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 Haifa State Owned Capital Investment and Operation Group Co., Ltd. ("Haifa 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%

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
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%
Chang Yong (Note 3)	397,821,000 Domestic Shares 4,310,000 H Shares	Interest of controlled corporation	50.77%
Active Gold Holding Limited (Note 4)	123,862,500 Domestic Shares	Beneficial owner	15.64%
Jian Ying Sample High Growth Investment Fund (Note 4)	123,862,500 Domestic Shares	Interest of controlled corporation	15.64%
Season International Pte. Ltd. (Note 5)	48,595,500 H Shares	Beneficial owner	6.14%
Season Holdco Pte. Ltd. (Note 5)	48,595,500 H Shares	Interest of controlled corporation	6.14%

Other Information

Notes:

- (1) 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, Haifa 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 Haifa Group which is 100% owned by SASAC of Qingdao.
- (2) 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 Shanghai Jiaxin and Shanghai Lianqi Enterprise Management Center (limited partnership)* (上海聯啟企業管理中心有限合夥) (“Shanghai Lianqi”) as to 60.40% and 39.60% equity interests respectively. Under the SFO, each of Shanghai Jiaxin and Shanghai Lianqi is deemed to be interested in all 397,821,000 Domestic Shares and 4,310,000 H Shares.
- (3) Sample Group directly holds 397,821,000 Domestic Shares, representing approximately 50.22% of the issued share capital of the Company and indirectly owns 4,310,000 H Shares, representing approximately 0.54% of the issued share capital of the Company. Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 39.60% by Shanghai Lianqi which in turn is beneficially owned as to 99% by Mr. Chang Yong, a former director of the Company. Under the SFO, Mr. Chang is deemed to be interested in all 397,821,000 Domestic Shares and 4,310,000 H Shares.
- (4) Active Gold Holding Limited is wholly owned by Jian Ying Sample High Growth Investment Fund.
- (5) Season International Pte. Ltd. is wholly owned by Season Holdco Pte. Ltd.

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 2023.

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. 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

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix 14 to the Listing Rules on the Stock Exchange, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual.

Since the resignation of Mr. Ma Fengkui as the chief executive officer of the Company on 3 March 2023, Mr. Sha Min has been served as the Chairman as well as the chief executive officer of the Company. Despite the deviation from C.2.1 of the code provision of the Listing Rules, the Board believed that Mr. Sha, being the Chairman of the Company, is familiar with the Company's business operation and has excellent knowledge and experience of the Company's business which will be conducive to improving the efficiency of the Company's overall strategic planning. In addition, Mr. Ma Fengkui, an executive Director of the Company, has been appointed as the vice president of the Company who will assist Mr. Sha in overseeing the business operation and management. At the same time, Mr. Liu Min, an executive Director of the Company, has also been appointed as the vice president of the Company who will assist Mr. Sha in overseeing the asset management business. The Board believed that such management structure layout will be more beneficial to the future development of the Company and will improve the Company's operating conditions. Under the supervision of the Board which currently comprises of three executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Save as disclosed above, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the Review Period.

Changes of Directors' and Supervisors' Information

- 1) On 26 June 2023, Mr. Niu Zhongjie was appointed as an independent non-executive director of New Media Lab Limited (Stock code: HK1284).
- 2) On 14 June 2023, Mr. Qiu Xiangyang ceased to act as the vice president of Nanjing Entrepreneur Association due to session changed.

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 2022 Annual Report of the Company.

Change in Constitutional Document

During the Review Period, the shareholders of the Company approved the amendments of its articles of association in order to ensuring the conformity with the Core Standards set out in Appendix 3 to the Listing Rules, removing those articles that have become outdated due to the repeal of the Special Regulations and the Mandatory Provisions, bringing the overall articles of association in line with the PRC Guidelines on Articles of Association and satisfying the requirements under the constitution of the Chinese Communist Party, expanding the business scope of the Company. Details of the amendments were disclosed in the Company's circular dated 29 May 2023. Save as disclosed above, there has been no significant change in the Company's Articles of Association during the Review Period.

Other Information

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

15 August 2023
Nanjing, the PRC

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui and Mr. Liu Min, the non-executive director is Ms. Cai Lijuan; and the independent non-executive Directors are Mr. Gao Lihui, Mr. Niu Zhongjie and Mr. Hu Hanhui.

* *For identification purpose only*