

Consolidated balance sheet

At 31 December 2015

ASSETS	Note	2015	2014
Current assets:			
Carrying amount		1,212,720,957.69	900,982,056.56
Net carrying amount	3	430,000.00	7,842,580.10
Accrued carrying amount	3	405,045,579.64	234,683,339.39
Prepaid	3	102,561,214.68	42,448,774.83
Intangible carrying amount		806,088.29	—
Goodwill carrying amount	3	80,821,123.74	78,119,619.28
Investment		539,754,737.11	577,127,799.95
Other carrying amount		156,802,978.14	7,444,600.40
Total current assets		2,498,942,679.29	1,848,648,770.51
Non-current assets:			
Carrying amount		44,520,000.00	119,506,244.94
Less: accumulated depreciation		3,475,159.72	709,053.12
Intangible Prepaid		211,022,900.00	—
Financial		246,314,755.16	412,553,068.26
Carrying amount		25,322,742.02	6,738,396.67
Carrying amount		2,911,916.51	4,027,060.50
Intangible		12,374,724.82	19,506,004.56
Less: accumulated depreciation		12,365,667.87	12,881,878.40
Deferred carrying amount		23,895,454.79	10,193,466.27
Other carrying amount		120,000,000.00	—
Total non-current assets		702,203,320.89	586,115,172.72
TOTAL ASSETS		3,201,146,000.18	2,434,763,943.23
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Shareholders' equity		508,765,000.00	524,000,000.00
Net carrying amount		81,521,681.76	36,520,312.90
Accrued carrying amount	4	526,961,876.08	406,030,216.39
Accrued carrying amount	4	84,041,499.16	60,493,872.25
Shareholders' carrying amount		3,137,558.73	397,375.48
Tax carrying amount		38,877,388.22	36,188,173.83
Intangible carrying amount		1,060,086.67	—
Goodwill carrying amount	4	49,094,015.39	47,765,320.26
Non-current carrying amount		27,860,000.00	70,000,000.00
Total current liabilities		1,321,319,106.01	1,181,395,271.11

	<i>Note</i>	2015	2014
Non-current liabilities:			
Long-term debt		138,210,000.00	70,000,000.00
Deferred income taxes		9,128,698.17	9,622,739.47
Deferred compensation liability		9,111,725.27	636,670.96
Total non-current liabilities		156,450,423.44	80,259,410.43
Total liabilities		1,477,769,529.45	1,261,654,681.54
Shareholders' equity:			
Share capital		316,823,400.00	224,100,000.00
Capital reserves		417,042,894.68	99,627,613.95
Accumulated other comprehensive income		30,662,281.62	(3,879,022.15)
Share-based payment		72,085,199.91	51,644,250.39
Unsettled share-based payment	5	832,932,029.03	752,268,735.54
Total shareholders' equity		1,669,545,805.24	1,123,761,577.73
Minority interest		53,830,665.49	49,347,683.96
Total shareholders' equity		1,723,376,470.73	1,173,109,261.69
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,201,146,000.18	2,434,763,943.23
Net current assets	13	1,177,623,573.28	667,253,499.40
Total assets less current liabilities	14	1,879,826,894.17	1,253,368,672.12

Consolidated income statement

For the year ended 31 December 2015

ITEMS	Note	2015	2014
I. Total operating income	6	1,226,308,423.63	907,225,991.66
II. Total operating cost		1,088,246,082.23	763,727,347.95
Income tax expense		888,061,695.23	610,857,619.95
Tax on operating income		18,908,597.38	11,430,581.82
Share of net income of associates		31,520,776.37	25,668,659.74
Goodwill impairment losses		102,485,667.20	95,488,723.80
Financial losses	9	23,981,002.21	26,340,633.46
Other non-recurring losses		23,288,343.84	(6,058,870.82)
After-tax operating income			

Consolidated cash flow statement

For the year ended 31 December 2015

ITEMS	2015	2014
I. Cash flows from operating activities		
Cash flows from operations	1,083,188,379.61	799,114,111.87
Reclassification	4,347,101.05	3,242,111.67
Cash flows from discontinued operations	174,086,370.10	61,812,271.98
Subtotal cash flows from operations	1,261,621,850.76	864,168,495.52
Cash flows from investing activities	931,121,850.67	467,121,635.93
Cash flows from financing activities	50,383,224.36	45,360,613.05
Payments for acquisition	64,770,493.08	55,008,305.13
Cash flows from discontinued operations	62,255,938.14	113,622,195.93
Subtotal cash flows from investing and financing activities	1,108,531,506.25	681,112,750.04
Net cash flows from operating activities	153,090,344.51	183,055,745.48
II. Cash flows from investing activities		
Cash flows from acquisition of subsidiaries	78,986,244.94	✓
Cash flows from disposal of subsidiaries	28,196,280.08	✓
Net cash flows from acquisition of subsidiaries, disposal of subsidiaries and other investing activities	106,691.86	76,361.29
Net cash flows from acquisition of subsidiaries and disposal of subsidiaries	-	✓
Cash flows from discontinued operations	360,000,000.00	✓
Subtotal cash flows from investing activities	467,289,216.88	76,361.29
Cash flows from acquisition of subsidiaries, disposal of subsidiaries and other investing activities	32,154,572.13	107,317,226.69
Cash flows from acquisition of subsidiaries	8,500,000.00	18,470,000.00
Net cash flows from acquisition of subsidiaries	-	✓
Net cash flows from acquisition of subsidiaries and disposal of subsidiaries	-	✓
Cash flows from discontinued operations	630,000,000.00	✓
Subtotal cash flows from investing activities	670,654,572.13	125,787,226.69
Net cash flows from investing activities	(203,365,355.25)	(125,710,865.40)

ITEMS	2015	2014
III. Cash flows from financing activities		
Cash received from the sale of equity securities	413,979,069.07	-
Interest received on cash and cash equivalents	-	-
Cash received from the sale of property and equipment	635,000,000.00	665,000,000.00
Subtotal cash and cash equivalents received	<u>1,048,979,069.07</u>	<u>665,000,000.00</u>
Cash paid for the acquisition of property and equipment	493,930,000.00	412,250,000.00
Cash paid for the acquisition of intangible assets	101,323,609.16	55,774,668.86
Interest paid on debt	-	1,400,000.00
Subtotal cash and cash equivalents paid	<u>595,253,609.16</u>	<u>468,024,668.86</u>
Net cash flows from financing activities	<u>453,725,459.91</u>	<u>196,975,331.14</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>2,086,438.39</u>	<u>114,581.09</u>
V. Net increase in cash and cash equivalents	405,536,887.56	254,434,792.31
Adjusted cash and cash equivalents at the beginning of the period	<u>782,748,257.94</u>	<u>528,313,465.63</u>
VI. Cash and cash equivalent at end of period	<u>1,188,285,145.50</u>	<u>782,748,257.94</u>

Notes to the financial statements

For the year ended 31 December 2015

1. GENERAL

南京三寶科技股份有限公司 (Nanjing Sanbao Technology Co., Ltd. *) (the "Company", the "Group") is established in P. R. of China (the "PRC") and is a limited liability company established in the PRC on 28 December 2000.

The Company is a listed company on the Shanghai Stock Exchange (the "SSE") under the name of Nanjing Sanbao Technology Co., Ltd. (the "SSE Code") on 9 June 2004. On 22 November 2010, the Company was listed on the GEM of the Shenzhen Stock Exchange (the "SE Code").

The Company is a public company registered in the PRC with its registered office at No. 10 Maoyuan Avenue, Qianjiang District, Nanjing City.

The Group is a high-tech company specializing in the research, development, production and sales of intelligent information technology products (IT products). The Group's products include: mobile communication products, such as mobile phones, tablets, and smart TVs; computer products, such as laptops, desktop computers, and servers; and other products, such as IT services, IT solutions, and IT consulting. The Group's products are widely used in various industries, including government, education, and healthcare. The Group's products are also used in the field of RFID technology-based applications.

The Group's functional currency is the Renminbi (RMB). The Group's reporting currency is the RMB.

The Group's financial statements are presented in RMB.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements are prepared on the basis of the accounting principles and methods set forth in the Accounting Standards for Enterprises, Interpretations, and Disclosures (the "ASBEs") issued by the Ministry of Finance of the PRC (the "MOF") in 2006, and the Accounting Standards for Enterprises (the "ASBEs") issued by the CSRC in 2014.

The Group's financial statements are prepared on the basis of the accounting principles and methods set forth in the ASBEs (the "ASBEs") issued by the MOF in 2006, and the ASBEs (the "ASBEs") issued by the CSRC in 2014.

3. TRADE AND OTHER RECEIVABLES

	2015	2014
Accounts receivable	453,196,963.88	261,979,554.14
Less: Provision for doubtful accounts	48,151,384.24	27,296,214.75
Net receivable	430,000.00	7,842,580.10
Prepaid	102,561,214.68	42,448,774.83
Other receivable	84,094,848.43	79,656,493.02
Less: Provision for doubtful accounts	3,273,724.69	1,536,873.74
Total	588,857,918.06	363,094,313.60

The aging analysis of accounts receivable

Types	2015		2014	
	Closing balance	Provision for bad debts	Closing balance	Provision for bad debts
Within 1 day (including 1 day)	331,003,412.85	10,368,895.12	106,752,852.16	3,462,176.24
11-20 days	50,626,354.38	4,101,926.16	126,652,359.26	9,876,519.70
21-30 days	47,186,046.85	14,010,676.43	19,039,435.14	4,556,994.18
Over 30 days	24,381,149.80	19,669,886.53	9,534,907.58	9,400,524.63
Total	453,196,963.88	48,151,384.24	261,979,554.14	27,296,214.75

6. TOTAL OPERATING INCOME

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(1) Operating income and operating cost

Items	2015	2014
Pr... c... M... a... c...	1,209,665,836.23	901,027,948.26
Q... t... M... a... c...	16,642,587.40	6,198,043.40
Tota... M... a... c...	1,226,308,423.63	907,225,991.66
Pr... c... M... a... c... t...	884,676,032.61	607,862,625.44
Q... t... M... a... c... t...	3,385,662.62	2,994,994.51
Tota... M... a... c... t...	888,061,695.23	610,857,619.95

(2) Principal operations (by product)

Name of Products	2015		2014	
	Operating income	Operating cost	OM a... c...	OM a... c... t...
S... t... t... a...	801,936,325.32	591,974,433.37	659,440,413.49	468,399,613.56
I... t... t... t... a... a...	197,139,115.52	149,946,506.97	153,238,871.31	106,518,857.97
S... c...	109,497,069.71	47,566,186.38	88,348,663.46	32,944,153.91
C... -b... t... t... a... a... ... c...	101,093,325.68	95,188,905.89		
Tota...	1,209,665,836.23	884,676,032.61	901,027,948.26	607,862,625.44

7. SEGMENTS INFORMATION

Information about the Group's Main Activities is available in the Management Discussion and Analysis section of the Annual Report. The Group's Main Activities are as follows:

8. GROSS PROFIT

	2015	2014
Operating Profit	1,226,308,423.63	907,225,991.66
Operating Loss	888,061,695.23	610,857,619.95
Gross Profit	338,246,728.40	296,368,371.71

9. FINANCIAL EXPENSES

Items	2015	2014
Interest Expense	37,958,929.16	31,964,668.86
Loss on Disposal of Financial Assets	12,284,515.48	6,331,440.47
Exchange Loss	(3,890,110.84)	(200,923.15)
Others	2,196,699.37	908,328.22
Total	23,981,002.21	26,340,633.46

Notes: Interest Expense is mainly related to bank loans and other financial assets.

12. DIVIDENDS

Items	2015	2014
Final dividend in RMB0.3 per share (2014: RMB0.2 per share)	<u>95,047,020.00</u>	<u>63,364,680.00</u>

Total dividend in RMB95,047,020 or RMB0.3 per share (2014: RMB0.2 per share) is payable on 31 December 2015 to 23 March 2016.

Total dividend in RMB per share is RMB0.3 per share (2014: RMB0.2 per share) payable on 31 December 2015 to 23 March 2016.

Items	2015	2014
Final dividend in RMB0.3 per share, RMB0.3 per share	<u>63,364,680.00</u>	<u>22,410,000.00</u>
Total	<u>63,364,680.00</u>	<u>22,410,000.00</u>

13. NET CURRENT ASSETS

	2015	2014
Current assets	2,498,942,679.29	1,848,648,770.51
Less: current liabilities	<u>1,321,319,106.01</u>	<u>1,181,395,271.11</u>
Net current assets	<u>1,177,623,573.28</u>	<u>667,253,499.40</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total Operating Income

Total Operating Income for the year ended 31 December 2015 was RMB1,226,308,424, representing 35.2% of Total Revenue for the year ended 31 December 2015. Total Operating Income for the year ended 31 December 2014 was RMB1,011,111,111, representing 32.1% of Total Revenue for the year ended 31 December 2014. The increase in Total Operating Income for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

Gross Profit

Gross Profit for the year ended 31 December 2015 was RMB1,011,111,111, representing 27.6% of Total Revenue for the year ended 31 December 2015. Gross Profit for the year ended 31 December 2014 was RMB800,000,000, representing 25.1% of Total Revenue for the year ended 31 December 2014. The increase in Gross Profit for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

Selling and Distribution Costs

Selling and Distribution Costs for the year ended 31 December 2015 were RMB31,520,776, representing 22.8% of Total Revenue for the year ended 31 December 2015. Selling and Distribution Costs for the year ended 31 December 2014 were RMB25,000,000, representing 21.5% of Total Revenue for the year ended 31 December 2014. The increase in Selling and Distribution Costs for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

General and Administrative Expenses

General and Administrative Expenses for the year ended 31 December 2015 were RMB102,485,667, representing 7.3% of Total Revenue for the year ended 31 December 2015. General and Administrative Expenses for the year ended 31 December 2014 were RMB80,000,000, representing 6.7% of Total Revenue for the year ended 31 December 2014. The increase in General and Administrative Expenses for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

Net Profit Attributable to Shareholders of the Company

Net Profit Attributable to Shareholders of the Company for the year ended 31 December 2015 was RMB164,468,923, representing 19.2% of Total Revenue for the year ended 31 December 2015. Net Profit Attributable to Shareholders of the Company for the year ended 31 December 2014 was RMB130,000,000, representing 13.5% of Total Revenue for the year ended 31 December 2014. The increase in Net Profit Attributable to Shareholders of the Company for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

Construction in Progress

As at 31 December 2015, the carrying amount of Construction in Progress was RMB25,322,742, representing 0.2% of Total Assets. Construction in Progress for the year ended 31 December 2015 was RMB25,322,742, representing 0.2% of Total Revenue for the year ended 31 December 2015. Construction in Progress for the year ended 31 December 2014 was RMB20,000,000, representing 0.2% of Total Revenue for the year ended 31 December 2014. The increase in Construction in Progress for the year ended 31 December 2015 compared to the year ended 31 December 2014 was primarily due to the increase in Total Revenue for the year ended 31 December 2015.

Other Current Assets

As at 31 December 2015, the Group's other current assets amount to RMB156,802,978, comprising mainly receivables from related parties, deposits, and other receivables. The other current assets are measured at fair value as at 28 October 2015.

Fixed Assets and Investment Property

The Group's investment property, mainly land use rights, is measured at fair value. The Group's fixed assets, mainly property, plant and equipment, are measured at cost less accumulated depreciation and impairment losses.

Other Non-current Assets

As at 31 December 2015, the Group's other non-current assets amount to RMB120,000,000, comprising mainly land use rights, deposits, and other receivables. The other non-current assets are measured at fair value as at 21 March 2015.

Available-for-sale Financial Assets

As at 31 December 2015, the Group's available-for-sale financial assets amount to RMB44,520,000, comprising mainly equity investments. The Group's available-for-sale financial assets are measured at fair value. The Group's available-for-sale financial assets are measured at fair value as at 31 December 2015. The Group's available-for-sale financial assets are measured at fair value as at 31 December 2015. The Group's available-for-sale financial assets are measured at fair value as at 31 December 2015.

FINANCIAL RESOURCES AND LIQUIDITY

At the end of 31 December 2015, the Group's available financial resources were RMB1,669,545,805. Current liabilities were RMB2,498,942,679, and non-current liabilities were RMB1,212,720,958. Non-current liabilities were RMB156,450,423. Current liabilities were RMB1,321,319,106, and non-current liabilities were RMB156,450,423. At the end of 31 December 2015, the Group's available financial resources were RMB5.27 (31 December 2014: RMB5.01). Total available financial resources were RMB508,765,000.

PLEDGE OF ASSETS

At 31 December 2015, bank deposits of RMB24,435,812 were pledged to banks. (2014: RMB118,233,799).

GEARING RATIO

At the end of 31 December 2015, the Group's (bank deposits and other financial assets) to (bank deposits and other financial liabilities) ratio was 1.07 (2014: 1.07). Total available financial resources to total liabilities ratio was 1.07 (2014: 1.07).

FOREIGN CURRENCY EXPOSURE

The Group's currency denominated assets and liabilities are primarily in PRC Renminbi. The Group's currency denominated assets and liabilities are primarily in PRC Renminbi.

SUBSTANTIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT

On 25 April 2015, the Group's subsidiary, H. S. International Health Care Limited (紅石國際健康產業有限公司) acquired 19% equity interest in C. M. L. (中健之康供應鏈服務有限責任公司) for RMB 75,680,000. Total disposal of 4N in 2015.

Shareholders' equity, net of the Group's share of the subsidiaries' equity, was RMB 1.07.

CAPITAL COMMITMENT

At 31 December 2015, the Group's capital commitments were RMB 1.07.

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During the period under review, the Group actively participated in the R&D of international standards readers and writers and active readers and writers with the Ministry of Public Security, promoted the application of active productseaders focuse tion paactive detivopmentseaders (application)-14
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Information Service

In 2016, the company continued to expand its information service business. It successfully completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market.

In 2016, the company continued to expand its information service business. It successfully completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market.

Research and Development

In 2016, the company continued to expand its information service business. It successfully completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market.

In 2016, the company continued to expand its information service business. It successfully completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market. The company also completed the acquisition of the 100% equity of the company, which is a leading provider of information services in the market.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

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AUDIT COMMITTEE

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REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE AUDITOR

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DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

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DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

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DIRECTORS' SECURITIES TRANSACTIONS

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PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

Final Dividend

