UNAUDITED INTERIM RESULTS

The board (the "Board") of Directors of Nanjing Sample Technology Co., 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 2019 together with the comparative figures of 2018 as follows:

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

Consolidated Balance Sheet

ASSETS	**At 31 June 2019 (Unaudited)**	At 31 December 2018 (Audited)
Current assets:		
Cash at bank and on hand	**613,604,783.89**	532,958,036.92
Held-for-trading financial assets	**–**	–
Derivative financial assets	**–**	–
Notes receivable		

ASSETS	At 31 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Non-current assets:		
Debt investment	–	–
Other debt investment	–	–
Long-term receivables	–	–
Long-term equity investments	**165,651,504.97**	43,343,934.94
Other equity instruments investment	**221,423,335.60**	227,319,415.64
Other non-current financial assets	**135,252,294.65**	134,623,072.37
Investment property	**227,503,300.00**	227,503,300.00
Fixed assets	**345,178,868.38**	376,964,307.99
Construction in progress	**7,505,903.28**	6,534,672.42
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	–	–
Intangible assets	**10,295,445.94**	10,842,557.61
Development expenditures	–	–
Goodwill	–	–
Long-term deferred expenses	**4,131,647.09**	4,195,163.46
Deferred income tax assets	**49,032,500.35**	48,646,186.13
Other non-current assets	**75,356,659.56**	74,825,893.61
Total non-current assets	**1,241,331,459.81**	1,154,798,504.17
TOTAL ASSETS	**4,835,061,931.81**	4,811,691,619.32

LIABILITIES & OWNERS' EQUITY	**At 31 June 2019 (Unaudited)**	At 31 December 2018 (Audited)

Consolidated Income Statement

ITEMS	Six months ended 30 June 2019	2018
I. Total operating income	**816,952,108.91**	860,887,967.66
Including: Operating income	**816,952,108.91**	860,887,967.66
Interest income	**–**	–
Earned premiums	**–**	–
Income from handling charge and commission	**–**	–
II. Total operating cost	**719,752,331.77**	744,331,462.06

ITEMS	Six months ended 30 June 2019	2018
III. Operating profit (with "-" for losses)	**107,551,891.90**	117,897,390.49
Add: Non-operating income	**208,838.51**	1,909,030.95
Less: Non-operating expenses	**152,126.80**	53,337.54
IV. Total profit (with "-" for total losses)	**107,608,603.61**	119,753,083.90
Less: Income tax expenses	**18,812,118.52**	19,260,012.64
V. Net profit (with "-" for net losses)	**88,796,485.09**	100,493,071.26
1. Net profit attributable to the owners of parent company	**93,769,545.92**	99,304,107.15
2. Minority interests	**-4,973,060.83**	1,188,964.11
3. Net profit from the continuing operations (with "-" for net losses)	**88,796,485.09**	100,830,421.44
4. Net profit from the discontinued operations (with "-" for net losses)	**–**	-337,350.18
VI. Other comprehensive income	**-1,970,833.39**	2,625,561.53
Net other comprehensive income attributable to the owners of parent company, net of tax	**-1,970,833.39**	2,625,561.53
(I) Other comprehensive income that cannot be reclassified to profit or loss	**–**	–
	–	–

ITEMS	Six months ended 30 June	
	2019	2018

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICES

The unaudited interim financial statements have been prepared in accordance with the China Accounting Standards for Business Enterprises, Information Disclosure Rule No. 15 of Public Offerings Company – Financial Reporting General Provisions (2014 Amendments) issued by CSRC and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance ("Hong Kong Companies Ordinance").

The accounting policies and calculation methods used in the preparation of the unaudited interim financial statements has changed versus to those adopted in the annual financial statements for the year ended 31 December 2018. During the reporting period, the changes of the Company's accounting policies are listed as follows:

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

According to the requirements of the Notice on Revising and Issuing Format of 2019 Annual Financial Statements for General Business Enterprises (Cai Kuai [2019] No. 6) (《關於修訂印發2019年度一般企業財務報表格式的通知》(財會[2019]6號)), in the balance sheet, the "notes and accounts receivables" shall be split into "notes receivable" and "accounts receivable", the "notes and accounts payables" shall be split into "notes payable" and "accounts payable" and the new item "receivables financing" is added to present the notes receivable and accounts receivable at fair value through other comprehensive income as at the balance sheet date, etc. The Group has retrospectively adjusted the comparative amounts correspondingly. The changes in accounting policies have had no impact on the consolidation and the net profit and the owners' equity 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 and service businesses.

(1) Operating income and operating cost

Item	Six months ended 30 June 2019 (Unaudited)	2018 (Unaudited)
Principal operating income	**803,094,785.48**	851,720,476.54
Other operating income	**13,857,323.43**	9,167,491.12
Total operating income	**816,952,108.91**	860,887,967.66
Principal operating cost	**618,958,833.65**	641,278,848.58
Other operating cost	**738,820.61**	597,076.38
Total operating cost	**619,697,654.26**	641,875,924.96

(2) Principal operations (by product)

	Six months ended 30 June 2019 (Unaudited)		Six months ended 30 June 2018 (Unaudited)	
Name of Products	**Operating income**	**Operating cost**	Operating income	Operating cost
System integration	**370,958,218.05**	**268,723,220.39**	401,420,611.05	294,114,766.65
Intelligent terminal sales	**352,562,916.44**	**318,882,170.20**	370,194,210.18	331,694,842.63
Service	**79,573,650.99**	**31,353,443.06**	80,105,655.31	15,469,239.30

4. FINANCE COSTS

Item	Six months ended 30 June 2019 (Unaudited)	2018 (Unaudited)
Interest expenses	**33,002,632.19**	18,071,560.02
Less: interest income	**2,236,543.94**	-797,097.69
Exchange gain or loss	**–**	2,929.18
Others	**1,184,987.73**	723,155.31
Total	**31,951,075.98**	19,594,742.20

5. INCOME TAX EXPENSES

Item	Six months ended 30 June 2019 (Unaudited)	2018 (Unaudited)
Current income tax calculated based on tax law and related regulations	**19,316,698.11**	19,228,018.83
Deferred income tax adjustment	**-504,579.59**	31,993.81
Total	**18,812,118.52**	19,260,012.64

On 7 December 2017, 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 27 December 2017, 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 30 November 2018, 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 Provincial Taxation Bureau of State Administration of Taxation (江蘇省科學技術廳、江蘇省財政廳、國家稅務總局江蘇省稅務局), 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.

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Accounts receivable	**1,127,521,049.00**	956,108,356.74
Less: Provision for bad debts for accounts receivable	**130,456,359.32**	118,968,989.14
Notes receivable	**10,463,424.00**	270,905,071.00
Less: Provision for bad debts for notes receivable	**400,200.00**	11,454,795.16
Prepayments	**309,043,084.20**	424,735,769.16
Other receivables	**284,769,656.25**	357,591,064.98
Less: Provision for bad debts for other receivables	**35,823,644.93**	36,003,580.62
Interest receivable	**–**	4,911,486.42
Dividends receivable	**–**	–
Total	**1,565,117,009.20**	1,847,824,382.90

The aging analysis of accounts receivable

	At 30 June 2019 (Unaudited)		At 31 December 2018 (Audited)	
Types	**Closing balance**	**Provision for bad debts**	Closing balance	Provision for bad debts
Within 1 year (including one year)	**848,757,105.20**	**57,071,149.18**	753,089,331.43	42,674,524.60
1 to 2 years	**191,061,561.20**	**14,845,998.94**	101,348,947.18	8,107,915.77
2 to 3 years	**41,661,673.42**	**12,498,502.02**	47,833,613.39	14,350,084.03
Over 3 years	**46,040,709.18**	**46,040,709.18**		

9. TRADE AND OTHER PAYABLES

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Accounts payable	**1,069,238,818.54**	1,068,563,578.78
Notes payable	**101,459,129.50**	28,756,738.41
Contract liabilities	**61,441,192.01**	92,499,959.57
Other payables	**92,465,924.71**	63,775,516.04
Interest payable	**–**	2,411,771.11
Dividend payable	**79,205,850.00**	–
Total	**1,403,810,91(1,068c1 5TD (101,459,129.50**	

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

[illegible]

For the six months ended 30 June 2019 (the "Review Period"), the total operating income of the Group amounted to RMB816,952,108.91, representing a decrease of approximately 5.10% over that of the corresponding period of last year. The decrease was mainly attributed to the slight decrease in the income of system integration businesses.

[illegible]

The gross profit margin for the Review Period decreased from approximately 25.44% for the corresponding period of last year to 24.15% which was mainly due to the increase of material costs.

[illegible]

Selling and distribution expenses for the six months ended 30 June 2019 was RMB19,697,875.74, representing a decrease of approximately 2.56% as compared with the corresponding period of last year. The decrease was mainly attributed to the increase in publicity of the Group by self-media resulted to reduction in business promotion expenses.

[illegible]

The administrative expenses recorded a decrease of approximately 3.80% from RMB26,584,826.90 in the corresponding period of last year to RMB25,573,746.74 for the Review Period. The decrease was mainly attributed to the optimization of internal structure by the Company which enhanced the internal operational efficiency.

[illegible]

The research and development expenses for the six months ended 30 June 2019 were RMB21,659,396.02, representing a decrease of approximately 10.96% as compared with the same period last year. The decrease was mainly due to the fact that the Group's 2019 R&D plan will be mainly carried out in the second half of the year.

[illegible]

The financial expenses for the six months ended 30 June 2019 were RMB 31,951,075.98, representing an increase of approximately 63.06% as compared with the same period last year. The main reason for this increase is due to the increase of bank loans for project procurement in order to support the rapid growth of the Group's business.

[illegible]

As at 30 June 2019, the Group's prepayments amounted to RMB309,043,084.20, representing a decrease of approximately 27.24% as compared to that of 31 December 2018. The decrease was mainly due to the goods were received.

[illegible]

As at 30 June 2019, the Group's long-term equity investment was RMB165,651,504.97, representing an increase of approximately 282.18% as compared to that of 31 December 2018. The increase was mainly attributable to the Group made investment of RMB75,237,624.00 in Xuzhou Xingshanzi Bus Terminal Shoumo Station Project Management Co., Ltd. (徐州市杏山子公交首末站項目管理有限公司) and RMB41,073,000.00 in Xuzhou Jiuli Bus Terminal Station Project Management Co., Ltd. (徐州市九里公交首末站項目管理有限公司) during the period under review.

[illegible]

As at 30 June 2019, the Group's other payables were RMB171,671,774.71, representing an increase of approximately 159.37% as compared to that of 31 December 2018. The increase was mainly due to the declaration of final dividend of a total of RMB79,205,850.00 for the year of 2018 (based on 792,058,500 shares, RMB0.1 per share) during the reporting period.

[illegible]

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 2019 was RMB1,309,852,223.43 (At 31 December 2018: RMB1,444,560,561.74).

As at 30 June 2019, the bank balances and cash of the Group amounted to RMB613,604,783.89 (At 31 December 2018: RMB532,958,036.92).

[illegible]

As at 30 June 2019, the total bank borrowings of the Group was RMB1,253,393,595.26 (At 31 December 2018: RMB1,294,220,000.00), which included secured bank borrowings of RMB160,362,000.00 with annual interest rates ranging from 4.9% to 5.35% and are repayable within 5 years. The remaining RMB1,093,031,595.26 is unsecured bank borrowings, including bank borrowings of RMB817,000,000.00 with annual interest rates ranging from 4.35% to 7% and are repayable within one year. Bank borrowings amounted to RMB276,031,595.26 with annual interest rate ranging from 5.32% to 7% and are repayable within three years. During the period under review, the bank borrowings is mainly in support of the rapid growth of the Group's business and the funds obtained were mainly used for project procurement and prepayments for projects.

As at 30 June 2019, 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.

[illegible]

As at 30 June 2019, the Group had the following assets pledged:

(i) The total book value of the Group's assets of RMB345,832,189.83 (including: investment properties of RMB227,503,300.00, fixed assets of RMB110,271,738.43, intangible assets of RMB8,057,151.40) were pledged to banks to secure outstanding bank loans of approximately RMB160,362,000.00.

(ii) The bank deposits of RMB44,824,891.60 (As at 31 December 2018: RMB36,413,835.27) were pledged for projects bidding/projects in progress and banking facilities.

[illegible]

As at 30 June 2019, the Group has an aggregate of 316 employees (At 30 June 2018: 336 employees). During the Review Period, the staff costs (including Directors' remuneration) was RMB32,301,246.93 (corresponding period of 2018: RMB27,793,577.74).

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

[illegible]

The gearing ratio (being bank borrowings less cash and cash equivalents divided by equity) of the Group as at 30 June 2019 was 32.78% (At 31 December 2018: 38.33%). This was mainly attributed to the increase of bank borrowings for the project procurement and project prepayments in support of the rapid growth of the Group's business.

[illegible]

The revenue and expenses of the Group were denominated in Renminbi. The Directors consider that the

BUSINESS REVIEW AND PROSPECTS

Business development

In the expressway intelligent transportation business domain, the Group continued to consolidate and improve its existing business by refining the management of project implementation in all aspects and developing new projects. At the same time, it developed new business projects in all aspects by active participation in bidding major projects, proactive commencement of strategic cooperation within the industry, expanded the clientele of the industry, secured both the increases in business revenue and client satisfaction of the sector. During the period under review, the Group commenced and launched the mechanical and electrical engineering project of the Wenchuan-Maerkang Expressway in Sichuan, modification of the whole-vehicle weight measuring equipment of the G15 Shenhai Expressway (Wenzhou section), the modification and extension of Hangzhou-Nanjing Expressway (Zhejiang section) and the mechanical and electrical engineering project of the toll system of Haian-Qidong Expressway. Meanwhile, the Group newly signed projects such as the cancellation of expressway toll stations at provincial boundary of Hu-Ning Expressway (ETC gantry system integration), cancellation of expressway toll stations at provincial boundary of Suzhou Ring Expressway (ETC gantry system integration), cancellation of expressway toll stations at provincial boundary of Yanjiang Expressway (ETC road modification), equipment purchase for high-definition license plate identification system of the ETC gantry system of Jiangsu Network Expressway, construction project of the mechanical and electrical engineering of the toll system of Haian-Qidong Expressway, mechanical and electrical engineering of Jilin Province Jishuang Expressway (Jian-Tonghua section) and mechanical and electrical engineering of Huadu-Dongguan Expressway. The Group actively implemented various major projects, actively explored business opportunities to construct intelligent service areas along expressways and achieved breakthroughs in project management. We aimed at constantly enhancing our data service capability, actively exploring the appl), equiiiii .2293 Tw [(modification)20.7(of)20.7(sT* .1adu-sit sa254 D

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In the customs logistic business domain, the Group continued to devote significant effort to integrating market resources and provide customers with quality solutions. During the period under review, the Group reconstructed the software system for customs integrated gate for the upgrading to proactive cloud operation and maintenance with rapid response, providing service to customers and collecting Sample gate operation and maintenance data. It developed station management system to realise all scenarios business linkage of the customs platform, gate and station, and collecting information related to the enterprises and forwarding agents which will prepare the Group for development of new business and ensure its sustaining advantage in intelligent customs logistics. During the period under review, the Group secured projects such as specific information system for customs clearance base of Nanjing airport, equipment purchase and installation of the information system of bonded logistics center in Rudong Yangkou Port Economic Development Zone (A type), and modification of customs information aided management system of Fuzhou Bonded Port. Meanwhile, the Group strengthened the customs business team, meticulously managed projects and secured the quality of projects, and made significant improvement in the standardised procedures for projects.

Research and development

During the period under review, the Group actively participated in the work of the national internet-of-things standard working group led by the China Electronics Standardization Institute of the Ministry of Industry and Information Technology. The Group led the formulation of a national standard "Internet-of-things Information Sharing Exchange Part 4: Data Interface". The three national standards the Group participated, i.e. "Internet-of-things Information Sharing Exchange Part 1: Overall Structure", "Internet-of-things Information Sharing Exchange Part 2: Universal Technical Requirements" and "Internet-of-things for Intelligent City Application Guide" were officially implemented in 2019. The Group continued to actively promote, build and implement government projects including NDRC's "Internet +", Provincial Economic & Information Commission's information and technology industrial transformation project and key e-commerce development project, the Provincial Intellectual Property Office's strategic project for corporate intellectual property, and the Provincial high-value patent cultivation project.

BUSINESS OUTLOOK

Future prospects

In the second half of the year, the Group will continue to take two core industries of intelligent transportation and customs logistics as the foundation, centralize the resources of the Group, use information technologies such as the internet-of-things and "internet +" as its core to build the ecological system of an intelligent city, and promote innovation of the business model of the Company.

Regarding the intelligent transportation domain, the Group will increase cooperation within the industry with government and enterprises, and provide professional and customized solutions for administration departments of the transportation industry by a combination of means including "optimising traffic organisation + refining transportation projects + improving scientific management measures +

and directing, alert and forecast, the Group will provide industrial services of “project interaction + operation and maintenance” to users of the transportation industry at various levels. Based on the “big data, intelligent technology, mobile internet, cloud computing” technology and incorporating a number of its own intellectual property rights, the Group will provide professional monitoring and management system, toll management system, emergency and security system and operation and maintenance system to highway administration departments, and provide all-round transport management and intelligent transport services to users at various levels.

Regarding the customs logistics domain, the Group will continue to adhere to the philosophy of

Audit Committee

The Company established an audit committee on 27 August 2003 with terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duty of the audit committee is to supervise the financial reporting process and internal control of the Company.

The audit committee comprises of three independent non-executive Directors, namely Mr. Gao Lihui (the chairman of the audit committee), Mr. Niu Zhongjie and Mr. Hu Hanhui. The audit committee of the Company has reviewed the unaudited results of the Group for the Review Period and has provided advice and comments thereon.

Corporate Governance Code

For the six months ended 30 June 2019, the Company has fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

Change in Constitutional Document

During the period under review, there has been no significant change in the Company's Articles of Association.

Purchase, Redemption or Sales of Listed Securities of the Company

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

By Order of the Board
Nanjing Sample Technology Company Limited*
Sha Min
[illegible]

23 August 2019
Nanjing, the PRC

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