



南京三寶科技股份有限公司 NANJING SAMPLE TECHNOLOGY COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 8287

Interim Report 2008

* for identification purpose only

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This report, for which the directors (the “Directors”) of NANJING SAMPLE TECHNOLOGY COMPANY LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM” Listing Rules) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief; (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

** for identification purpose only*

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Financial Highlights

The turnover of the Group for the six months ended 30 June 2008 amounted to approximately RMB172,204,000, representing an increase of approximately 148.7% as compared to the corresponding period of last year.

The profit attributable to equity holders of the parent for the six months ended 30 June 2008 was approximately RMB57,290,000, representing an increase of approximately 100% as compared to the corresponding period of last year.

The Board recommend an interim dividend of RMB0.1 per share for the six months ended 30 June 2008.



Financial Information

INTERIM RESULTS

The board of directors (the "Board") of Nanjing Sample Technology Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements ("Interim Financial Statements") of the Company and its subsidiaries (the "Group") for the three months and the six months ended 30 June 2008 together with the unaudited comparative figures for the corresponding periods in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Notes	Six months ended 30 June		Three months ended 30 June	
		2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Turnover	4	172,204	69,218	95,103	41,692
Cost of sales		(95,112)	(24,772)	(45,744)	(11,157)
Gross profit		77,092	44,446	49,359	30,535
Other income		4,588	2,555	3,429	1,475
Distribution costs		(6,046)	(4,507)	(4,251)	(3,263)
Administrative expenses		(13,235)	(8,296)	(7,851)	(5,222)
Finance costs	5	(3,009)	(1,479)	(1,505)	(1,156)
Profit before taxation		59,390	32,719	39,181	22,369
Income tax expenses	6	(2,005)	(4,114)	(1,474)	(4,114)
Profit for the period	7	57,385	28,605	37,707	18,255
Attributable to:					
Equity holders of the parent		57,290	28,602	37,678	18,259
Minority interests		95	3	29	(4)
		57,385	28,605	37,707	18,255
Proposed interim dividend	8	19,350	—	—	—
Earnings per share					
— Basic (RMB cents)	9	29.61	14.78	19.47	9.43



Financial Information

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Non-current assets			
Goodwill		16,386	—
Property, plant and equipment	10	56,711	57,839
Prepaid lease payments		6,643	6,718
Deposit for acquisition of a subsidiary		—	30,028
Deferred tax assets		2,299	2,299
		82,039	96,884
Current assets			
Inventories		41,767	3,654
Trade and other receivables	11	340,542	141,454
Loan receivable		—	117,900
Prepaid lease payments		150	150
Amounts due from customers for contract work		178,994	38,155
Pledged bank deposits		6,061	10,680
Bank balances and cash		99,238	68,070
		666,752	380,063
Current liabilities			
Trade and other payables	12	275,476	42,963
Dividend payable		19,350	—
Tax Payable		2,543	3,597
Short-term bank loans		92,000	109,000
		389,369	155,560
Net current assets		277,383	224,503
Total assets less current liabilities		359,422	321,387



Financial Information

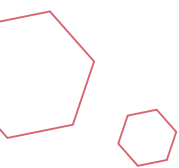
	Notes	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		194	194
Net assets		359,228	321,193
Capital and reserves			
Share capital	13	193,500	193,500
Reserves	14	164,190	126,250
Equity attributable to equity holders of the parent		357,690	319,750
Minority interests		1,538	1,443
Total equity		359,228	321,193



Financial Information

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent						
	Share Capital	Share premium	Statutory	Retained profits	Total	Minority interests	Total
			surplus reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2008	193,500	20,391	25,332	80,527	319,750	1,443	321,193
Profit for the period	—	—	—	57,290	57,290	95	57,385
Less: Final dividend for 2007	—	—	—	(19,350)	(19,350)	—	(19,350)
At 30 June 2008	193,500	20,391	25,332	118,467	357,690	1,538	359,228
At 1 January 2007	64,500	52,641	17,601	94,924	229,666	1,322	230,988
Profit for the period	—	—	—	28,602	28,602	3	28,605
At 30 June 2007	64,500	52,641	17,601	123,526	258,268	1,325	259,593



Financial Information

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Net cash inflow from operating activities	80,460	22,371
Net cash outflow from investing activities	(37,292)	(1,815)
Net cash outflow from financing activities	(12,000)	(1,479)
Increase in cash and cash equivalents	31,168	19,077
Cash and cash equivalents at the beginning of the period	68,070	121,013
Cash and cash equivalents at the end of the period	99,238	140,090



Financial Information

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BACKGROUND OF THE CORPORATION

The Group is a major developer and provider of video security system solutions in the People's Republic of China ("PRC") targeting on government authorities. Its system solutions are currently designated for use in (i) traffic monitoring and control sector (the "Traffic Sector") and (ii) customs logistics monitoring sector (the "Customs Sector") in the PRC.

The Company's H Shares have been listed on GEM of the Stock Exchange since 9 June 2004.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules"). They are prepared under the historical cost convention.

The accounting policies adopted in preparing the unaudited condensed consolidated results for the six months ended 30 June 2008 and 2007 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007. The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

Over 90% of the Group's revenue, results, assets and liabilities are derived from provision of video security system solutions. Accordingly, no detailed analysis of the Group's business segments are disclosed.

Geographical segments

The Group's operations are situated in the PRC in which its revenue was derived principally therefrom. Accordingly, no geographical segments are presented.



Financial Information

4. TURNOVER

	Six months ended 30 June		Three months ended 30 June	
	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Provision of video security system solutions	172,204	69,218	95,103	41,692

5. FINANCE COSTS

	Six months ended 30 June		Three months ended 30 June	
	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	3,009	1,479	1,505	1,156

6. INCOME TAX EXPENSES

	Six months ended 30 June		Three months ended 30 June	
	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
The charge comprises:				
PRC income tax	2,005	4,114	1,474	4,114

PRC income tax is calculated at the rates prevailing under the relevant laws and regulations in the PRC.

The Company is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 15%. (2007: 15%) In March 2008, the Company obtained a tax concession from local tax authority in which the Company was fully exempted from PRC income tax for the fourth quarter of 2007, followed by a 50% reduction in the PRC income tax for the next 3 years.

The Company's subsidiaries are subject to a PRC income tax rate of 33%.



Financial Information

7. PROFIT FOR THE PERIOD

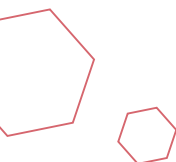
	Six months ended 30 June		Three months ended 30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The Group's profit from operations has been arrived at after charging:				
Cost of inventories recognized as expenses	95,046	16,380	45,971	6,115
Depreciation and amortization of property, plant and equipment	2,668	2,692	1,291	1,198
Operating lease rentals in respect of land right and buildings	427	57	258	38
Staff costs (including Directors' remuneration)	108,069	5,350	106,505	3,294
And after crediting:				
Interest income	997	886	803	472
PRC value added tax refunded	1,458	1,071	1,458	175

8. DIVIDENDS

The directors recommended the payment of a interim dividend of RMB0.1 per share in respect of the period ended 30 June 2008. The interim dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date. This dividend is subject to approval by the shareholders at the Extraordinary General Meeting and has not been included as a liability in these financial statements. The total estimate dividend to be paid is RMB19,350,000.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months and six months ended 30 June 2008 is based on the profit attributable to equity holders of the parent of respectively approximately RMB37,678,000 (2007: RMB18,259,000) and RMB57,290,000 (2007: RMB28,602,000) and on the weighted average number of 193,500,000 (2007 (restated): 193,500,000) ordinary shares in issue for the periods.



Financial Information

No diluted earnings per share have been presented for the six months ended 30 June 2008 and 2007 as no potential dilution of ordinary shares was in existence during the relevant periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1,142,000 and RMB19,000 for the acquisition of property, plant and equipment and additions to construction in progress respectively.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Trade receivables	198,336	125,427
Other receivables	130,545	17,502
Prepayments to suppliers	15,697	3,340
	344,578	146,269
Less: accumulated impairments	(4,036)	(4,815)
	340,542	141,454

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 180 days of issuance, except for certain well established customers. The following is an aged analysis of trade receivables net of impairment losses.

	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Age		
0 to 90 days	106,221	30,948
91 to 180 days	67,456	23,647
181 to 365 days	8,073	33,912
1 to 2 years	4,140	16,678
Over 2 years	8,431	15,448
	194,321	120,633



Financial Information

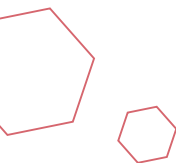
The fair value of the Group's trade and other receivables at the balance sheet date, determined based on the present value of the estimated cash flows discounted at the prevailing market rate at the balance sheet date, approximates to their corresponding carrying amounts.

12. TRADE AND OTHER PAYABLES

	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Trade payables	151,326	5,847
Other payables	116,409	18,178
Other tax payables	7,741	18,938
	275,476	42,963

The following is an aged analysis of trade payables

	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Age		
0 to 90 days	118,630	2,045
91 to 180 days	23,322	1,121
181 to 365 days	2,265	485
1 to 2 years	6,513	1,424
Over 2 years	596	772
	151,326	5,847



Financial Information

13. SHARE CAPITAL

	Number of shares		Amount	
	At 30 June 2008 '000	At 31 December 2007 '000	At 30 June 2008 RMB'000	At 31 December 2007 RMB'000
Registered issued and fully paid:				
Domestic shares with par value of RMB1.00 each	44,100	44,100	132,300	132,300
H shares with per value of RMB1.00 each	20,400	20,400	61,200	61,200
	64,500	64,500	193,500	193,500

Pursuant to the circular dated 5 September 2007 concerning the proposed placing of Placing Shares which have been duly passed by way of poll in the Extraordinary General Meeting dated 22 October 2007, the Company have obtained an approval from the China Securities Regulatory Commission ("CSRC") on 2 June 2008 documented the Zheng Jian Xu Ke (2008) No. 763, the Company is allowed to issue not more than 30,600,000 additional ordinary H shares with par value of RMB1 each.

14. RESERVES

Movements of the reserves for the six months ended 30 June 2008 and 2007 are shown in the condensed consolidated statement of changes in equity.



Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2008 (the “Review Period”), the turnover of the Group reached approximately RMB172,204,000, representing a dramatic increase of approximately 148.70% over that of the corresponding period of last year. The growth was mainly attributable to newly acquired wholly owned subsidiary — Jiangsu Intellitrans Company Limited (江蘇智運科技發展有限公司).

Gross profit

The gross profit margin for the Review Period decreased by 19.44% to 44.77% as compared with the corresponding period of last year. The decrease in gross profit margin was mainly due to the change in the Group’s sales mix to produce software system products on highways between cities of PRC in order to increase the market share.

Distribution costs

Distribution costs led an increase of 34.15% as compared with the corresponding period of last year. The increase mainly brought by Jiangsu Intellitrans Company Limited (江蘇智運科技發展有限公司).

Administrative expenses

The administrative expenses increased from approximately RMB8,296,000 to approximately RMB13,235,000 in the corresponding period of last year. The increase was mainly brought by Jiangsu Intellitrans Company Limited (江蘇智運科技發展有限公司).

Liquidity and Financial Resources

The Group adopted stringent financial management policies and maintained a healthy financial condition. The net current assets as at 30 June 2008 was approximately RMB277,383,000 (At 31 December 2007: approximately RMB224,503,000).

As at 30 June 2008, the bank balances and cash of the Group amounted to approximately RMB99,238,000 (At 31 December 2007: approximately RMB68,070,000).





Management Discussion and Analysis


Capital Structure

As at 30 June 2008, the total bank borrowings of the Group was RMB92,000,000 (At 31 December 2007: RMB109,000,000).

Pledge of Assets of the Group

As at 30 June 2008, there is no short-term bank borrowings which was unsecured.

Employees



As at 30 June 2008, the Group has an aggregate of 383 employees. During the Review period, the staff costs (including directors' and supervisors' remuneration) was approximately RMB108,069,000 (corresponding period of 2007: approximately RMB5,350,000).

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

Gearing Ratio

The gearing ratio (being bank loans and long-term loan less cash and cash equivalents divided by equity) of the Group as at 30 June 2008 was approximately nil% (At 31 December 2007: 12.8%). That is due the Group has sufficient cash and cash equivalents to cover the amount of bank loans and long-term loans.





Risk in Foreign Exchange

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

Significant Investment Held

The Group did not have significant investment held as at 30 June 2008.

Material Acquisition and Disposal



During the Review Period, the Group has acquired Jiangsu Intellitrans Company Limited (江蘇智運科技發展有限公司). The detail information has disclosed in the circular dated 27 November 2007.



Management Discussion and Analysis

Future Plans Relating to Material Investment or Capital Asset

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

Contingent Liabilities

As at 30 June 2008, the Group did not have any material contingent liabilities.

BUSINESS REVIEW AND PROSPECT

During the period under review, the capacity of the Group in the traffic sector has been strengthening. With the changes of marketing approach towards concentrating on developing clients in middle to big cities while giving up those markets that located in certain small to middle town cities, we have been managed to obtain more than satisfactory results, like the securing of large projects including Fuzhou, Feizheng, Jiaozhou and Laiwu which guaranteed the centralization of man power and resources, thus secured the after-sales services for the years ahead. With respect to the market coverage, the Group has emphasized and consolidated the markets in Shandong and Jiangsu, aiming at extending its regional development into Fujian and Guangdong provinces, with focus on the Jiangsu and Shanghai regions in particular. With regard of the establishment of an after-sales services guarantee system, the customer services centre has completed its construction and commenced operation. The whole process of the after-sales services team has been under monitoring to ensure prominent after-sales services.

With regard to the development of new products, the Group strived to respond to the changing market demand. Products such as high-definition ePolice, intranet system for inter-provincial customs gate were development, while the development of highly popular products like high-definition customs gate and interzone speed detection products were undergoing. In the mean time, the cooperation with external has been enhanced to maintain its technical edges and to meet the market demand. The Group also actively conducting the research on wafer technology on the basis of regular technology, hoping one day it may use the DSP technology to improve existing products to meet the requirements of the Ministry of Transport.

During the period under review, the Group further develop the Daiyao Bay Protective Tariff Port Area Customs Monitoring Platform System as a Consolidated Logistics Platform across all customs districts in Dalian and entered into a formal electronic license operation











Management Discussion and Analysis

contract with the Dalian custom. Meanwhile, the Group developed its own electronic clearance project for supporting the operation of license and clearance. At present, the system has completed 70%. The Group has activated the Hangzhou — Ningbo electronic clearance project and finished the Suzhou district linkage electronic interlocking system operating proposal (蘇州區區聯動電子關鎖系統營運應用計劃案), undertaking the Hainan Yangpu Protective Tariff Port Intelligence Customs Gate Construction Project (海南洋浦保稅港智慧卡口建設項目) and the Shamen Dongdugang District Intelligence Customs Gate Project (廈門東渡港區智慧卡口項目).

During the period under review, the Group developed three new kinds of readers, two of which that are focusing on the application of access control and production process control are ready for batch production. Currently there are two new readers, both hand-held, under development, the theoretical prototype of which was basically completed and proposed to put into production during the fourth quarter.



During the period under review, the Group undertook the mechanical and electrical project in Henan Anyang to Nanle Highway, the communication pipeline construction project of the Anhui Liujian Highway, the conversion works of the Sixteen Provincial Highway (Tong Qian Xian) mechanical and electrical project (from Yuqian to Qianjiuguan section), the Provincial Highway (Sun Wu line) electricity and coal co-loading highway project (won the contract of the Caizhuang tolling station mechanical construction project); the Shanxi Jincheng to Jiuyan section highway mechanical and electrical project, the Yunnan Mengxin highway tunnel ventilation and lighting project the second contract section commenced operation; the Yunnan Shuifu to Maliuwan highway project communication pipeline project have passed the test of acceptance and delivered excellent results. During the second half of the year, the Group will rely on its own strengths and resources to increase its market share of highway mechanical and electrical works, further promote the applications of the internet unitoll management system for open toll stations at provincial, municipal, county levels and the software for traffic industry, actively conducting the research on Electronic Toll Collections (ETC) and its practical application in the intelligence traffic segment.





Other Information

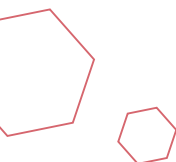
INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICERS

As at 30 June 2008, the interests or short position of the Directors, supervisors and chief executive officers of the Company in the shares, underlying shares or 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in shares of the Company:

Name of Director	Number of domestic shares	Nature of interest	Approximate percentage of the registered capital of the Company (%)
Sha Min	1,350,000	Beneficial owner	0.7

Note: As Du Yu is the spouse of Sha Min, Du Yu is deemed to be interested in 1,350,000 domestic shares held by Sha Min pursuant to Part XV of the SFO.



Other Information

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far to the knowledge of the Directors, as at 30 June 2008, the following persons (other than the Directors, supervisors or chief executive officers of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares of the Company:

Name of shareholder	Number of domestic shares	Nature of interest	Approximate percentage of the registered capital of the Company (%)
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) ("Sample Group") (Note 1)	58,950,000	Beneficial and corporate	30.47
Jiang Su Century Golden Ox Technology & Industry & Trade Corporation (江蘇世紀金牛科工貿實業有限公司) ("Century Golden Ox")	22,455,000	Beneficial	11.60
Active Gold Holding Limited	49,545,000	Beneficial and corporate	25.60

Note:

- Sample Group directly holds 54,000,000 domestic shares and is also interested in 95.00% of the registered capital of Nanjing Sample Technology Commerce City Company Limited ("Sample Commerce City"), which in turn is directly interested in 4,950,000 domestic shares. Pursuant to Section 316 of the SFO, Sample Group is deemed to be interested in the 4,950,000 domestic shares held by Sample Commerce City.



Other Information

DIRECTORS' AND SUPERVISORS' INTERESTS IN UNDERLYING SHARES BY DERIVATIVES

Save as disclosed above, as at 30 June 2008, none of the Directors or supervisors of the Company is authorised to subscribe any H shares of the Company. As at 30 June 2008, none of the Directors or supervisors of the Company or any of their spouses or children under eighteen years of age has any right to subscribe any H shares of the Company or has exercised any such right during the period.

SHARE OPTION SCHEME

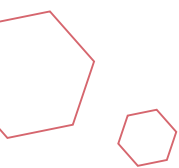
A share option scheme ("Share Option Scheme") was conditionally adopted by a resolution of the shareholders of the Company on 24 April 2004. As at 30 June 2008, none of the options is granted under the Share Option Scheme.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors, management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM 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 in Rules 5.48 to 5.67 of the GEM 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 2008.






Other Information

AUDIT COMMITTEE

The Company established an audit committee on 27 August 2003 with terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to supervise the financial reporting process and internal control of the Company.

The audit committee comprises three independent non-executive directors, namely Mr. Zhang Zhan (the chairman of the audit committee), Mr. Wang Wei and Mr. Lau Shek Yau John. 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.

CODE ON CORPORATE GOVERNANCE PRACTICES



For the six months ended 30 June 2008, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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



Other Information

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 13 August 2008 to Friday, 12 September 2008, both days inclusive, during which period no transfer of shares will be effected. To be entitled to receive the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Computershare Hong Kong Investor Services Limited, Room 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 August 2008.

By Order of the Board

Nanjing Sample Technology Company Limited*

Sha Min

Chairman

28 July 2008
Nanjing, the PRC

* *for identification purpose only*

