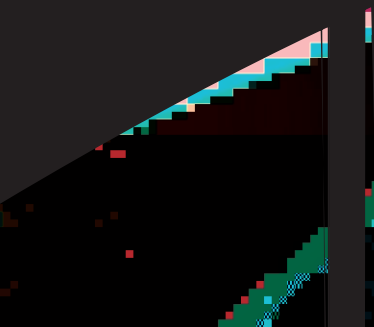


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Financial Information

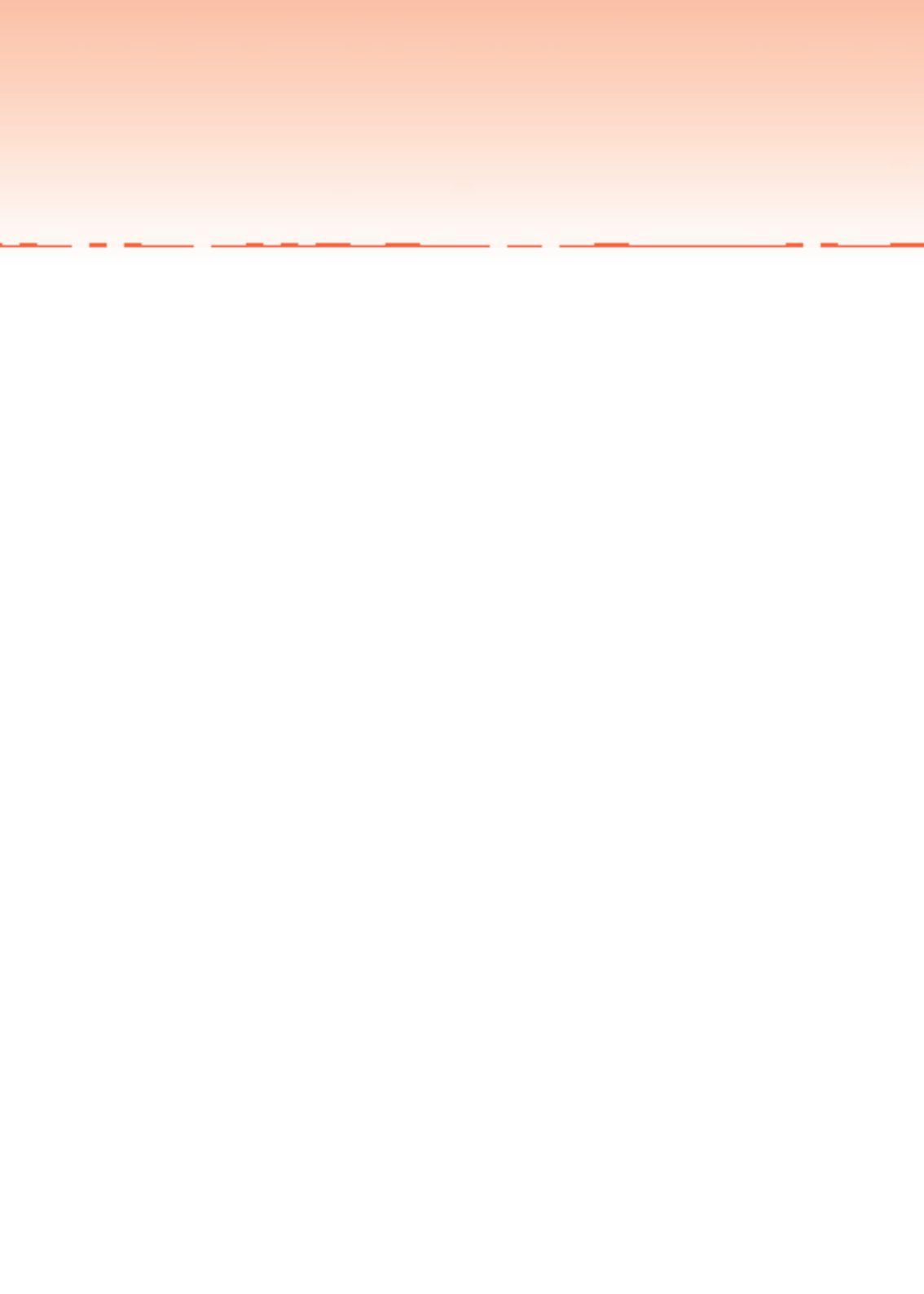
Financial Information

Financial Information

LIABILITIES & OWNERS' EQUITY	Note	At 31 June 2019 (Unaudited)	31 December 2018 (Audited)
Current liabilities:			
Share based payments		617,000,000.00	639,300,000.00
Headed credit			,
Deferred credit			,
Notes payable	9	101,459,129.50	28,756,738.41
Accounts payable	9	1,069,238,818.54	1,068,563,578.78
Advances from customers			,
Contract liabilities	9	61,441,192.01	92,499,959.57
Prepaid expenses		493,434.80	10,242,978.09
Taxes payable		35,662,028.99	36,820,446.28
Other payables	9	171,671,774.71	66,187,287.15
Headed credit			,
Non-current deferred tax liabilities		213,200,000.00	182,670,000.00
Other non-current liabilities		13,711,870.01	87,291,565.13
Total current liabilities		2,283,878,248.56	2,212,332,553.41
Non-current liabilities:			
Long-term debt		423,193,595.26	472,250,000.00
Bonds payable			,
Long-term deferred income tax			,
Other non-current liabilities			,
Leases liabilities			,
Long-term prepayments			,
Equity-based payments			,
Deferred income tax		27,725,096.17	34,318,829.09
Deferred income tax		11,653,432.14	11,798,478.85
Other non-current liabilities			,
Total non-current liabilities		462,572,123.57	518,367,307.94
Total liabilities		2,746,450,372.13	2,730,699,861.35

Financial Information

LIABILITIES & OWNERS' EQUITY	At 31 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Owners' equity :		
Securities	792,058,500.00	792,058,500.00
Loans receivable		-
Loans payable		-
Contractual liabilities	101,640,122.75	96,793,749.50
Leases receivable		-
Receivables	27,530,254.10	29,501,087.49
Securities		-
Shareholders' equity	96,626,439.01	96,626,439.01
Provisions		-
Undistributed earnings	1,005,321,956.36	990,758,260.44
Trade receivables		-
Trade payables	2,023,177,272.22	2,005,738,036.44
Other receivables	65,434,287.45	75,253,721.53
Total owners' equity	2,088,611,559.67	2,080,991,757.97
TOTAL LIABILITIES AND OWNERS' EQUITY	4,835,061,931.81	4,811,691,619.32



Financial Information

ITEMS	Note	Six months ended 30 June	
		2019	2018
III. Operating profit (with¹ -, for losses)		107,551,891.90	117,897,390.49
Add: Non-current assets		208,838.51	1,909,030.95
Less: Non-current liabilities		152,126.80	53,337.54
IV. Total profit (with¹ -, for total losses)		107,608,603.61	119,753,083.90
Less: Income tax expense	5	18,812,118.52	19,260,012.64
V. Net profit (with¹ -, for net losses)		88,796,485.09	100,493,071.26
1. Net profit before income tax		93,769,545.92	99,304,107.15
2. Minority interest		-4,973,060.83	1,188,964.11
3. Net profit attributable to equity holders (attributable to equity holders of the Company)		88,796,485.09	100,830,421.44
4. Net profit attributable to equity holders of the Company (attributable to equity holders of the Company)			-337,350.18
VI. Other comprehensive income		-1,970,833.39	2,625,561.53
Net income tax expense attributable to equity holders of the Company		-1,970,833.39	2,625,561.53
(I) Income tax expense attributable to equity holders of the Company			
1. Current income tax expense deductible			
2. Income tax expense deductible in the current period but not deductible in the current period			
3. Current income tax expense deductible in the current period			
4. Current income tax expense deductible in the current period			
5. Other			

Financial Information

ITEMS	Six months ended 30 June	
	2019	2018
(II) Other comprehensive income attributable to equity holders of the parent	-1,970,833.39	2,625,561.53
1. Other comprehensive income attributable to equity holders of the parent		
2. Change in fair value of financial assets and liabilities at fair value through other comprehensive income		
3. Tax effects of other comprehensive income		
4. Change in fair value of financial assets and liabilities at fair value through other comprehensive income		
5. Remeasurement of defined pension plans		
6. Change in net defined pension liability	-1,970,833.39	2,625,561.53
7. Other		
Net other comprehensive income attributable to equity holders of the parent		
VII. Total comprehensive income	86,825,651.70	103,118,632.79
Total comprehensive income attributable to equity holders of the parent	91,798,712.53	101,929,668.68
Total comprehensive income attributable to equity holders of the parent	-4,973,060.83	1,188,964.11
VIII. Earnings per share:		
(1) Basic earnings per share (RMB)	0.118	0.125
(2) Diluted earnings per share (RMB)	0.118	0.125

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Financial Information

Financial Information

Financial Information

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

S 2018

ITEMS	2018						2017
	Jan 1	Feb 1	Mar 1	Apr 1	May 1	Jun 1	
I. Contributed equity	316,823,400.00	444,930,544.69	27,277,917.91	84,326,994.53	1,078,088,652.07	134,053,658.42	2,085,501,367.62
II. Other contributed equity	316,823,400.00	444,930,544.69	27,277,917.91	84,326,994.53	1,078,088,652.07	134,053,658.42	2,085,501,367.62

Financial Information

Notes to the Unaudited Interim Financial Statements

For the period ended 30 June 2019

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared according to the Company's Accounting Standards for Business Enterprises, Interim Disclosures of Reportable Items, Public Opinion, Financial Reporting and Presentation (2014 Amendment) issued by CSRC and the applicable accounting standards.

Financial Information

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Financial Information

2. TOTAL OPERATING INCOME

Operating income and operating cost of the Group for the period ended 30 June 2019 and 2018 are as follows:

(1) Operating income and operating cost

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

Financial Information

(2) Principal operations (by product)

Name of Products	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Unaudited		Unaudited	
	Operating income	Operating cost	Operating income	Operating cost
Steel	370,958,218.05	268,723,220.39	401,420,611.05	294,114,766.65
Heat-treated steel	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
Total	803,094,785.48	618,958,833.65	851,720,476.54	641,278,848.58

3. SEGMENTS INFORMATION

The Group is divided into three segments, namely Steel, Heat-treated steel and Service. The Steel segment is engaged in the production and sale of steel products. The Heat-treated steel segment is engaged in the production and sale of heat-treated steel products. The Service segment is engaged in providing steel processing services. The Group's operations are primarily conducted in the PRC, and the Group's financial statements are presented in Renminbi Yuan. According to the management, the Group's operations are diversified.

4. FINANCE COSTS

Item	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Interest expense	33,002,632.19	

Financial Information

5. INCOME TAX EXPENSES

Six months ended 30 June



Financial Information

6. EARNINGS PER SHARE

The Company's basic earnings per share is based on the weighted average number of shares outstanding during the period. The basic earnings per share for the period ended 30 June 2019 is RMB93,769,545.92 (compared with RMB99,304,107.15) divided by the weighted average number of shares outstanding of 792,058,500 (2018: 792,058,500) during the period.

The diluted earnings per share is based on the weighted average number of shares outstanding during the period ended 30 June 2019 compared with 2018.

In 2018, the Company exercised 316,823,400 shares under the 2017, share option scheme, resulting in 316,823,400 shares being issued. The Company's basic earnings per share for the period ended 30 June 2018 is RMB0.118 (2018: RMB0.125) calculated as RMB12,908,500 divided by 109,375,000 shares. The Company's diluted earnings per share for the period ended 30 June 2018 is RMB0.118 (2018: RMB0.125) calculated as RMB12,908,500 divided by 109,375,000 shares. The Company's diluted earnings per share for the period ended 30 June 2019 is RMB0.118 (2018: RMB0.125) calculated as RMB93,769,545.92 divided by 792,058,500 shares. The Company's diluted earnings per share for the period ended 30 June 2018 is RMB0.118 (2018: RMB0.125) calculated as RMB93,769,545.92 divided by 792,058,500 shares.

7. DIVIDENDS

The Company has not declared any dividends for the period ended 31 December 2018. The Company has not declared any dividends for the period ended 31 December 2019.

The Board does not recommend the payment of any dividends for the period ended 30 June 2019 (2018: Nil).

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 doubtful debts	130,456,359.32	118,968,989.14
Net receivable	10,463,424.00	270,905,071.00
Less: Provision for doubtful debts	400,200.00	11,454,795.16
Prepaid expenses	309,043,084.20	424,735,769.16
Other receivables	284,769,656.25	357,591,064.98
Less: Provision for doubtful debts	35,823,644.93	36,003,580.62
Trade receivable		4,911,486.42
Doubtful receivable		-
Total	1,565,117,009.20	1,847,824,382.90

The aging analysis of accounts receivable

Types	At 30 June 2019 (Unaudited)		At 31 December 2018 (Audited)	
	Closing balance	Provision for bad debts	Closing balance	Provision for bad debts
Within 1 month	848,757,105.20	57,071,149.18	753,089,331.43	42,674,524.60
1-2 months	191,061,561.20	14,845,998.94	101,348,947.18	8,107,915.77
2-3 months	41,661,673.42	12,498,502.02	47,833,613.39	14,350,084.03
Over 3 months	46,040,709.18	46,040,709.18	53,836,464.74	53,836,464.74
Total	1,127,521,049.00	130,456,359.32	956,108,356.74	118,968,989.14

Financial Information

Financial Information

The aging analysis of accounts payable

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Within 1 e	773,566,805.90	744,463,292.98
1 to 2 e	161,767,637.35	179,281,440.45
Over 2 e	133,904,375.29	144,818,845.35
	1,069,238,818.54	1,068,563,578.78

The aging analysis of notes payable

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Due		
Within 1 e	101,459,129.50	28,756,738.41
1 to 2 e		-
Over 2 e		-
	101,459,129.50	28,756,738.41

Management Discussion and Analysis

Financial Review

Total operating income

For the period ended 30 June 2019, the Revenue Per, decreased by 5.10% compared to the corresponding period in 2018. The decrease was primarily due to the decrease in the number of units sold.

Gross profit margin

The gross profit margin for the Revenue Per, decreased by 25.44% to 24.15% compared to the corresponding period in 2018. The decrease was primarily due to the increase in the cost of goods sold.

Selling and distribution expenses

Selling and distribution expenses for the period ended 30 June 2019 were RMB19,697,875.74, decreased by 2.56% compared to the corresponding period in 2018. The decrease was primarily due to the decrease in the number of units sold.

Administrative expenses

The administrative expenses for the period ended 30 June 2019 were RMB26,584,826.90, decreased by 3.80% compared to the corresponding period in 2018. The decrease was primarily due to the decrease in the number of units sold.

Management Discussion and Analysis

Research and development expenses

The research and development expenses incurred during the period ended 30 June 2019 were RMB21,659,396.02, an increase of 10.96% compared with the corresponding period of 2018. The decrease was mainly due to the decrease in the number of R&D projects, but also due to the decrease in the number of R&D personnel.

Financial expenses

The financial expenses incurred during the period ended 30 June 2019 were RMB31,951,075.98, an increase of 63.06% compared with the corresponding period of 2018. The increase was mainly due to the increase in the number of financial expenses incurred, but also due to the increase in the number of financial expenses incurred.

Prepayments

As at 30 June 2019, the prepayments were RMB309,043,084.20, an increase of 27.24% compared with the corresponding period of 31 December 2018. The increase was mainly due to the increase in the number of prepayments.

Long-term equity investment

As at 30 June 2019, the long-term equity investments were RMB165,651,504.97, an increase of 282.18% compared with the corresponding period of 31 December 2018. The increase was mainly due to the increase in the number of long-term equity investments. The long-term equity investments were RMB75,237,624.00, Xinyuan, Xinyuan, Binyuan, Teji, Sun, P. M. C., Ltd. (徐州市杏山子公交首末站有限公司) and RMB41,073,000.00, Xinyuan, Binyuan, Teji, Sun, P. M. C., Ltd. (徐州市九里公交首末站有限公司) and the decrease in the number of long-term equity investments.

Management Discussion and Analysis

Other payables

As at 30 June 2019, the Group's other payables were RMB171,671,774.71, an increase of 159.37% compared to 31 December 2018. The increase is due to the increase in the amount of RMB79,205,850.00 in 2019 (balance at 31 December 2018: RMB0.1 million) related to the acquisition of certain assets.

Liquidity and Financial Resources

The Group's cash and cash equivalents, including bank deposits, decreased to RMB1,309,852,223.43 (balance at 31 December 2018: RMB1,444,560,561.74).

As at 30 June 2019, the Group's bank deposits were RMB613,604,783.89 (balance at 31 December 2018: RMB532,958,036.92).

Capital Structure

As at 30 June 2019, the Group's total equity was RMB1,253,393,595.26 (balance at 31 December 2018: RMB1,294,220,000.00), of which contributed capital was RMB160,362,000.00 (balance at 31 December 2018: RMB1,093,031,595.26). The Group's contributed capital was composed of RMB817,000,000.00 (balance at 31 December 2018: RMB276,031,595.26) issued by the Group, which represented 5.32% (balance at 31 December 2018: 7%) of the total equity. The Group's contributed capital was composed of RMB817,000,000.00 (balance at 31 December 2018: RMB276,031,595.26) issued by the Group, which represented 5.32% (balance at 31 December 2018: 7%) of the total equity.

As at 30 June 2019, the Group's total assets were RMB792,058,500.00 (balance at 31 December 2018: RMB229,500,000.00). The Group's total liabilities were RMB562,558,500.00 (balance at 31 December 2018: RMB229,500,000.00).

Management Discussion and Analysis

Pledge of Assets of the Group

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

- (i) The total book value of the Group's bank deposits (including bank deposits held in RMB227,503,300.00, pledged bank deposits of RMB110,271,738.43, and bank deposits held in foreign currencies of RMB8,057,151.40) as at 30 June 2019 was RMB160,362,000.00.
- (ii) The book value of the Group's accounts receivable (including accounts receivable of RMB44,824,891.60 (As at 31 December 2018: RMB36,413,835.27) and other receivables of RMB1,000,000.00) as at 30 June 2019 was RMB45,824,891.60.

Employees

As at 30 June 2019, the Group had 316 employees (As at 30 June 2018: 336 employees). Directors, Executive Officers, and other key management personnel (including the Chairman of the Board) were not considered to be related parties of the Group.

The Group's directors, executive officers, and other key management personnel are not considered to be related parties of the Group.

Gearing Ratio

The Group's gearing ratio (being the ratio of total debt to total assets) as at 30 June 2019 was 32.78% (As at 31 December 2018: 38.33%). The Group's gearing ratio is calculated as follows:

As at	30 June 2019	31 December 2018
Total debt	RMB160,362,000.00	RMB160,362,000.00
Total assets	RMB486,187,500.00	RMB418,400,000.00
Gearing ratio	32.78%	38.33%

Management Discussion and Analysis

Risk in Foreign Exchange

The Group is exposed to foreign exchange risk primarily in its operations in the United States. The Group's revenue is primarily denominated in US dollars, while its expenses are primarily denominated in RMB.

Substantial Acquisition and Disposal and Significant Investment

The Group did not acquire, dispose of, or invest in any substantial assets or businesses during the reporting period.

Future Plans Relating to Material Investment or Capital Asset

As of the end of the reporting period, the Group has no material investment or capital asset plans. The Group will continue to invest in research and development to enhance its core technology and expand its market share.

Contingent Liabilities

As of 30 June 2019, the Group did not have any contingent liabilities.

Management Discussion and Analysis

Re d e e e d e G e

Other Information

Approximate

Other Information

Notes:

- (1) Shanghai Deyuan 397,821,000 Domestic Shares, Shanghai Deyuan 100% owned by Jiangsu Deyuan, established in the People's Republic of China, is controlled by Jiangsu Deyuan Investment Center (Limited Partnership) (南京企业中心(有限合伙)) (Nanjing Investment Center), 90% owned by Jiangsu Deyuan Investment Center (Limited Partnership) (南京企业中心(有限合伙)) (Nanjing Investment Center), Du Yu (杜宇), 99% owned by Shanghai Deyuan Investment Center (Limited Partnership) (南京企业中心(有限合伙)) (Nanjing Investment Center), 90% owned by Jiangsu Deyuan Investment Center (Limited Partnership) (南京企业中心(有限合伙)) (Nanjing Investment Center), 99% owned by Shanghai Deyuan Investment Center (Limited Partnership) (南京企业中心(有限合伙)) (Nanjing Investment Center).
- (2) AEG Holdings Limited is a wholly owned subsidiary of JYS Holdings Limited.
- (3) Perfect View Fund SPC (Perfect View DTC SPV), 47,936,000 H Shares, 100% owned by Cidam Management (Cidam) Limited, 100% owned by Cidam (BVI) Limited, 100% owned by Cidam Holdings Limited, Cidam Holdings Limited, 63% by Shandong Lida, 100% owned by Cidam (HK) Holdings Limited, 100% owned by Cidam Management (Cidam).

SHARE OPTION SCHEME

On 18 October 2011, the Board adopted the Share Option Scheme, which is subject to the terms and conditions set out in the Share Option Scheme Circular dated 24 November 2011. The Share Option Scheme was approved by the shareholders on 30 December 2011.

The Company has adopted the Share Option Scheme to provide an incentive and reward to the employees and directors of the Company.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors, the Company or any of its subsidiaries are engaged in any business that competes or is likely to compete with the Company. The Company, its subsidiaries and its Directors are not aware of any competing business or conflicts of interests of the Company.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

AUDIT COMMITTEE

The Company has established a committee since 27 August 2003. The committee consists of three members, namely Mr. R. S. 3.21, 3.23, Mr. L. R. S. The committee is chaired by Mr. R. S. 3.21, 3.23, Mr. L. R. S. The committee is responsible for monitoring the financial reporting process, reviewing the financial statements and recommending to the Board of Directors the financial statements for approval and release to the shareholders.

The committee members are Mr. R. S. 3.21, 3.23, Mr. L. R. S. The committee is chaired by Mr. R. S. 3.21, 3.23, Mr. L. R. S. The committee is responsible for monitoring the financial reporting process, reviewing the financial statements and recommending to the Board of Directors the financial statements for approval and release to the shareholders.

CORPORATE GOVERNANCE CODE

The Company has adopted the 30 June 2019 Code of Corporate Governance. The Company is committed to the highest standards of corporate governance and to the principles of transparency, accountability and integrity.

CHANGES OF DIRECTORS' INFORMATION

- 1) On 27 March 2019, Mr. Y. H. S. resigned from the Board of Directors. Mr. Y. H. S. was replaced by Mr. R. S. 3.21, 3.23, Mr. L. R. S.
- 2) On 27 March 2019, Mr. C. Y. S. resigned from the Board of Directors. Mr. C. Y. S. was replaced by Mr. R. S. 3.21, 3.23, Mr. L. R. S.
- 3) On 27 March 2019, Mr. N. Z. S. resigned from the Board of Directors. Mr. N. Z. S. was replaced by Mr. R. S. 3.21, 3.23, Mr. L. R. S.
- 4) On 27 March 2019, Mr. G. L. S. resigned from the Board of Directors. Mr. G. L. S. was replaced by Mr. R. S. 3.21, 3.23, Mr. L. R. S.
- 5) On 27 March 2019, Mr. M. J. S. resigned from the Board of Directors. Mr. M. J. S. was replaced by Mr. R. S. 3.21, 3.23, Mr. L. R. S.

Other Information

6) On 27 March 2019, Mr. Song Shu Ke (宋舒柯), an independent non-executive Director of the Company, was elected as an independent non-executive Director of the Company.

7) On 11 June 2019, Mr. Zhang Xiang (张翔) was elected as a non-executive Director of the Company (南京三辰科技股份有限公司).

Since the date of the above mentioned elections, the Company has 13.51B(1) independent non-executive Directors. The Company's 2018 Annual Report is available on the Company's website.

CHANGE IN CONSTITUTIONAL DOCUMENT

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

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company has not purchased, redeemed or sold any listed securities.

Board of Directors
Nanjing Sample Technology Company Limited*
Sha Min
Chairman

23 August 2019
Nanjing, PRC

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Zhu Xiang, Ms. Yu Hui; the non-executive Director is Mr. Chang Yong and the independent non-executive Directors are Mr. Gao Lihui, Mr. Niu Zhongjie and Mr. Hu Hanhui.

* For identification purpose only