

**NANJING SAMPLE TECHNOLOGY COMPANY LTD:
ONLY IN THE PEOPLE'S REPUBLIC OF CHINA COULD THIS HAPPEN**

Without denigrating any aspect of publicly listed Nanjing Sample Technology Company Ltd, considering the fact that the Company is a provider of video computer solutions to entities of the Government of the People's Republic of China (PRC), its recently released financial results for the 9-month period, ended September 30, 2004, is not particularly amazing.

Or even interesting, for that matter.

In fact, it should be considered extremely disappointing.

The results should have been well expected by clued-in observers of the Hongkong Special Administrative Region (HKSAR) of the PRC, in view of the fact that the Company only went public on June 2, 2004, on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Nanjing Sample Technology, Stock Code Number 8287, reported, on November 5, 2004, that, for the 9 months, ended September 30, 2004, it had recorded a Net Profit Attributable to Shareholders of about 11.71 million renminbi on a Turnover of about 47.52 renminbi.

That result compared favourably with the like period in 2003 when the Company reported a Net Profit Attributable to Shareholders of about 8.75 million renminbi on a Turnover of about 29.39 million renminbi.

The Turnover for the first 9 months of the Current Financial Year was, entirely, due to the provision of video security system solutions.

But the Gross Profit for the first 9 months of 2004 included some interesting items:

1. A 2.90-million renminbi tax refund
2. A 3.11-million renminbi PRC Government Grant
3. The ability of the Company to maintain a Gross Profit Margin of 48.44 percent, during the period.

As **TARGET** readers are well aware, in the PRC, proper, anything and everything is possible ... if one knows the right people.

According to the Placing Prospectus of Nanjing Sample Technology, dated June 2, 2004, at Page 99, it is stated, inter alia:

'The customers of the Group are mainly government authorities, including the Ministry of Public Security of the PRC and customs authorities in various provinces of the PRC ... '.

The Flotation

Nanjing Sample Technology Placed a total of 20.40 million, One renminbi Shares at \$HK4.15 per Share.

Some 900,000 Shares of the Offered Shares were Sale Shares, those being, formerly, the property of the National Council for Social Security Fund, the PRC (PUT IN CHINESE), which is under the direct supervision of The State Council.

The flotation could be called a success in that the number of Shares on Offer was oversubscribed 1.58 times, with 121 Placees, taking up the Offer in full.

Page 129 of the Prospectus stated that the Company was hoping to garner at least \$HK41.50 million from the flotation on the basis of the Offer Price, being \$HK2.70 per Share.

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