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南京三寶科技股份有限公司
NANJING SAMPLE TECHNOLOGY CO.,LTD.*

(a joint stock limited company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 1708)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 52% EQUITY INTERESTS IN
NANJING DONGBANG EQUIPMENT CO., LTD.*

THE FIRST EQUITY TRANSFER AGREEMENT

The Board hereby announces that on 18 September 2019 (after trading hours), the Company and Qiushan Machinery entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase and Qiushan Machinery agreed to sell, 42% equity interests in Nanjing Dongbang at a consideration of RMB21,000,000 (equivalent to approximately HK\$23,209,549).

THE SECOND EQUITY TRANSFER AGREEMENT

The Board further announces that on 18 September 2019 (after trading hours), the Company and Shanghai Yanchuang entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase and Shanghai Yanchuang agreed to sell, 10% equity interests in Nanjing Dongbang at a consideration of RMB5,000,000 (equivalent to approximately HK\$5,526,083).

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.06 and Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio in respect of the acquisitions under the first equity transfer agreement and the second equity transfer agreement, when aggregated, exceeds 5% but is lower than 25%, the Acquisition of Nanjing Dongbang constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

THE FIRST EQUITY TRANSFER AGREEMENT

The Board hereby announces that on 18 September 2019 (after trading hours), the Company and Qiushan Machinery entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase, and Qiushan Machinery agreed to sell, 42% equity interests in Nanjing Dongbang (in which including equity interests of paid capital of RMB21,000,000 (equivalent to approximately HK\$23,209,549) and unpaid capital of RMB231,000,000 (equivalent to approximately HK\$255,305,039)) at a consideration of RMB21,000,000 (equivalent to approximately HK\$23,209,549). The principal terms of the first equity transfer agreement are set out below:

Date: 18 September 2019 (after trading hours)

Parties: (1) The Company (as purchaser)
(2) Qiushan Machinery (as seller)
(3) Nanjing Dongbang (as target company)

Qiushan Machinery is a company incorporated in the PRC, which is principally engaged in businesses such as the production, repair and sale of printing machines and relevant electromechanical products, and the heat treatment processing of metal castings. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Qiushan Machinery and its beneficial owner are Independent Third Parties.

Subject Matter: Pursuant to the first equity transfer agreement, the Company agreed to purchase and Qiushan Machinery agreed to sell, 42% equity interests in Nanjing Dongbang.

Consideration: RMB21,000,000 (equivalent to approximately HK\$23,209,549)

The consideration was determined after arm's length negotiation among the parties of the first equity transfer agreement and by making reference to the unaudited net assets of approximately RMB48,995,278.98 (equivalent to approximately HK\$54,150,396) of Nanjing Dongbang as at 31 December 2018.

Equity Transfer: Within 5 working days from the effective date of the first equity transfer agreement, the purchaser and the seller shall commence the relevant procedure regarding the transfer of equity interests in the target company, and apply for corresponding changes in the industry and commerce registration with the industry and commerce authorities.

Payment: Pay within five working days from the execution date of the agreement.

THE SECOND EQUITY TRANSFER AGREEMENT

The Board further announces that on 18 September 2019 (after trading hours), the Company and Shanghai Yanchuang entered into an equity transfer agreement, pursuant to which, the Company agreed to purchase, and Shanghai Yanchuang agreed to sell, 10% equity interests in Nanjing Dongbang (in which including equity interests of paid capital of RMB5,000,000 (equivalent to approximately HK\$5,526,083) and unpaid capital of RMB55,000,000 (equivalent to approximately HK\$60,786,914)) at a consideration of RMB5,000,000 (equivalent to approximately HK\$5,526,083). The principal terms of the second equity transfer agreement are set out below:

Date: 18 September 2019 (after trading hours)

Parties: (1) The Company (as purchaser)
(2) Shanghai Yanchuang (as seller)
(3) Nanjing Dongbang (as target company)

Shanghai Yanchuang is a company incorporated in the PRC, which is principally engaged in investment and asset management business. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Shanghai Yanchuang and its beneficial owner are Independent Third Parties.

Subject Matter: Pursuant to the second equity transfer agreement, the Company agreed to purchase and Shanghai Yanchuang agreed to sell, 10% equity interests in Nanjing Dongbang.

Consideration: RMB5,000,000 (equivalent to approximately HK\$5,526,083)

The consideration was determined after arm's length negotiation among the parties of the second equity transfer agreement and by making reference to the unaudited net assets of approximately RMB48,995,278.98 (equivalent to approximately HK\$54,150,396) of Nanjing Dongbang as at 31 December 2018.

Equity Transfer: Within 5 working days from the effective date of the second equity transfer agreement, the purchaser and the seller shall commence the relevant procedure regarding the transfer of equity interests in the target company, and apply for corresponding changes in the industry and commerce registration with the industry and commerce authorities.

Payment: Pay within five working days from the execution date of the agreement.

INFORMATION OF THE GROUP

The Company is a company incorporated in the PRC, and its H Shares are listed on the Stock Exchange. The Group is principally engaged in the provision of video identification and radio frequency identification technologies based full solutions to intelligent transportation and customs logistics application areas.

INFORMATION OF NANJING DONGBANG

Nanjing Dongbang is a company incorporated in the PRC with registered capital of RMB600,000,000 (equivalent to approximately HK\$663,129,973) and a paid-up capital of RMB50,000,000 (equivalent to approximately HK\$55,260,831), which is principally engaged in the research and development, manufacturing and sale of electromechanical equipment and general equipment, and investment in intelligent city.

Set out below are the key financial figures of Nanjing Dongbang for the period from its date of incorporation to 31 December 2017 and for the year ended 31 December 2018 prepared under the China Accounting Standards for Business Enterprises:

	For the period from its date of incorporation to 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i> <i>(unaudited)</i>	<i>RMB</i> <i>(unaudited)</i>
Loss before tax	1,001,278.07	3,207.95
Loss after tax	1,001,278.07	3,207.95

At 31 December 2018, the total assets and net assets of Nanjing Dongbang were approximately RMB460,473,678.98 (equivalent to approximately HK\$508,923,164) (unaudited) and RMB48,995,278.98 (equivalent to approximately HK\$54,150,396) (unaudited), respectively. Nanjing Dongbang currently holds 63% equity interests in Xuzhou Guanghong.

INFORMATION ON XUZHOU GUANGHONG

Xuzhou Guanghong is a company incorporated in the PRC with registered capital of RMB166,040,000 (equivalent to approximately HK\$183,510,168) and a paid-up capital of RMB16,604,000 (equivalent to approximately HK\$18,351,017), and is held as to 63% by Nanjing Dongbang and the remaining 37% by Independent Third Parties as at the date of this announcement. Xuzhou Guanghong is principally engaged in businesses such as the operation and maintenance of city tunnel network facilities, municipal infrastructure construction, installation of electric equipment, lighting project and construction of firefighting engineering.

Set out below are the key financial figures of Xuzhou Guanghong for the period from its date of incorporation to 31 December 2017 and for the year ended 31 December 2018 prepared under the China Accounting Standards for Business Enterprises:

	For the period from its date of incorporation to 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Audited)</i>
Loss before tax	0.00	50,126.31
Loss after tax	0.00	50,126.31

At 31 December 2018, the total assets and net assets of Xuzhou Guanghong were approximately RMB15,795,831.09 (equivalent to approximately HK\$17,457,815) (audited) and RMB15,391,573.69 (equivalent to approximately HK\$17,011,023) (audited), respectively.

REASONS FOR ACQUISITION OF NANJING DONGBANG

Nanjing Dongbang is a company engages in the research and development, manufacturing and sale of electromechanical equipment and general equipment, and investment in intelligent city, which possesses high quality reserve resources of intelligent city projects. In view of the Group's needs in expanding its intelligent city business, the Group is of the view that the acquisition of equity interests in Nanjing Dongbang will strengthen the Group's intelligent city business in core areas.

The Directors are of the view that, the first equity transfer agreement and the second equity transfer agreement are agreed after arm's length negotiations among the parties, and are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Upon the completion of the Acquisition of Nanjing Dongbang, Nanjing Dongbang will become a 52% directly owned Subsidiary of the Company, and the financial results, assets and liabilities of Nanjing Dongbang will be consolidated into the accounts of the Company.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.06 and Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio in respect of the acquisitions under the first equity transfer agreement and the second equity transfer agreement, when aggregated, exceeds 5% but is lower than 25%, the Acquisition of Nanjing Dongbang constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acquisition of Nanjing Dongbang”	The acquisitions under the first equity transfer agreement and the second equity transfer agreement, which are mainly related to the acquisition of the 52% equity interests in Nanjing Dongbang by the Company
“Board”	the Board of Directors
“Company”	Nanjing Sample Technology Co., Ltd.* (南京三寶科技股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Stock Exchange (Stock Code: 1708)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for in Hong Kong dollars

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Dongbang”	Nanjing Dongbang Equipment Co., Ltd.* (南京動邦裝備有限公司), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“Qiushan Machinery”	Qiushan Machinery Manufacturing Jiangsu Co., Ltd.* (秋山機械製造江蘇有限公司), a company incorporated in the PRC with limited liability, which directly holds 42% equity interests in Nanjing Dongbang Equipment Co., Ltd.*
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yanchuang”	Shanghai Yanchuang Investment Management Co., Ltd.* (上海燕創投資管理有限公司), a company incorporated in the PRC with limited liability, which directly holds 10% equity interests in Nanjing Dongbang Equipment Co., Ltd.*
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it in the Listing Rules
“Xuzhou Guanghong”	Xuzhou Guanghong Chengdong Comprehensive Pipe Tunnel Construction Co., Ltd.* (徐州廣弘城東綜合管廊建設有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

By order of the Board
Nanjing Sample Technology Company Limited*
Sha Min
Chairman

Nanjing, the PRC, 18 September 2019

As at the date of this announcement, 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. Hu Hanhui and Mr. Niu Zhongjie.

* for identification purpose only