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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
DISPOSAL OF EQUITY INTEREST IN SUMIN INVESTMENT

THE DISPOSAL

The Board hereby announces that on 21 October 2021 (after trading hours), the Company and Sumin Yuehe entered into the Equity Transfer Agreement, pursuant to which Sumin Yuehe conditionally agreed to acquire and the Company conditionally agreed to sell, 2% equity interest in Sumin Investment (the corresponding registered capital is RMB200,000,000, which has been fully paid-up) at a consideration of RMB220,000,000.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Disposal contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval under Chapter 14 of the Listing Rules.

THE DISPOSAL

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DETAILS OF THE EQUITY TRANSFER AGREEMENT

Date: 21 October 2021 (after trading hours)

Parties: (1) Sumin Yuehe (as the purchaser)

(2) The Company (as the vendor)

According to the information provided by Sumin Investment and publicly available information, Sumin Yuehe is a wholly-owned subsidiary of Sumin Investment, which has no single major shareholder and no effective controller and is held as to 100% by 18 companies, of these, 6 companies each held 10% equity interest, 1 company held 8% equity interest, 1 company held 6% equity interest, 2 companies each held 5% equity interest, 1 company held 4% equity interest, 5 companies each held 2% equity interest (including the Company) and 2 companies each held 1% equity interest, respectively.

The ultimate beneficial owners of these 18 corporate shareholders with an effective shareholding of more than 5% in Sumin Investment are Seazen Group Limited (a listed company on the Stock Exchange, stock code: 1030) with an effective shareholding of 10%, Yangzijiang Shipbuilding (Holdings) Ltd. (a listed company on the Singapore Exchange Limited, stock code: BS6) with an effective shareholding of 10%, Fullshare Holdings Limited (a listed company on the Stock Exchange, stock code: 607) with an effective shareholding of 8%, and Li Xing with an effective shareholding of approximately 6.6%, respectively. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Sumin Yuehe and its ultimate beneficial owners are Independent Third Parties.

CONSIDERATION AND ITS BASIS

The consideration is RMB220,000,000, which was determined after arm's length negotiation between the parties with reference to (i) the Company's investment in Sumin Investment amounted to RMB220,000,000, of which RMB200,000,000 is accounted for as the registered capital and RMB20,000,000 is accounted for as capital reserves; and (ii) the unaudited total owners' equity attributable to the parent company of Sumin Investment of RMB6,335,899,845.37 as at 30 June 2021.

PAYMENT OF CONSIDERATION AND COMPLETION

Within three working days from the date of completion of the change of company registration of the transfer of the Target Equity by the registration authority, the purchaser shall pay to the vendor the consideration of RMB220,000,000.

EXPENSES

All stamp duty and industrial and commercial registration fees (if any) arising from the equity transfer shall be borne by the purchaser and the vendor respectively in accordance with the tax law and relevant regulations.

THE RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS AND THE ALLOCATION OF PROFITS AND LOSSES

Since the date of completion of the change of registration of the Target Company by the registration authority, the purchaser shall effectively own the shareholder's rights corresponding to the Target Equity and perform the corresponding shareholder's obligations (subject to the specific provisions of laws and regulations and the articles of association).

Since the date of completion of the change of registration of the Target Company by the registration authority, the accumulated undistributed profits/losses of the Target Company shall be shared/borne by all shareholders including the purchaser after this equity transfer, in proportion to the paid-up capital contribution.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS FROM THE DISPOSAL

Upon completion of the Disposal, the Company will no longer hold any equity interest in Sumin Investment.

It is estimated that the Company will record a gain of approximately RMB6,520,000 from the Disposal. Such gain is calculated as the difference between: (i) the consideration of the Disposal of RMB220,000,000; and (ii) the audited fair value of the equity interest in Sumin Investment held by the Company of RMB213,480,000 as at 31 December 2020, which was classified as financial assets measured at fair value through other comprehensive income.

It is expected that the net proceeds from the Disposal will be used by the Group in other future investment and business opportunities that may arise and as general working capital of the Group.

REASONS AND BENEFIT FOR THE DISPOSAL OF SUMIN INVESTMENT

Since the Company's investment in Sumin Investment by share subscription in December 2018, the operating conditions of Sumin Investment have not met expectations, and there are impairment losses in many external investments of Sumin Investment with a possibility of further impairment in the future. The Disposal is for the dealing of an item with potential loss. The Disposal will provide cash inflow to the Company, which is beneficial to revitalize the Company's assets, optimize its asset structure, maintain good liquidity of its assets and focus on the development of the main business, which will be beneficial to the overall development of the Company. The Directors are of the view that the Equity Transfer Agreement has been negotiated on an arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

Sumin Investment

Sumin Investment is a company established in the PRC with limited liability with registered capital of RMB10,000,000,000 and paid-up capital of RMB6,230,000,000. It is principally engaged in the business of equity investment, debt investment and strategic investment. As at the date of this announcement, the Company holds 2% equity interest in Sumin Investment.

Set out below is the major financial data of Sumin Investment for the years ended 31 December 2019 and 2020 and six months ended 30 June 2021 prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2019 RMB (audited)	For the year ended 31 December 2020 RMB (audited)	For the six months ended 30 June 2021 RMB (unaudited)
Total assets	8,789,787,962.53	8,763,075,595.78	8,988,429,407.08
Total owners' equity attributable to the parent company	6,250,969,702.21	6,155,200,501.52	6,335,899,845.37
Total profit	382,911,580.12	22,075,125.67	232,842,697.74
Total comprehensive income attributable to the equity holders of the parent company	-288,030,419.08	-95,769,200.69	180,699,343.88

INFORMATION ON THE PARTIES

The Group

The Company is a company established in the PRC, whose 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, customs logistics application areas.

Sumin Yuehe

Sumin Yuehe is a company established in the PRC with limited liability and 100% owned by Sumin Investment. It is principally engaged in business related to corporate asset management.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Disposal contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Nanjing Sample Technology Co., Ltd.* (南京三寶科技股份有限公司), a company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (Stock Code: 1708)
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of 2% equity interest in Sumin Investment to Sumin Yuehe by the Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	The equity transfer agreement dated 21 October 2021 entered into between the Company and Sumin Yuehe
“Group”	the Company and its subsidiaries from time to time
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sumin Investment” or “Target Company”	Jiangsu Minying Investment Holding Co., Ltd.* (江蘇民營投資控股有限公 司), a company established in the PRC with limited liability, and owned as to 2% equity interest by the Company as at the date of this announcement
“Sumin Yuehe”	Wuxi Sumin Yuehe Enterprise Management Co., Ltd.* (無錫蘇民悅合企業 管理有限公司), a company established in the PRC with limited liability
“Target Equity”	2% equity interest in Sumin Investment held by the Company
“%”	per cent

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

Nanjing, the PRC, 21 October 2021

As at the date of this announcement, the executive directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui and Mr. Zhang Junmin, 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*