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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)

**SUBSCRIPTION OF NEW H SHARES
&
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

THE SUBSCRIPTION

On 9 June 2009, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have agreed subscribe for and purchase an aggregate of 30,600,000 H Shares in the share capital of the Company with an aggregate nominal value of HK\$122,400,000, at a subscription price of HK\$4.00 per Subscription Share.

The Subscribers and their beneficial owners are independent of and not connected with the Company, its subsidiaries, the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Subscription Shares comprise 30,600,000 new H Shares to be allotted and issued by the Company. The Subscription Shares represent 50% and approximately 15.81% of the total existing issued H share capital and the total existing issued share capital of the Company and approximately 33.33% and 13.65% of the total issued H share capital and the total issued share capital of the Company as enlarged by the issue of the Subscription Shares, respectively.

The completion of the Subscription Agreement is conditional upon, amongst other conditions set out below, the Shareholders approving the Subscription Agreements and the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The net proceeds of the Subscription will be approximately HK\$120.4 million after deducting expenses of the Subscription. The Company intends to use the net proceeds from the Subscription principally for the development of products applying RFID technology, and research and development of system solutions and standards, with the balance of the net proceeds to be used for the general corporate and working capital requirements of the Group.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposed to amend the Articles of Association to reflect the changes in shareholding structure of the Company upon the completion of the Subscription. However, the proposed amendments to the Articles of Association is subject to the approval of the Shareholders by way of special resolution at the EGM, and will only become effective upon the completion of the Subscription.

A circular containing further details of the Subscription and the proposed amendments to the Articles of Association and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

THE SUBSCRIPTION AGREEMENT

On 9 June 2009, the Company has entered into a Subscription Agreement with each of the Subscribers.

Subscription

The Subscribers agree to subscribe for and purchase an aggregate of 30,600,000 H Shares in the share capital of the Company from the Company with an aggregate nominal value of HK\$122,400,000, at a subscription price of HK\$4.00 per Subscription Share, according to the terms and conditions of the Subscription Agreements.

Number of Subscription Shares

The 30,600,000 new H Shares to be allotted and issued by the Company pursuant to the Subscription Agreements represent 50% and approximately 15.81% of the total existing issued H share capital of the Company and the total existing issued share capital of the Company respectively and approximately 33.33% and 13.65% of the total issued H share capital of the Company and the total issued share capital of the Company as enlarged by the issue of the Subscription Shares, respectively.

The Subscription Price of HK\$4.00 per Subscription Share represents:

- (1) a discount of 11.11% to the closing price of HK\$4.5 per H Share as quoted on the Stock Exchange on 9 June 2009, being the last trading day immediately before the signing of the Subscription Agreements;
- (2) a discount of 10.59% to the average of the closing prices of approximately HK\$4.474 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 9 June 2009; and
- (3) a discount of 9.46% to the average of the closing prices of approximately HK\$4.418 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 9 June 2009.

The Subscription Price which was agreed after arm's length negotiations between the Company and the Subscribers was determined by reference to, amongst other things, the prevailing market price of the H Shares. The Directors consider the Subscription Price, the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Independence of the Subscribers

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscribers and their beneficial owners is independent of the Company, its subsidiaries and are not connected persons (as defined in the GEM Listing Rules) of the Company.

Conditions of the Subscription

Completion of the Subscription is conditional upon the following conditions being fulfilled:

- (1) the Shareholders' approval of the Subscription Agreements, Subscription and the transactions contemplated thereunder;
- (2) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (3) the approval issued by the China Securities Regulatory Commission and/or other government regulatory bodies in connection with the transactions contemplated under the Subscription Agreements remaining in full force and effect on completion of the Subscription.

Ranking

The Subscription Shares will rank, upon issue, pari passu in all respects with the H Shares in issue on the date of allotment and issue of the Subscription Shares.

Use of Proceeds

The net proceeds of the Subscription will be approximately HK\$120.4 million after deducting expenses of the Subscription. The Company intends to use the net proceeds from the Subscription principally for the development of products applying RFID technology, and research and development of system solutions and standards, with the balance of the net proceeds to be used for the general corporate and working capital requirements of the Group.

The net proceeds raised per H Share upon the completion of the Subscription will be approximately HK\$3.93 per H Share.

Fund Raising Activity of the Company

The Group did not conduct any fund raising activity in the 12 months prior to the date of this announcement.

Effects on Shareholding Structure

The table below sets out the Company's shareholding structure before and after completion of the Subscription Agreements assuming there is no change in the existing shareholdings of the Company except for the Subscription.

Shareholders	As at the date of this announcement		Immediately after the Subscriptions	
	(Shares)	Per cent.	(Shares)	Per cent.
<i>Domestic Shares:</i>				
Sha Min (Note 1)	1,350,000	0.70%	1,350,000	0.60%
Nanjing Sample Technology Group Company Limited (Note 2)	58,950,000	30.47%	58,950,000	26.31%
Jiangsu Century Golden Ox Technology & Industry & Trade Corporation	22,455,000	11.60%	22,455,000	10.02%
Active Gold Holding Limited	49,545,000	25.60%	49,545,000	22.11%
<i>H Shares:</i>				
Manygain Global Limited	0	0	10,000,000	4.46%
Winy Universe Group Limited	0	0	4,300,000	1.92%
Happy Dragon Group Limited	0	0	4,300,000	1.92%
Crown Profit Holdings Limited	0	0	4,000,000	1.78%
Strong Wealth Development Limited	0	0	4,000,000	1.78%
Well Concord Group Limited	0	0	4,000,000	1.78%
Public	61,200,000	31.61%	61,200,000	27.31%

Notes:

1. As Du Yu (杜予) 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.
2. Nanjing Sample Technology Group Company Limited ("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 (南京三寶科技商城有限公司) ("Sample Commerce City"), which in turn is directly interested in 4,950,000 Domestic Shares. Pursuant to section 316 of the SFO, the Sample Group is deemed to be interested in the 4,950,000 Domestic Shares held by Sample Commerce City.

PROPOSED ISSUE OF SUBSCRIPTION SHARES

As the number of Subscription Shares exceeds the number of new H Shares which may be allotted and issued under the existing general mandate, the Board resolved to convene the EGM and the Shareholders Class Meetings to seek the Shareholders' approval to issue the Subscription Shares under the Subscription.

REGULATORY APPROVAL

The Company has obtained the approval from the China Securities Regulatory Commission on 2 June 2008 in respect of the issue of not more than 30,600,000 new H Shares.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposed to amend the Articles of Association to reflect the changes in shareholding structure of the Company upon the completion of the Subscription. However, the proposed amendments to the Articles of Association is subject to the approval of the Shareholders by way of special resolution at the EGM, and will only become effective upon the completion of the Subscription.

GENERAL

The Group is a major developer and provider of video security system solutions in the PRC targeting on government authorities. Its products and system solutions are currently designated for use in (i) traffic monitoring and control sector and (ii) customs logistics monitoring sector in the PRC.

Application will be made by the Company to the GEM Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

A circular containing further details of the Subscription and the proposed amendments to the Articles of Association and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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| "Articles of Association" | the articles of association of the Company |
| "associates" | has the meaning ascribed to it under the GEM Listing Rules |
| "Board" | the board of Directors |
| "Company" | a company incorporated in the PRC with limited liability, the issued H Shares of which are listed on GEM (Stock Code: 8287) |

“Domestic Share(s)”	ordinary domestic shares(s) of nominal value of RMB1.00 each in the registered capital of the Company which are subscribed for in Renminbi
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the holders of Domestic Shares and the holders of H Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	The listing sub-committee of the Council of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Shares(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 GEM and subscribed for and traded in HK\$
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Domestic Shares and holders of the H Shares
“Shareholders Class Meeting”	the respective class meetings of the holders of H Shares and the holders of Domestic Shares to be convened and held for the purpose of approving the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively (i) Manygain Global Limited, subscribing for 10,000,000 H Shares; (ii) Winny Universe Group Limited, subscribing for 4,300,000 H Shares; (iii) Happy Dragon Group Limited, subscribing for 4,300,000 H Shares; (iv) Crown Profit Holdings Limited, subscribing for 4,000,000 H Shares; (v) Strong Wealth Development Limited, subscribing for 4,000,000 H Shares; and (vi) Well Concord Group Limited, subscribing for 4,000,000 H Shares
“Subscription”	The subscription of the Subscription Shares pursuant to the Subscription Agreements
“Subscription Agreements”	the six subscription agreements dated 9 June 2009 entered into between the Company and each of the Subscribers for the subscription of an aggregate of 30,600,000 H Shares

“Subscription Shares” an aggregate of 30,600,000 H Shares to be issued and allotted pursuant to the Subscription Agreements

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

Nanjing, the PRC
9 June 2009

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Guo Ya Jun, the non-executive Director is Mr. Ge Jun; and the independent non-executive Directors are Mr. Zhang Zhan, Mr. Wang Wei and Mr. Lau Shek Yau John.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* For identification purpose only