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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)

CONNECTED TRANSACTION
ENTERING INTO THE EQUITY TRANSFER AND
SUBSCRIPTION AGREEMENT

EQUITY TRANSFER AND SUBSCRIPTION

The Board is pleased to announce that on 30 September 2020, the Company and West Coast Development Group entered into the Equity Transfer and Subscription Agreement, pursuant to which the Company agreed to acquire and West Coast Development Group agreed to sell 60% equity interests it holds in Big Data Company for a consideration of RMB 30,000,000. At the same time, the Company and West Coast Development Group agreed to increase the capital of Big Data Company by RMB25,000,000 and to make capital contribution by cash in accordance with their capital ratio after the completion of the equity transfer, and the registered capital of Big Data Company will be increased from RMB50,000,000 to RMB75,000,000, i.e. West Coast Development Group will contribute capital by RMB10,000,000, and the Company will contribute capital by RMB15,000,000 million. Upon the completion of the Equity Transfer and Subscription, the Company will hold 60% of the equity interests in Big Data Company, and Big Data Company will become a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As West Coast Development Group directly holds 51% of the equity interests in Sample Group, Sample Group directly holds 397,821,000 domestic shares and indirectly holds 4,310,000 H Shares, accounting for approximately 50.77% of the issued share capital of the Company. As such, Sample Group is the substantial and the single largest shareholder of the Company. According to the Listing Rules, West Coast Development Group is a connected person of the Company. Therefore, the transactions contemplated under the Equity Transfer and Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, the transactions under the Equity Transfer and Subscription Agreement and the establishment of Qingdao Smart Data Technology Venture Capital Partnership (Limited Partnership)* (青島智慧數科創業投資合夥企業(有限合夥)) (for details, please refer to the relevant announcement of the Company dated 30 September 2020) shall be aggregated. As the applicable percentage ratios of the above two transactions after aggregated are more than 0.1% but less than 5%, the transaction under the Equity Transfer and Subscription Agreement is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

EQUITY TRANSFER AND SUBSCRIPTION AGREEMENT

Major terms are as follows:

Date: 30 September 2020

Parties: The Company (as the purchaser)
West Coast Development Group (as the seller)
Big Data Company (as target company)

Subject matter:

The Company agreed to acquire and West Coast Development Group agreed to sell 60% equity interests it holds in Big Data Company for a consideration of RMB30,000,000. At the same time, the Company and West Coast Development Group agreed to increase the capital of Big Data Company by RMB25,000,000 and to make capital contribution by cash in accordance with their capital ratio after the completion of the equity transfer, and the registered capital of Big Data Company will be increased from RMB50,000,000 to RMB75,000,000, i.e. West Coast Development Group will contribute capital by RMB10,000,000, and the Company will contribute capital by RMB15,000,000. Upon the completion of the Equity Transfer and Subscription, the Company will hold 60% of the equity interests in Big Data Company, and Big Data Company will become a subsidiary of the Company.

Pricing basis for equity transfer:

The consideration was determined after arm's length negotiations between the Company and West Coast Development Group and with reference to an independent valuer using the asset-based method to assess the net asset value of Big Data Company as at 31 August 2020 of approximately RMB 28,602,126.91.

Completion:

Five working days after the Equity Transfer and Subscription Agreement becoming effective, both parties shall initiate the relevant procedures for the equity transfer and subscription, and apply to the registration authority for the corresponding change registration procedures.

Payment of consideration:

Within three working days from the date of entering into the agreement.

Other provisions:

West Coast Development Group undertakes to complete the capital contribution for the unpaid capital of RMB20,000,000 in Big Data Company within 3 working days after receiving the consideration payment.

Information of the Group

The Company is a company established in the PRC and its H shares are listed on the Stock Exchange. The Group is principally engaged in the provision of visual identification and RFID technologies based full solutions to intelligent transportation, customs logistics and other application areas.

Information of West Coast Development Group

West Coast Development Group is a company established with limited liability in the PRC. It is mainly engaged in infrastructure construction, primary land consolidation and development, industrial economy investment, construction management, modern service industry investment and operation, and other investment activities other than those prohibited by laws and regulations. Its ultimate beneficial owner is Qingdao SASAC.

Information of Big Data Company

Big Data Company is a company established with limited liability in the PRC, with a registered capital of RMB50,000,000. As of the date of this announcement, the paid-in capital is RMB30,000,000. It is mainly engaged in data processing and storage services, computer system integration engineering and technical services, network engineering, server hosting, virtual hosting services, network equipment rental, software development and technical consulting, technical services, technology transfer, e-commerce platform and logistics information services platform technology development, technical services and other businesses.

Set out below are the key audited consolidated financial figures of Big Data Company for the year ended 31 December 2019 and for the period ended 31 August 2020 prepared under the China Accounting Standards for Business Enterprises:

	For the year ended 31 December 2019	For the period ended 31 August 2020
	<i>RMB</i>	<i>RMB</i>
Loss before tax	2,772,679.64	3,029,224.84
Loss after tax	2,772,888.84	3,029,224.84

As at 31 August 2020, the audited total assets and net assets of Big Data Company were RMB50,854,208.35 and RMB44,098,349.40 respectively, which included minority shareholders' interest of RMB 22,826,616.47.

In addition, Big Data Company has two subsidiaries, namely Big Data Trading Center and Big Data Service Company.

Big Data Trading Center is a company established with limited liability in the PRC, with a registered capital of RMB50,000,000 (fully paid-up). Big Data Company holds 51% equity interests in it. Qingdao West Coast Finance Development Co., Ltd. (青島西海岸金融發展有限公司), a wholly-owned subsidiary of West Coast Development Group, holds 29% equity interests in it, and Jusfoun Company holds 20% equity interests in it. Big Data Trading Center is mainly engaged in big data trading and other businesses.

Big Data Service Company is a company established with limited liability in the PRC, with a registered capital of RMB20,000,000 and paid-in capital of RMB4,000,000. Big Data Company holds 60% equity interests in it, and Jusfoun Company holds 40% equity interests in it. Big Data Service Company is mainly engaged in information project development business.

To the best of the directors' knowledge, information and belief after making all reasonable enquiries, Jusfoun Company and its ultimate beneficial owner are independent third parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AND SUBSCRIPTION AGREEMENT

In order to better integrate and inherit the advantageous resources of West Coast Development Group in Qingdao and Shandong Province, the Group invests in Big Data Company through equity transfer and subscription. In the future, Big Data Company will be used as the platform to integrate the relevant personnel and resources of West Coast Development Group and the Company to develop big data services and supply chain services, and serve as the coordination and management organization for the Group's business expansion in Shandong Province.

The Directors (including all independent non-executive Directors) considered that the Equity Transfer and Subscription Agreement are negotiated on an arm's length basis and entered into on normal commercial terms, which are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Upon the completion of the equity transfer and subscription, Big Data Company will become a 60%-owned subsidiary of the Company and the financial results, assets and liabilities of Big Data Company will be consolidated into the Company's accounts.

IMPLICATIONS UNDER THE LISTING RULES

As West Coast Development Group directly holds 51% of the equity interests in Sample Group, Sample Group directly holds 397,821,000 domestic shares and indirectly holds 4,310,000 H Shares, accounting for approximately 50.77% of the issued share capital of the Company. As such, Sample Group is the substantial and the single largest shareholder of the Company. According to the Listing Rules, West Coast Development Group is a connected person of the Company. Therefore, the transactions contemplated under the Equity Transfer and Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, the transactions under the Equity Transfer and Subscription Agreement and the establishment of Qingdao Smart Data Technology Venture Capital Partnership (Limited Partnership)* (青島智慧數科創業投資合夥企業(有限合夥)) (for details, please refer to the relevant announcement of the Company dated 30 September 2020) shall be aggregated. As the applicable percentage ratios of the above two transactions after aggregation are more than 0.1% but less than 5%, the transaction under the Equity Transfer and Subscription Agreement is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Big Data Company”	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司), a company established with limited liability in the PRC
“Big Data Trading Center”	Qingdao Big Data Trading Center Co., Ltd.* (青島大數據交易中心有限公司), a company established with limited liability in the PRC
“Big Data Service Company”	Qingdao Big Data Information Technology Service Co., Ltd.(青島大數據信息技術服務有限公司), a company established with limited liability in the PRC
“Board”	the board of directors of the Company
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Equity Transfer and Subscription Agreement”	The “Equity Transfer and Subscription Agreement” entered into by the Company and West Coast Development Group on 30 September 2020
“Group”	the Company and its subsidiaries
“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)
“Jusfoun Company”	Jusfoun Big Data Information Group Co., Ltd.* (九次方大數據信息集團有限公司), a company established with limited liability in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Qingdao SASAC”	State-owned Assets Supervision and Administration Commission of Qingdao Municipal People’s Government
“RMB”	Renminbi, the lawful currency of the PRC
“Sample Group”	Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), a company established with limited liability in the PRC, and directly hold 397,821,000 domestic shares of the Company and indirectly hold 4,310,000 H Shares, accounting for approximately 50.77% of the Company’s issued share capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“West Coast Development Group”	Qingdao West Coast Development Group Co., Ltd.* (青島西海岸發展(集團)有限公司), a company established with limited liability in the PRC

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

Nanjing, the PRC, 30 September 2020

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui, Mr. Zhang Junmin; the non-executive Director is Mr. Chang Yong and the independent non-executive Directors are Mr. Hu Hanhui, Mr. Gao Lihui, Mr. Niu Zhongjie.

* For identification purpose only