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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)

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE ENTERING
INTO OF ENGINEERING SERVICES FRAMEWORK AGREEMENT**

ENGINEERING SERVICES FRAMEWORK AGREEMENT

On 9 June 2021 (after trading hours), Big Data Company (a non wholly-owned subsidiary of the Company) and Dongjie Construction entered into the Engineering Services Framework Agreement, pursuant to which Big Data Company agreed to provide Dongjie Construction with software development and building automation engineering project services, with the 2021 annual cap for the period from 1 January 2021 to 31 December 2021 being HK\$24,000,000 (equivalent to RMB20,400,000).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Big Data Company is directly held as to 60% and 40% by the Company and West Coast Development Group respectively, while West Coast Development Group indirectly holds approximately 50.77% of the issued share capital of the Company, and Dongjie Construction is also an indirect non wholly-owned subsidiary of West Coast Development Group. According to the Listing Rules, Dongjie Construction is a connected person of the Company, and the Engineering Services Framework Agreement entered into between Big Data Company and Dongjie Construction therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual cap under the Engineering Services Framework Agreement exceed 0.1% but are all less than 5%, the transactions contemplated under the Engineering Services Framework Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 9 June 2021 (after trading hours), Big Data Company (a non wholly-owned subsidiary of the Company) and Dongjie Construction entered into the Engineering Services Framework Agreement, pursuant to which Big Data Company agreed to provide Dongjie Construction with software development and building automation engineering project services.

The principal terms of the Engineering Services Framework Agreement are set out as below:

Date : 9 June 2021

Parties : (1) Dongjie Construction (as Party A); and
(2) Big Data Company (as Party B and service provider)

Terms : From 1 January 2021 to 31 December 2021 (both dates inclusive)

Subject Matter:

Big Data Company and its subsidiaries (collectively, the “**Party B Group**”) shall provide Dongjie Construction and its subsidiaries (collectively, the “**Party A Group**”) with software development and building automation engineering project services, specifically including but not limited to platform software development for the construction project industry and intelligent engineering project services for the buildings of business parks, community buildings, hospitals, hotels, office buildings, etc., and may therefore participate in the tender for relevant automation engineering projects conducted by Party A Group in the PRC from time to time. If any tender submitted by Party B Group is awarded in accordance with the tender process of Party A Group, then Party B Group and Party A Group shall enter into a separate engineering project services agreement (the “**Separate Agreement**”) with Party B Group as the contractor for the provision of engineering services at a fair and reasonable market price in accordance with the terms and conditions of the Engineering Services Framework Agreement.

Pricing:

The pricing of each project service under the Engineering Services Framework Agreement shall be determined with reference to the market price or, in the absence of market price, at the agreed price. The market price refers to (i) the price charged by an Independent Third Party which provides such products and/or services at the time, or (ii) the price charged when providing such products and/or services to an Independent Third Party at that time under normal commercial transaction conditions; and the agreed price refers to an agreed price that is primarily based on the market price and is further referenced to the actual or reasonable costs plus a reasonable profit (reasonable profit shall be determined by reference to the nature of the products and/or services as well as the estimated profit margin derived by Party A Group or Party B Group from the sale of the final product).

As Party B Group may be engaged as project service provider through tender process of Party A Group, Party B Group will therefore participate in the project tender held by Party A Group in accordance with normal procedures and regulations, and provide quotation according to the design, equipment, quality standards and construction requirements of each individual project, together with their estimated costs and expenses (including service fees (if any) of the purchaser and/or contractor and/or service provider). If Party B Group requires the purchaser and/or contractor and/or service provider (if any) to provide products and services (if any), Party B Group will obtain fee quotations from at least three different purchasers and/or contractor and/or service providers (if any) based on the specific requirements of the projects and reasonable factors (e.g. market conditions, competition, gross profit margin, direct and indirect costs, opportunity costs, duration of the project and all relevant risk factors (including customer risk)) for initial estimation of the relevant costs.

Payment Terms:

The transactions pursuant to the Engineering Services Framework Agreement shall be paid and settled in cash or in such other manner as the parties may agree, and shall be paid and settled at such times and in such manner as specified in the Separate Agreement to be entered into, and such payment and settlement terms shall be no less favourable than the market terms available to Party A Group from the Independent Third Parties or the market terms offered by Party B Group to the Independent Third Parties.

Annual Cap:

The following table sets out the annual cap for the transactions contemplated under the Engineering Services Framework Agreement:

	During the period from 1 January 2021 to 31 December 2021 (HK\$)
Annual cap	24,000,000 (Equivalent to RMB20,400,000)

The annual cap is determined on the following basis:

- i) With reference to the aggregate contract value of the projects between Party A Group and Party B Group in which the tenders are either conditionally accepted or currently in negotiation amounting to approximately HK\$12,000,000.00 (equivalent to RMB10,200,000.00); and
- ii) With reference to the business operation and orders on hand of Party A Group in the first half of 2021, and comprehensively taking into account the feasibility of Party B Group being awarded the relevant contracts, it is expected that the estimated amount of related business during the second half of 2021 will remain the same as the amount in the first half of 2021, being approximately HK\$12,000,000.00 (equivalent to RMB10,200,000.00).

The estimation is solely for the purpose of determining the annual cap and shall not be regarded as any direct or indirect indication of the Group's related revenue or profitability.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENGINEERING SERVICES FRAMEWORK AGREEMENT

The Group has been focusing on the R&D and implementation of Internet of Things solutions for over 20 years, it has been engaging in the provision of comprehensive intelligent solutions to the customs logistics industry and the intelligent transportation industry, and has accumulated solid experiences in software development as well as product and solution innovation. The Directors are of the view that by entering into the Engineering Services Framework Agreement, the Group can utilize its software development capabilities as well as product and solution innovation experience on the automation system of the construction industry, which will provide the Group with opportunities in a new business area. The Directors consider that the transactions contemplated are in the interests of the Company as a whole and will also facilitate the operation and growth of the Group's business.

The Board (including the independent non-executive Directors) considers that the terms under the Engineering Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL

The Group has adopted the following internal control procedures to manage the continuing connected transactions and annual cap under the Engineering Services Framework Agreement:

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the continuing connected transactions under the Engineering Services Framework Agreement to ensure that the annual cap will not be exceeded;
- (ii) the relevant personnel of the business department of the Company will conduct regular checks to review and assess that the transactions contemplated under the Engineering Services Framework Agreement are conducted in accordance with the terms of the agreement and will also regularly compare the prices and terms with the market prices or standards of similar transactions to consider whether the prices charged on specific transactions are fair and reasonable and in compliance with the above pricing policies;
- (iii) the auditors of the Company will conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions on an annual basis and confirm (a) whether the transactions under the Engineering Services Framework Agreement have been approved by the Board; (b) whether the transactions are in accordance with the Group's pricing policies in all material respects; (c) whether the transactions are entered into in accordance with the Engineering Services Framework Agreement; and (d) whether the annual cap is not exceeded; and

(iv) the independent non-executive Directors will conduct an annual review (which is subject to the annual review and disclosure requirements under the Listing Rules) to confirm that the transactions under the Engineering Services Framework Agreement are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) the transactions are conducted in accordance with the Engineering Services Framework Agreement, which the terms are fair and reasonable as well as in the interests of the shareholders as a whole.

INFORMATION ON 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 radio frequency identification technologies based total solution to intelligent transportation, customs logistics and other application areas.

INFORMATION ON BIG DATA COMPANY

Big Data Company is a company established with limited liability in the PRC, which is directly held as to 60% and 40% by the Company and West Coast Development Group respectively, and is principally engaged in the supply chain management services, engineering management services, software development services, sales of construction materials and other businesses.

INFORMATION ON DONGJIE CONSTRUCTION

Dongjie Construction is a company established with limited liability in the PRC. It is principally engaged in construction projects in the PRC, including but not limited to general contracting of building construction, building foundation, decoration and landscaping, landscape engineering, cultural heritage protection engineering, real estate development business, construction materials wholesale, building demolition, pipeline engineering (excluding pressure pipelines), road construction, water conservancy and hydropower construction, electric power construction, municipal utilities construction, electrical and mechanical engineering, crane and lifting equipment installation, fire-fighting facilities engineering, waterproof, anti-corrosion and thermal insulation work, structural steel engineering, as well as building electrical and mechanical installation. As at the date of this announcement, Dongjie Construction is indirectly held as to 80% by Prosper Construction.

INFORMATION ON WEST COAST DEVELOPMENT GROUP

West Coast Development Group is a company established with limited liability in the PRC, which is principally engaged in infrastructure construction, land development, real estate development as well as investment and operation of other business (including cultural, tourism and financial services). Its ultimate beneficial owner is Qingdao SASAC.

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DEFINITIONS

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

“Big Data Company” or “Party B”	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司), a company established in the PRC with limited liability
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongjie Construction” or “Party A”	Qingdao Dongjie Construction Engineering Co., Ltd.* (青島東捷建設工程有限公司), a company established in the PRC with limited liability
“Engineering Services Framework Agreement”	the agreement dated 9 June 2021 entered into between Big Data Company and Dongjie Construction to set out a framework for the provision of software development and building automation engineering project services by Big Data Company to Dongjie Construction for the period from 1 January 2021 to 31 December 2021

“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of 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
“Prosper Construction”	Prosper Construction Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 6816)
“Qingdao SASAC”	The State-owned Assets Supervision and Administration Commission of the People’s Government of Qingdao
“RMB”	Renminbi, the lawful currency of the PRC
“Sample Group”	Nanjing Sample Technology Group Co., Ltd. * (南京三寶科技集團有限公司), a company established in the PRC with limited liability, and directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares of the Company, accounting for approximately 50.77% of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“West Coast Development Group”	Qingdao West Coast Development Group Limited* (青島西海岸發展(集團)有限公司), a company established in the PRC with limited liability

Conversion of HK\$ into RMB in this announcement is based on the exchange rate of HK\$1=RMB0.85. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at such or any other rates or at all.

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

Nanjing, the PRC, 9 June 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. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie.

* for identification purpose only