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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**  
**DISPOSAL OF 60% EQUITY INTEREST IN QINGDAO**  
**BIG DATA TO SAMPLE GROUP**

**THE DISPOSAL**

On 21 October 2021 (after trading hours), Sample Group as purchaser entered into the Equity Transfer Agreement with the Company as vendor, pursuant to which the Company agreed to sell, and Sample Group agreed to purchase, 60% equity interest in Qingdao Big Data at a consideration of RMB45,203,160.

**LISTING RULES IMPLICATIONS**

As Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company, Sample Group is the substantial and the single largest shareholder of the Company. Sample Group is a connected person of the Company under the Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.07 of the Listing Rules, as all applicable percentage ratios calculated in respect of the Disposal are less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

**INTRODUCTION**

On 21 October 2021 (after trading hours), Sample Group as purchaser entered into the Equity Transfer Agreement with the Company as vendor, pursuant to which the Company agreed to sell, and Sample Group agreed to purchase, 60% equity interest in Qingdao Big Data at a consideration of RMB45,203,160.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

Date: 21 October 2021

### **Parties:**

(1) The Vendor: The Company.

(2) The Purchaser: Sample Group.

### **Equity to be disposed of**

Pursuant to the terms and conditions of the Equity Transfer Agreement, the Company as vendor agreed to sell, and Sample Group as purchaser agreed to purchase, 60% equity interest in Qingdao Big Data. Qingdao Big Data is principally engaged in the business of supply chain management services, engineering management services, software development services and sales of building materials.

Upon completion of the equity transfer, Qingdao Big Data will no longer be a subsidiary of the Company. Accordingly, the assets, liabilities and the financial results of Qingdao Big Data will no longer be consolidated into the financial statements of the Company.

### **Consideration**

The consideration for the disposal of the Company's 60% equity interest in Qingdao Big Data is RMB45,203,160, and RMB22,601,580 (50% of the consideration) shall be paid by the purchaser to the Company within 10 working days from the date of entering into the Equity Transfer Agreement, and the remaining RMB22,601,580 (50% of the consideration) shall be paid to the Company by the purchaser on or before 31 December 2021.

### **Basis of consideration of the Equity Transfer Agreement**

The consideration was determined with reference to the asset valuation report dated 30 September 2021 ([2021] De Suo Ping Zi No. 053) prepared by an independent valuer, Qingdao Deming Asset Appraisal Co., Ltd.\* (青島德銘資產評估有限公司), and the appraised value of all shareholders' equity of Qingdao Big Data as at 31 August 2021, the base date, was RMB75,338,600. Accordingly, the appraised value of the Company's 60% equity interest in Qingdao Big Data is RMB45,203,160.

### **The equity transfer**

The relevant transfer procedures shall commence within 10 working days from the date of signing of the Equity Transfer Agreement which becoming effective and the relevant ancillary documents (if any) signed by the purchaser and the vendor, and the vendor shall cooperate with the purchaser in the relevant procedures, and relevant taxes arising from the transfer shall be borne by the purchaser and the vendor respectively.

## INFORMATION OF QINGDAO BIG DATA

Qingdao Big Data is a company incorporated in the PRC with limited liability, with a registered capital of RMB75,000,000. As of the date of this announcement, the paid-up capital is RMB75,000,000, and the Company owns 60% of its equity interest.

Qingdao Big Data is principally engaged in the business of supply chain management services, engineering management services, software development services and sales of building materials.

Set out below is a summary of the audited net loss of Qingdao Big Data for the year ended 31 December 2020 and the eight months ended 31 August 2021 prepared in accordance with the China Accounting Standards for Business Enterprises (“CASBE”):

	<b>For the year ended 31 December 2020</b>	<b>For the eight months ended 31 August 2021</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
Net loss attributable to the equity holders of the parent company	-3,437,151.41	-4,379,260.73

According to the audited financial statements of Qingdao Big Data for the eight months ended 31 August 2021 prepared in accordance with the CASBE, the audited net asset attributable to the equity holders of the parent company of Qingdao Big Data as at 31 August 2021 was RMB60,567,694.06.

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

Upon completion of the equity transfer, Qingdao Big Data will no longer be a subsidiary of the Company, and the financial results of Qingdao Big Data and its subsidiaries will no longer be consolidated into the results of the Company.

Based on the consideration for the disposal of 60% equity interest in Qingdao Big Data by the Company less the Company’s original investment cost in 60% equity interest in Qingdao Big Data of RMB45,000,000, it is estimated that an unaudited gain of approximately RMB203,160 will be recorded in respect of the Disposal.

It is expected that the net proceeds from the Disposal will be used as general working capital of the Group.

## INFORMATION OF SAMPLE GROUP

Sample Group is an investment holding company. It directly owns 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares of the Company, representing 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.

## **INFORMATION OF THE GROUP**

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.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Since the Company's investment in Qingdao Big Data by share subscription in September 2020, the operating conditions of Qingdao Big Data have not met expectations and continued to incur losses. Qingdao Big Data is principally engaged in the business of supply chain management services and sales of building materials. Its operation is independent of the Company's business and is not closely connected with the main business of the Company. The Disposal is for the dealing of an item with potential loss. This transaction will provide cash inflow to the Company and enable it to focus on the development of the main business, which will be beneficial to the overall development of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement have been negotiated on an arm's length basis in the ordinary course of business and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company, Sample Group is a connected person of the Company under the Listing Rules. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.07 of the Listing Rules, as all applicable percentage ratios calculated in respect of the Disposal are less than 5%, the Disposal is subject to reporting and announcement requirements but exempt from the independent shareholders' approval under Chapter 14A of the Listing Rules.

Other than Mr. Sha Min and Mr. Chang Yong, both being Directors, none of the Directors has a material interest in the Equity Transfer Agreement. Accordingly, Mr. Sha Min and Mr. Chang Yong have abstained from voting in the Board's meeting to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

## 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 shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1708)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 60% equity interest in Qingdao Big Data by the Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Domestic Shares”	the ordinary domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for in RMB, and all of such Shares are not listed on the Stock Exchange
“Equity Transfer Agreement”	the equity transfer agreement dated 21 October 2021 entered into between the Sample Group as purchaser and the Company as vendor in relation to the Disposal
“Group”	the Company and its subsidiaries from time to time
“H Shares”	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 and traded in Hong Kong Dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Qingdao Big Data”	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 on 25 August 2016, and is owned as to 60% equity interest by the Company before the Disposal

“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 in the PRC with limited liability, and directly owns 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares of the Company, representing approximately 50.77% of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	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*