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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
NANJING INFORMATIZATION INVESTMENT HOLDING CO., LTD. THROUGH
PUBLIC TENDER

THE DISPOSAL

Reference is made to the announcement of the Company dated 23 May 2022 in relation to the potential disposal for sale of 15.1236% equity interest in Informatization Company held by the Company by way of public tender through QPRE. As of the date of this announcement, the process of the public tender through QPRE has been completed. Zijin Investment, an existing shareholder of Informatization Company, was the ultimate transferee of the potential disposal.

The Board is pleased to announce that on 28 June 2022 (after trading hours), the Company (as the vendor) and Zijin Investment (as the purchaser) entered into the Asset Transaction Agreement, pursuant to which, the Company has agreed to sell, and Zijin Investment has agreed to acquire, the Sale Shares at the Consideration of RMB41,263,200. Upon completion of the Disposal, the Company will no longer hold any equity interest in Informatization Company.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios in respect of the Disposal exceed(s) 5% but all are below 25%, the Disposal will constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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Asset Transaction Agreement

Date: 28 June 2022 (after trading hours)

Parties: (i) the Company (as the vendor); and
(ii) Zijin Investment (as the purchaser)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the purchaser and its ultimate beneficial owner are independent third parties and are not connected with the Company or its connected persons.

Sale Shares

Under the Disposal, the Company has agreed to sell, and Zijin Investment has agreed to acquire, 15.1236% equity interest in Informatization Company.

Consideration, Payment Terms and Basis of Determining the Consideration

The Disposal was made by the Company to entrust QPRE in obtaining the equity bidder by the way of public tender. The base transfer price of RMB41,263,200 which is determined with reference to the value of the total shareholders' equity of Informatization Company as at 31 May 2021 of RMB272,839,500 as determined by Huaxin Appraisal, an independent valuer, using the asset based approach. The Consideration is the final bidding price offered by Zijin Investment, the purchaser, being RMB41,263,200.

Zijin Investment, the purchaser, has paid a deposit of RMB4,126,320 on 20 June 2022 and shall pay the remaining balance of Consideration to the account designated by QPRE within 5 working days from the date of signing the Asset Transaction Agreement. After Zijin Investment has fully paid the Consideration in accordance with the Asset Transaction Agreement, QPRE will issue the equity transfer certificate to the Company and Zijin Investment. The Consideration will be paid by QPRE to the account designated by the Company within 3 working days after the issuance of the equity transfer certificate. At the same time, Zijin Investment shall process the relevant procedures for the change of industrial and commercial registration in relation to the Sale Shares within 5 working days from the day of receiving the equity transfer certificate and the Company shall cooperate for processing the relevant change procedures.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since the Company invested in Informatization Company, the operating conditions of Informatization Company have not met expectations and continued to incur losses for year 2019 and 2020. There is uncertainty about the future operating conditions of Informatization 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 principal businesses, 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 major terms and conditions of the Disposal and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is a company established in the PRC, whose H Shares are listed on the Stock Exchange. The Group is principally engaged in provision of integrated solutions based on Radio Frequency Identification Device (RFID) and visual identification technology for intelligent transportation and customs logistics sectors.

INFORMATION ON ZIJIN INVESTMENT

Zijin Investment is principally engaged in equity investment, industrial investment, asset management, financial consulting, investment consulting etc., which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the Nanjing Municipal People's Government.

INFORMATION ON INFORMATIZATION COMPANY

Informatization Company is a limited liability company incorporated in the PRC which is mainly engaged in the investment in information technology project, construction project management and consulting services, asset management, equity investment, etc.

As at the date of this announcement, the registered capital of Informatization Company is RMB211,590,000 which is fully paid up. The shareholding structure is as follows:

Name of shareholder	Contributed capital (RMB'000)	% of shareholding
Zijin Investment	84,590	39.9783%
Nanjing High-tech Venture Capital Co., Ltd.* (南京市高新技術風 險投資股份有限公司)	33,000	15.5962%
The Company	32,000	15.1236%
Nanjing Urban Construction Investment Holding (Group) Co., Ltd.* (南京市城市建設投資控股(集團)有限責任公司)	25,000	11.8153%
Nanjing Transportation Industry Group Co., Ltd.* (南京交通產業 集團有限責任公司)	24,000	11.3427%
Nanjing Radio and Television Group Co., Ltd.* (南京廣播電視集 團有限責任公司)	13,000	6.1440%

Set out below are certain audited financial information of Informatization Company for the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 prepared in accordance with the Chinese Accounting Standards:

	For the year ended 31 December 2019 <i>(approximately RMB'000)</i>	For the year ended 31 December 2020 <i>(approximately RMB'000)</i>	For the year ended 31 December 2021 <i>(approximately RMB'000)</i>
Profit/(Loss) before tax	-62,427	-61,445	3,169
Profit/(Loss) after tax	-67,912	-67,357	7,471

The audited net asset value attributable to the parent company of Informatization Company as at 31 May 2021 (being the reference date of the Valuation Report) was RMB173,284,267.16. According to the Valuation Report, the assessed total shareholders' equity of Informatization Company as at 31 May 2021 amounted to RMB272,839,500.

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

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

As at the date of this announcement, based on the Consideration as basis for calculation, the Company expects to record a loss before tax of approximately RMB1,048,700 upon the completion of the Disposal. The loss is calculated by reference to the difference between the Consideration and the assessed value of the Sale Shares listed as financial assets in the book of the Company as at 31 December 2021 of RMB42,311,900.

The actual gain/loss on the Disposal will be subject to audit by the Company's auditor. The Company intends to use proceeds from the Disposal as general working capital of the Group.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“%”	per cent.
“Asset Transaction Agreement”	an asset transaction agreement to be entered into between the Company and Zijin Investment in relation to the Disposal on 28 June 2022
“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)
“Consideration”	the consideration for the Disposal of RMB41,263,200, being the final actual transaction price at the QPRE
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to Zijin Investment in accordance with the terms and conditions of the Asset Transaction Agreement
“Group”	the Company and its subsidiaries
“Huaxin Appraisal”	Jiangsu Huaxin Assets Appraisal Co., Ltd.* (江蘇華信資產評估有限公司), an independent valuer established in PRC with asset valuation qualifications

“Informatization Company”	Nanjing Informatization Investment Holding Co., Ltd.* (南京市信息化投資控股有限公司), a limited liability company incorporated in the PRC and the Company holds its 15.1236% equity interest prior to the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region
“QPRE”	Qingdao Property Rights Exchange* (青島產權交易所有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	15.1236% equity interest in Informatization Company held by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report dated 10 December 2021 prepared by Huaxin Appraisal in respect of Informatization Company
“working day(s)”	working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC
“Zijin Investment”	Nanjing Zijin Investment Group Co., Ltd.* (南京紫金投資集團有限責任公司), a limited liability company incorporated in the PRC and owns 39.9783% equity interest in Informatization Company prior to the Disposal

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

Nanjing, the PRC, 28 June 2022

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