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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
RENEWAL OF PROPERTY LEASING FRAMEWORK AGREEMENT

PROPERTY LEASING FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2021 in relation to the Existing Property Leasing Framework Agreement. As the Existing Property Leasing Framework Agreement will expire on 31 December 2024, on 13 December 2024 (after trading hours), the Company (as the lessor) and Sample Group (as the lessee) have renewed the Property Leasing Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Pursuant to the Property Leasing Framework Agreement, the Company agreed to lease their lawfully owned properties to Sample Group and its associates (as defined under the Listing Rules), and Sample Group agreed to rent and procure the members of Sample Group and its associates to rent the lawfully owned properties of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 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. Accordingly, Sample Group is a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (other than profits ratio and equity capital ratio which are not applicable in the present context) in respect of the Property Leasing Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Property Leasing Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of Nanjing Sample Technology Co., Ltd. (the “Company”) dated 30 December 2021 in relation to the existing property leasing framework agreement (the “Existing Property Leasing Framework Agreement”). As the Existing Property Leasing Framework Agreement will expire on 31 December 2024, the board (the “Board”) of directors of the Company is pleased to announce that on 13 December 2024 (after trading hours), the Company (as the lessor) and Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) (“Sample Group”) (as the lessee) have renewed the Property Leasing Framework Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

PROPERTY LEASING FRAMEWORK AGREEMENT

The principal terms of the Property Leasing Framework Agreement are set out below:

- Date: 13 December 2024
- Parties: (i) the Company (as the lessor)
- (ii) Sample Group (a connected person of the Company) (as the lessee)
- Subject Matter: Pursuant to the Property Leasing Framework Agreement, the Company agreed to lease their lawfully owned properties to Sample Group and its associates (as defined under the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and Sample Group agreed to rent and procure the members of Sample Group and its associates to rent the lawfully owned properties of the Company.
- Term: Three years commencing from 1 January 2025 and ending on 31 December 2027 (the “Term”).
- Individual Lease Contracts: In compliance with the terms and conditions of the Property Leasing Framework Agreement, the Company shall enter into separate lease contracts to set out the specific terms of the leasing of properties (the “Individual Lease Contracts”) with Sample Group and/or its associates. The terms and conditions of the Individual Lease Contracts shall be determined by the parties through arm’s length negotiations in accordance with the terms of the Property Leasing Framework Agreement and based on the principles of fairness and reasonableness.
- The term of each of the Individual Lease Contracts shall not exceed the Term.

Pricing Policy and Payment Terms: The rent and the other terms shall be fair and reasonable and in compliance with the normal commercial terms. In general, the rent shall be determined based on the actual conditions of the properties with reference to the market prices and the comparable prices in similar locations. In particular, the rent shall not be lower than the amount of rent payable by an independent third party for similar properties. The payment and settlement terms shall be no less favourable to those of similar property leases offered by an independent third party.

HISTORICAL TRANSACTION AMOUNTS

The actual transaction amounts between the Company and Sample Group and its associates pursuant to the Existing Property Leasing Framework Agreement are set out as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the ten months period ending 31 October 2024
Actual aggregate rental amount between the Company and Sample Group and its associates	RMB2,939,317.76	RMB4,815,957.80	RMB1,942,513.26

The Company expects that the rental for the year ending 31 December 2024 would not exceed the existing annual cap for the same period.

PROPOSED ANNUAL CAPS AND ITS BASIS

The Company sets the following proposed annual caps for the continuing connected transactions regarding the leasing of properties for the three years ending 31 December 2027:

	Years ending 31 December		
	2025	2026	2027
Rent to be paid to the Company by Sample Group and its associates	RMB8,000,000.00	RMB8,000,000.00	RMB8,000,000.00

The proposed annual caps of the transactions contemplated under the Property Leasing Framework Agreement are determined by the parties in accordance with the estimated transaction amounts and taking into account the followings: (1) the actual historical rentals paid to the Company by Sample Group and its associates; (2) the demand on property leasing of the parties and its expected increase; and (3) the market rates for properties of similar quality in similar locations.

INFORMATION ON THE GROUP

The Company is a company established in the PRC, whose H Shares are listed on the Stock Exchange. The Company and its subsidiaries (collectively 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 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASING FRAMEWORK AGREEMENT

The Company is of the view that the Group will benefit from such leasing arrangements under the Property Leasing Framework Agreement for cost efficiency, better utilization of the Company’s office premises and the stable development of the Company’s property leasing business, which is in the interests of the Company as a whole.

BOARD OPINION

Mr. Sha Min (“Mr. Sha”), the Chairman and executive Director of the Company, is interested in 60.40% of equity interest in Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司) which in turn owns 49% of equity interest in Sample Group, a controlling shareholder of the Company and Mr. Liu Fei (“Mr. Liu”), the non-executive Director of the Company, is currently a director of Sample Group. Therefore, each of Mr. Sha and Mr. Liu is considered to have a material interest in the Property Leasing Framework Agreement, they are required to abstain and had abstained from voting on the relevant Board resolutions relating to the Property Leasing Framework Agreement. Save for Mr. Sha and Mr. Liu, no director is required to abstain from voting on the Board resolutions approving the Property Leasing Framework Agreement.

The Board (excluding Mr. Sha Min and Mr. Liu, but including the independent non-executive Directors) is of the view that the Property Leasing Framework Agreement and the transactions contemplated thereunder (i) was entered into in the ordinary and usual course of business of the Group; (ii) is on normal commercial terms agreed after arm’s length negotiations between the parties; and (iii) is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 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. As such, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (other than profits ratio and equity capital ratio which are not applicable in the present context) in respect of the Property Leasing Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Property Leasing Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

By Order of the Board
Nanjing Sample Technology Co., Ltd.*
Sha Min
Chairman

13 December 2024
Nanjing, the PRC

As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Ma Fengkui and Mr. Liu Min, the non-executive director is Mr. Liu Fei; and the independent non-executive directors are Mr. Gao Lihui, Mr. Hu Hanhui and Ms. Chung Yuet Mei.

* For identification purpose only