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三寶科技股份有限公司

THE ACQUISITION

On 18 April 2017, the Company as the purchaser entered into an Equity Transfer Agreement with Sample Group as the vendor in relation to the sale and purchase of the entire equity interest of Urban Constructive for a consideration of RMB7,830,000 (equivalent to approximately HK\$8,847,900). As at the date of this announcement, Sample Group owns 100% equity interest thereof. Upon the completion of the Acquisition, Urban Constructive will become a wholly-owned subsidiary of the Company.

EQUITY TRANSFER AGREEMENT

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

Date: 18 April 2017

Parties

- (i) the Company (as the purchaser)
- (ii) Sample Group (a connected person of the Company) (as the vendor)

Subject matter:

Pursuant to the Equity Transfer Agreement, Sample Group has agreed to sell and the Company has agreed to purchase 100% equity interest of Urban Constructive.

Consideration

Pursuant to the Equity Transfer Agreement, the total Consideration for the Acquisition is RMB7,830,000 (equivalent to approximately HK\$8,847,900) and shall be paid to Sample Group in the way of bank transfer to the designated bank account of Sample Group by the Company within seven working days after the completion of the formalities for change of the Company's registration of Urban Constructive.

The Consideration was arrived after arm's length negotiations between the parties after taking into account the appraised net assets value of Urban Constructive as at 31 December 2016 of approximately RMB8,196,900 (equivalent to approximately HK\$9,262,497) as set out in the valuation report prepared by an independent valuer and the net assets value of Urban Constructive as at 31 March 2017 amounted to approximately RMB7,830,000 (equivalent to approximately HK\$8,847,900) pursuant to the unaudited management account of Urban Constructive. The Consideration will be financed by the self-owned funds of the Company.

Completion

Completion of the Acquisition will take place upon completion of the formalities for change of the company's registration of Urban Constructive.

INFORMATION ON URBAN CONSTRUCTIVE

Urban Constructive is a company established under the laws of the PRC with limited liability and principally engaged in the investment, construction and operation of the municipal public utilities. As at the date of this announcement, the total registered capital of Urban Constructive is RMB100,000,000 and the total paid-up capital is RMB20,000,000. Upon the completion of the Acquisition, Urban Constructive will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Company.

Pursuant to the management accounts of Urban Constructive, the unaudited net asset value of Urban Constructive as of 31 March 2017 amounted to approximately RMB7,830,000 (equivalent to approximately HK\$8,847,900), comprising, inter alia, bank balances and cash in the amount of at least RMB7,670,000 (equivalent to approximately HK\$8,667,000). Pursuant to the audited financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, the audited net losses of Urban Constructive for the two years ended 31 December 2016 were as follows:

	For the year ended 31 December 2016 <i>(RMB'000)</i> (audited)	For the year ended 31 December 2015 <i>(RMB'000)</i> (audited)
Net loss before taxation	2,558.6	7,454.4
Net loss after taxation	2,558.6	7,454.4

INFORMATION ON THE GROUP

The Company is a company established in the PRC, whose H Shares are listed on the Stock Exchange. The Group is a major developer and provider of video security system solutions in the PRC targeting on government authorities. Its products and system solutions are currently designated for use in (i) urban traffic monitoring and control sector; (ii) customs logistics monitoring sector; and (iii) expressway monitoring sector in the PRC.

INFORMATION ON SAMPLE GROUP

Sample Group is a limited company established in Nanjing, the PRC with registered capital of RMB333,000,000, and is an investment holding company. As at the date of this announcement, Sample Group holds 159,128,400 Domestic Shares of the Company, representing approximately 50.23% of the issued share capital of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The main business of Urban Constructive includes investment, construction and operation of the municipal public utilities and it accumulated certain customer resources and built a brand image. By the Acquisition, the Company will be able to rapidly apply its own IOT technology and smart terminal products to the municipal construction sector, which will further enrich the Company's business layout in the intelligent city industry chain.

BOARD OPINION

The Board (including the independent non-executive Directors) is of the view that the Acquisition (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 owns 100% equity interest of Urban Constructive. Sample Group holds, directly or indirectly, 159,128,400 Domestic Shares of the Company, representing approximately 50.23% of the issued share capital of the Company, and is therefore a controlling shareholder and connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirements.

As Mr. Sha and Mr. Chang are respectively interested in 60.40% and 38.96% of equity interest in Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司) which in turn owns the entire equity interest in Sample Group, a controlling shareholder of the Company. Each of Mr. Sha and Mr. Chang is considered to have a material interest in the Acquisition, they are required to abstain and had abstained from voting on the relevant Board resolutions relating to the Acquisition. Save for Mr. Sha and Mr. Chang, no Director is required to abstain from voting on the Board resolutions approving the Transactions.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 100% equity interest of Urban Constructive by the Company from Sample Group pursuant to the Equity Transfer Agreement
“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)
“Consideration”	the consideration payable by the Company to Sample Group for the Acquisition
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 18 April 2017 entered into between the Company (as purchaser) and Sample Group (as vendor) relating to the transfer of 100% equity interest in Urban Constructive
“Group”	the Company and its subsidiaries
“H Share(s)”	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 in Hong Kong dollars
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sha”	Mr. Sha Min (沙敏先生), the chairman of the Board, an executive Director and a controlling Shareholder of the Company
“Mr. Chang”	Mr. Chang Yong (常勇先生), the vice chairman of the Board and an executive Director
“PRC”	the People’s Republic of China
“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 and a controlling shareholder of the Company holding, directly or indirectly, 159,128,400 Domestic Shares of the Company, representing 50.23% of the issued share capital of the Company as at the date of this announcement

“Share(s)”	share(s) of RMB1.00 each of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Acquisition, the Equity Transfer Agreement and the transactions contemplated thereunder
“Urban Constructive”	Nanjing Intelligent Urban Constructive Investment Co., Ltd.* (南京數字城市投資建設有限公司), a wholly owned subsidiary of the Sample Group as at the date of this announcement
“%”	per cent

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a t c t t L t R , t c t t t .*

By Order of the Board
Nanjing Sample Technology Co., Ltd.*
Sha Min
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Nanjing, the PRC, 18 April 2017

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