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南京三寶科技股份有限公司
NANJIN

The Company has applied to the Stock Exchange for a waiver from strict compliance with the assured entitlement requirement under paragraph 3(f) of Practice Note 15 in respect of the Potential Quotation, on the grounds as set out below:

(i) Absence of dilution in the indirect equity interest of the existing shareholders of the Company

The Group does not intend to effect any sale of its direct or indirect shareholding in, nor will there be any new shares to be issued by, Intelligent Transportation in connection with the Potential Quotation. Immediately following the Potential Quotation, the Group will continue to indirectly hold 65% equity interest in Intelligent Transportation. As such, there is no dilution in the indirect equity interest of the existing shareholders of the Company in Intelligent Transportation.

(ii) Legal impediment in the PRC

According to the laws and regulations of the PRC and the rules governing the quotation of the NEEQ, it is not feasible to provide the existing shareholders of the Company with an assured entitlement to the shares in Intelligent Transportation.

Intelligent Transportation was converted from a limited liability company (有限責任公司) into a joint stock limited company (股份有限公司) in November 2015 (the “**Conversion**”). The PRC legal adviser of the Company (the “**PRC Lawyer**”) has advised that, according to the Company Law of the PRC* (<中華人民共和國公司法>), the Group (as the promoter of Intelligent Transportation) is restricted from transferring shares it held within one year from the date of the Conversion. For such reasons, the Group is restricted from transferring or distributing the existing shares of Intelligent Transportation it directly held to the Company’s shareholders before November 2016, including the date on which the shares of Intelligent Transportation are quoted on NEEQ.

The PRC Lawyer has also advised that foreign natural persons, legal persons and institutions cannot invest in the shares quoted on the NEEQ unless they are (i) qualified foreign institutional investors, (ii) Renminbi qualified foreign institutional investors, (iii) strategic investors that are approved by the Ministry of Commerce, or (iv) foreign natural persons with the right of permanent residence in the PRC or residents of Hong Kong, Macau and Taiwan working in the PRC, who have more than RMB5 million worth of securities assets and more than two years of experience in securities investment.

Accordingly, not all, if any, of the existing shareholders of the Company will be qualified to hold shares in Intelligent Transportation following the Potential Quotation, and thus compliance with paragraph 3(f) of Practice Note 15 in relation to the Potential Quotation will not be feasible.

Having considered the above factors, the Board is of the view that the non-provision of assured entitlements in connection with the Potential Quotation is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Stock Exchange has granted to the Company a waiver from strict compliance with paragraph 3(f) of Practice Note 15 on 5 August 2016.

FURTHER ANNOUNCEMENT

The Company will issue further announcement(s) as and when necessary if there is any progress in respect of the Company's application of the Potential Quotation to NEEQ Co. Ltd.

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

The PRC, 7 September 2016

All the above information is true and correct, the executive director is M. Sha Min (Chairman), M. Chang Yig, M. Zhong Xiaogang, the independent director is M. Ma Jun; and the independent director is M. Han Haihui, M. Gong Naifang and M. Sheng Shigui.

* *for identification purposes*