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The proposed Articles Amendments are subject to the consideration and approval by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company (the “**AGM**”), the H Shares class meeting and the domestic Shares class meeting by way of special resolution. For details, please refer to the Appendix of this announcement.

GENERAL

The proposed distribution of Cash Dividend is subject to, among other things, the approval of the Shareholders at the AGM. Whereas, the proposed Bonus Issue and Capitalization Issue and the proposed Articles Amendments are subject to, among other things, the approval of the Shareholders at the AGM as well as the approval of Shareholders at the H Shares class meeting and the domestic Shares class meeting respectively.

A circular containing, inter alia, details of the proposed distribution of Cash Dividend, the proposed Bonus Issue and Capitalization Issue, the proposed Articles Amendments and the notices of AGM, H Shares class meeting and domestic Shares class meeting will be despatched to the Shareholders in due course.

I. PROPOSED DISTRIBUTION OF CASH DIVIDEND, PROPOSED BONUS ISSUE AND CAPITALIZATION ISSUE

As set out in the Announcement, the Board proposed the distribution of a cash dividend of RMB79,205,850 i.e. RMB0.25 per Share (the “**Cash Dividend**”) based on its total share capital of 316,823,400 Shares.

The Announcement sets out as well that the Board proposed to distribute to all Shareholders on the basis of 10 bonus Shares for every 10 Shares held from undistributed profits and proposed to distribute to all Shareholders on the basis of 10 Shares for every 10 Shares held from the capital reserve.

The Board would like to supplement the aforesaid proposed issue of Shares from the undistributed profits and from the capital reserve as follows (as underlined):—

The Board proposed (i) the issue of a total of 316,823,400 Shares from the undistributed profits of the Company as at 31 December 2017 on the basis of 1 (one) Share (the “**Bonus Shares**”) for every 1 (one) existing Share (the “**Bonus Issue**”); and (ii) the issue of a total of 316,823,400 Shares from the capital reserve of the Company as at 31 December 2017 on the basis of 1 (one) share (the “**Capitalization Shares**”) for every 1 (one) existing Share (the “**Capitalization Issue**”).

The proposed Bonus Issue and Capitalization Issue involves the issue of a total of 633,646,800 new Shares. The proposed Bonus Issue and Capitalization Issue will be issued on a pro rata basis.

The proposed Bonus Issue and Capitalization Issue are subject to the following conditions:

- (i) approval from the Shareholders at the forthcoming AGM as well as the H Shares class meeting and the domestic Shares class meeting;
- (ii) The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) granting the listing of, and permission to deal in, the new H Shares (the “**New H Shares**”) to be allotted and issued under the proposed Bonus Issue and Capitalization Issue; and
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of the PRC to effect the proposed Bonus Issue and Capitalization Issue.

The Cash Dividend will be declared according to the Articles of Association of the Company. Dividend on domestic Shares will be paid in Renminbi and dividend on H Shares will be paid in Hong Kong dollars. Payment of the Cash Dividend is also subject to the approval of the Shareholders at the AGM.

Status of Bonus Shares and Capitalization Shares

The Bonus Shares and Capitalization Shares will, subject to the Articles of Association, rank pari passu in all respects with the Shares in issue on the date of the proposed Bonus Issue and Capitalization Issue. Bonus Shares and Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Bonus Shares and Capitalization Shares are allotted and issued. The issue of Bonus Shares and Capitalization Shares should not result in any change to the rights of the Shares.

Overseas Shareholders

The Company will make appropriate enquiries on whether there are legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in the place where overseas shareholders reside, to determine whether it will be necessary or expedient to exclude such overseas shareholders from the proposed Bonus Issue and Capitalization Issue. Further details of the rights of the overseas shareholder(s) will be set out in the circular to be despatched to the Shareholders.

Effect to the shareholding upon completion of the proposed Bonus Issue and Capitalization Issue

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the proposed Bonus Issue and Capitalization Issue (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the record date):

	As at the date of this announcement		Immediately upon completion of the proposed Bonus Issue and Capitalization Issue	
	Number of Shares	%	Number of Shares	%
H Shares	91,800,000	28.98	275,400,000	28.98
Domestic Shares	225,023,400	71.02	675,070,200	71.02
Total	<u>316,823,400</u>	<u>100.0</u>	<u>950,470,200</u>	<u>100.0</u>

Application for Listing

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the New H Shares.

Reasons for the proposed distribution of Cash Dividend, the proposed Bonus Issue and Capitalization Issue

The Board believes that the proposed distribution of Cash Dividend, the Bonus Issue and Capitalization Issue (i) will provide the Company with a wider capital base and therefore enhance the liquidity of the Shares; and (ii) is a return to the long-term support and care of the Shareholders.

Based on the positive expectations on the future development of the Company, and with reference to the operating and the overall financial status of the Company, the Company proposes the Cash Dividend and the Bonus Issue and Capitalization Issue in accordance with the provisions in relation to profit distribution in the Articles of Association, to increase the Company's capital base, promote the continuous sustainable development of the Company and to increase the liquidity of the Shares.

The proposed Cash Dividend and the proposed Bonus Issue and Capitalization Issue are subject to Shareholders' approval. A special resolution to consider and approve the proposed Bonus Issue and Capitalization Issue will be proposed at the AGM, H Shares class meeting and the domestic Shares class meeting. An ordinary resolution to consider and approve the proposed Cash Dividend will be proposed at the AGM.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the proposed Bonus Issue and Capitalization Issue, and in view of the changes in regulatory requirements and economic environment and in light of the actual situations of the Company, the Board of the Company proposes to amend the Articles of Association (the "**Articles Amendments**") in order to enable the Articles of Association, among other things, to change in the registered capital of the Company as a result of the Bonus Issue and Capitalization Issue.

It is proposed that the general meeting shall authorize any Directors of the Company to make appropriate amendments to the Articles of Association whenever necessary in the process of submitting the same for approval, as required from time to time by the relevant regulatory authorities and the Hong Kong Stock Exchange.

The proposed Articles Amendments are subject to (i) the consideration and approval by the Shareholders at the AGM and the H Shares class meeting and the domestic Shares class meeting of the Company by way of special resolution; and (ii) the approval of and registration or filing with the relevant competent authorities in the PRC. For details, please refer to the Appendix of this announcement.

III. GENERAL

The distribution of Cash Dividend will be proposed by ordinary resolution to be approved by Shareholders at the AGM. Whereas, the Bonus Issue and Capitalization Issue and the Articles Amendments will be proposed by special resolutions to be approved by the Shareholders at the AGM as well as the approval by Shareholders at the H Shares class meeting and the domestic Shares class meeting respectively.

Further details on the expected timetable for the proposed Cash Dividend and the proposed Bonus Issue and Capitalization Issue will be announced by the Company in due course.

A circular containing, inter alia, details of the proposed distribution of Cash Dividend, the proposed Bonus Issue and Capitalization Issue, the proposed Articles Amendments and the notices of AGM, H Shares class meeting and domestic Shares class meeting will be despatched to the Shareholders in due course.

On behalf of the Board
Nanjing Sample Technology Co., Ltd.*
Sha Min
Chairman

Nanjing, the PRC
2 May 2018

As at the date of this announcement, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Zhu Xiang, the non-executive Director is Mr. Ma Jun; and the independent non-executive Directors are Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Shum Shing Kei.

* for identification purpose only

Appendix

Terms used in this Appendix shall have the same meanings as defined in the Articles of Association of the Company published on 28 November 2017 unless the context requires otherwise.

The proposed amendments to the Articles of Association are as follows:

Article 17

Add the following sub-clause (15) to the existing Article 17:

(15) With the approval of the examination and approval authority authorized by the State Council, the Company issued 316,823,400 bonus shares (1 bonus share for every 1 share) and increased 316,823,400 shares by way of capitalization of capital reserve (1 capitalization share for every 1 share), thereafter the total equity of the Company changed to 950,470,200 shares, with 675,070,200 shares (71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

477,385,200 Shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 50.22% of the total number of the ordinary shares issued by the Company. (477,385,200 Shares)

Article 20

which originally read as:

The Company's registered capital is RMB316,823,400.

is amended as follows:

The Company's registered capital is RMB950,470,200.

Article 45

is changed to Article 46, and the following Articles shall be reordered accordingly; and the New Article 45 is as follows:

With the approval of the securities regulatory authorities of the State Council and other competent authorities, holders of domestic shares of the Company may transfer all or part of the shares held by them to foreign investors and have the shares listed and traded on overseas stock exchange(s); all or part of the domestic shares are convertible into foreign shares under the conditions required by relevant laws and regulations, and the resulting foreign shares may be listed and traded on overseas stock exchange(s). The shares transferred or converted shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded in an overseas stock exchange. The listing and trading of the transferred shares in an overseas stock exchange, or the conversion of domestic shares into foreign shares for listing and trading on foreign stock exchange(s), are not subject to the holding of a separate general meeting or a shareholders class meeting for voting. The overseas listed foreign shares converted from domestic shares shall be of the same class with the existing overseas listed foreign shares.

Article 92

which originally read as:

Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 94 to 98 of the Articles of Association.

is amended as follows:

Article 93

Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 95 to 99 of the Articles of Association.

No approval by a general meeting or a class meeting is required for variation or abrogation of rights of class shareholders resulting from any change in domestic and foreign laws, administrative regulations and listing rules where the Company's shares are listed, and those resulting from decisions made by domestic and foreign regulatory authorities.

The transfer by the Company's holders of all or part of domestic shares of the shares held thereby to foreign investors for listing and trading overseas, or the conversion of all or part of domestic shares into overseas listed foreign shares for listing and trading on overseas stock exchange(s), shall not be deemed as the Company's intention to vary or abrogate the rights of any class of shareholders.

Note: The articles of the amended Articles of Association will be re-numbered in accordance with the numbering of the amended articles in the Articles of Association arising from the changes in the numbering of the original articles due to the addition of new Article 45 under the proposed Articles Amendments. The amended Articles of Association will also be revised accordingly for any changes in the numbering of the articles with cross-reference made in the original Articles of Association.

Save as the proposed Articles Amendments above, there should be no change in the content of other articles in the Articles of Association. The Articles of Association are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.