

The Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION
ESTABLISHMENT OF QINGDAO SMART DATA TECHNOLOGY VENTURE
CAPITAL PARTNERSHIP FUND

PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 30 September 2020, the Company, the General Partner and the other Limited Partners entered into the Partnership Agreement, pursuant to which the parties shall contribute an aggregate amount of RMB500,000,000 for the establishment of the Partnership Fund, among which the Company shall contribute RMB25,000,000. Upon establishment, the Partnership Fund will not become a subsidiary of the Company nor be included in the Company's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

Since the General Partner, Jufuhuiyin, is a wholly-owned subsidiary of the Limited Partner, West Coast Finance Development, which in turn is a wholly-owned subsidiary of West Coast Development Group, Sample Digital is a wholly-owned subsidiary of Sample Group, and West Coast Development Group directly holds 51% of the equity interest of Sample Group. Sample Group directly holds 397,821,000 domestic shares and indirectly holds 4,310,000 H shares of the Company, accounting for approximately 50.77% of the Company's issued share capital and therefore, Sample Group is a substantial and the single largest shareholder of the Company. West Coast Finance Development, Sample Digital and Jufuhuiyin are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios of the transaction under the Partnership Agreement are more than 0.1% but less than 5%, the transaction under the Partnership Agreement is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 30 September 2020, the Company, the General Partner and the other Limited Partners entered into the Partnership Agreement, pursuant to which the parties shall contribute an aggregate amount of RMB500,000,000 for the establishment of the Partnership Fund, among which the Company shall contribute RMB25,000,000. The principal terms of the Partnership Agreement are set out as follows:

PARTNERSHIP AGREEMENT

Date: 30 September 2020

Parties: Jufuhuiyin, as the General Partner and fund manager;
West Coast Finance Development, as Limited Partner;
the Company, as Limited Partner;
Sample Digital, as Limited Partner;
High Innovation Capital, as Limited Partner.

Subject matter:

The parties shall jointly establish the Partnership Fund. The proposed name of the Partnership Fund is Qingdao Smart Data Technology Venture Capital Partnership (Limited Partnership), which is to be registered and established in the PRC. Its business scope covers equity investment, equity investment management, investment management, investment information consulting (non-securities business), venture investment business, provision of venture investment management services for start-ups, venture investment consultancy (the above businesses must be registered with the Asset Management Association of China. Without approval of financial regulatory authorities, engagement in financial services such as taking deposits from the public, financing guarantees and managing client's assets is not allowed), corporate management services, corporate management consulting, and financial information consulting. (For items subject to approval in accordance with law, business activities may only be carried out after obtaining approval from the relevant authorities) (the business scope finally approved and registered by the registration authorities shall prevail).

Amount of Contribution, Determination Basis and Payment Manner

Within 10 working days after the signing of the Partnership Agreement, the General Partner has the right to issue a capital contribution notice, and each partner shall pay 20% of its capital contribution at the time as required in the capital contribution notice; subsequent capital contributions shall be made in accordance with the Agreement and the progress of the project and paid in installments according to the time as required in the capital contribution notice of the General Partner.

The scale of the Partnership Fund is in the total amount of RMB500,000,000, the amounts to be paid by the parties are as follows:

	Name of partner	Contribution (RMB '0000)	Contribution proportion
General Partner	Qingdao Jufuhuiyin Asset Management Co., Ltd.	1,000	2.00%
Limited Partners	Qingdao West Coast Finance Development Co., Ltd	29,000	58.00%
	Nanjing Sample Digital Technology Co., Ltd.	7,500	15.00%
	Nanjing Sample Technology Co., Ltd.	2,500	5.00%
	Qingdao High Innovation Sci-Tech Capital Operation Co., Ltd	10,000	20.00%
	Total	50,000	100.00%

The amount of capital contribution is agreed by the parties after arm's length negotiation and having considered the factors such as the total investment scale of the Partnership Fund and the respective investment intentions of each party.

The Company's contribution under the Partnership Agreement shall be funded by the Group's internal resources.

Term

The term of the Partnership Fund shall be 6 years commencing from the date of establishment of the Partnership Fund. The first 3 years is the investment period while the last 3 years will be exiting period. Upon expiration of the duration, it can be extended for 2 years with the unanimous consent of all partners, but in principle, the duration shall not exceed 8 years.

Management

The Partnership Fund shall pay management fees to the General Partner as remuneration for the execution of the business of the partnership. During the investment period, the management fee payable by the Partnership Fund is 2% of the total capital contribution of the fund; during the recovery period, the management fee payable by the Partnership Fund is 1.5% of the amount of completed external investments after deduction of the principal of the projects exited; no management fees will be paid if the recovery period is extended.

The Partnership Fund proposed to establish an investment decision committee with 5 members, including 3 members appointed by Jufuhuiyin, 1 member appointed by the Company, and 1 member appointed by High Innovation Capital, which have been considered and approved at the meeting of the partners. Matters considered by the investment decision committee in general shall be approved by at least 4/5 of its members. In principle, members appointed by Jufuhuiyin must attend the meetings held by investment decision committee. If the members appointed by the Company and High Innovation Capital do not attend the meeting in the manner agreed in the Partnership Agreement, the matters to be considered shall be approved with the consent of at least 4/5 of the members present of the investment decision committee.

The investment decision committee is responsible for:

- (1) reviewing and approving the investment plan of investment projects of the Partnership Fund, considering the investment projects selected and determined by the executive partner and making investment decisions; considering the exit plan of investment projects and make decisions;
- (2) reviewing investment project progress reports regularly to monitor investment progress, evaluate investment performance, and control investment risks;
- (3) reviewing the investment management system of the Partnership Fund formulated by the General Partner, including management systems in investment management, investment decision-making, risk management, performance evaluation, etc.;
- (4) jointly judging the possibility of a major depreciation of the investment project/not realizing net investment income with the General Partner, and putting forward investment recommendations and opinions;
- (5) other matters stipulated in the Partnership Agreement and the rules of procedure of the investment decision committee.

Equity distribution

The assets of the Partnership Fund that can be used by partners for equity distribution are income from equity investment recovery, operating income, and remaining assets at the time of fund liquidation.

The remaining assets upon the liquidation of the Partnership Fund after making equity distribution and paying agreed and statutory debts and expenses payable shall be distributed in the following order:

- (1) First, return of the investment principal. The paid-in capital that has not been recovered by all Limited Partners will be firstly paid in proportion to their respective paid-in capital, and then the paid-in capital that has not been recovered by the General Partner.

- (2) Second, distribution of preference returns. If there is any balance, first distribute it to all Limited Partners until the cumulative distribution amount reaches the preference returns calculated at the rate of return of six (6%)/year (simple interest) on its paid-in capital; then distribute to the General Partner until the cumulative distribution amount reaches the preference returns calculated on the basis of a six percent (6%)/year (simple interest) on its paid-up capital. The calculation period of the preference returns is from the actual payment date of each installment of the paid-in capital of the partner to the date when the partner recovers such paid-in capital;
- (3) Finally, distribution of excess returns. If there is a balance, 80% of the remaining assets available for partners to distribute equity will be paid to all partners in proportion to their respective capital contribution; for the remaining 20% of the assets available for partners to distribute equity, it will be paid to the executive partner as performance reward.

Transfer of Limited Partner's interest:

Where a Limited Partner transfers the entire or part of its shares to investors other than those of the fund, the share transfer is subject to the prior consent of the General Partner, and the transfer (the quantity of shares to be transferred, the transferee, and conditions of transfer, etc.) shall be notified to other partners 30 days in advance, and other partners have the first right to purchase under the same conditions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Group's business mainly consists of two core industries, being intelligent transportation and intelligent logistics. The Partnership Fund will invest in strategic emerging industries such as intelligent transportation, Internet of Vehicles, big data, smart vision, artificial intelligence, blockchain technology applications, and industrial Internet. These industries are supported by national policies, having a great potential for business development. At the same time, the investment direction of the Partnership Fund has a strong compatibility with the Company, which is conducive to our participation in high-quality technology companies, and may produce synergy effects with the Company. The Partnership Fund will focus on intellectual property-intensive high-tech enterprises, which can resist the risk cycle with strength in technology. Considering its wealth of management experience and project resources, the manager of the Partnership Fund is an excellent and professional team. The investment of the Company in the Partnership Fund as a value investment will enable the Company to seize the opportunity to further diversify its areas of investment and investment risks exposures.

The Directors (including all independent non-executive Directors) consider that the terms of the Partnership Agreement are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES TO THE PARTNERSHIP AGREEMENT

General Partner

Jufuhuiyin is a company established in the PRC with limited liability which principally engaged in assets management and investment management business. Its ultimate beneficial owner is Qingdao SASAC. The General Partner shall bear unlimited liability for the debts of the Partnership Fund.

Limited Partners

The Company

The Company is a company established in the PRC and its H shares are listed on the Stock Exchange. The Group is principally engaged in the provision of visual identification and RFID technologies based full solutions to intelligent transportation, customs logistics and other application areas.

Other Limited Partners

Qingdao West Coast Finance Development Co., Ltd.* is a company established in the PRC with limited liability and a wholly-owned subsidiary of West Coast Development Group. It is mainly engaged in business such as external investment and operation activities with its own funds, investment consulting services, asset management and relevant consulting services, financial information consulting services and other businesses. Its ultimate beneficial owner is Qingdao SASAC.

Nanjing Sample Digital Technology Co., Ltd.* is a company established in the PRC with limited liability and a wholly-owned subsidiary of Sample Group, and is mainly engaged in the business of domestic trade services. Its ultimate beneficial owner is Qingdao SASAC.

Qingdao High Innovation Sci-Tech Capital Operation Co., Ltd.* is a company established in the PRC with limited liability and a wholly-owned subsidiary of Qingdao Sea Inspection Group Co., Ltd.*. It is mainly engaged in external investment and asset management; technology capital operation; investment planning and consultation; other capital investment and operations not prohibited by national laws and regulations. Its ultimate beneficial owner is Qingdao SASAC.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save for High Innovation Capital, the General Partner, each of the other Limited Partners and their respective ultimate beneficial owners are connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Since the General Partner, Jufuhuiyin, is a wholly-owned subsidiary of the Limited Partner, West Coast Finance Development, which in turn is a wholly-owned subsidiary of West Coast Development Group, Sample Digital is a wholly-owned subsidiary of Sample Group, and West Coast Development Group directly holds 51% of the equity of Sample Group. Sample Group directly holds 397,821,000 domestic shares and indirectly holds 4,310,000 H shares of the Company, accounting for approximately 50.77% of the Company's issued share capital and therefore, Sample Group is a substantial and the single largest shareholder of the Company. West Coast Finance Development, Sample Digital and Jufuhuiyin are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios of the transaction under the Partnership Agreement are more than 0.1% but less than 5%, the transaction under the Partnership Agreement is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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 established in the PRC, whose H Shares are listed on the Stock Exchange (Stock Code: 1708)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Partner”	the general partner under the Partnership Agreement, being Qingdao Jufuhuiyin Asset Management Co., Ltd.* (青島聚富匯銀資產管理有限公司)
“Group”	the Company and its subsidiaries
“High Innovation Capital”	Qingdao High Innovation Sci-Tech Capital Operation Co., Ltd.* (青島高創科技資本運營有限公司), a company established in the PRC with limited liability

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Jufuhuiyin”	Qingdao Jufuhuiyin Asset Management Co., Ltd.* (青島聚富匯銀資產管理有限公司), a company established in the PRC with limited liability
“Limited Partner(s)”	the limited partners under the Partnership Agreement, being the Company and the other Limited Partners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Agreement”	the partnership agreement dated 30 September 2020 entered into among the Company, the General Partner and the other Limited Partners in relation to the establishment of the Partnership Fund
“Partnership Fund”	the partnership fund to be established pursuant to the Partnership Agreement, the proposed name of the Partnership Fund is Qingdao Smart Data Technology Venture Capital Partnership (Limited Partnership)* (青島智慧數科創業投資合夥企業(有限合夥))
“PRC”	the People’s Republic of China
“Qingdao SASAC”	State-owned Assets Supervision and Administration Commission of Qingdao Municipal People’s Government
“RMB”	Renminbi, the lawful currency of the PRC
“Sample Digital”	Nanjing Sample Digital Technology Co., Ltd.* (南京三寶數碼科技有限公司), a company established in the PRC with limited liability
“Sample Group”	Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), a limited liability company established in the PRC and directly holds 397,821,000 domestic shares and indirectly holds 4,310,000 H shares of the Company, accounting for approximately 50.77% of the Company’s issued share capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“West Coast Development Group”	Qingdao West Coast Development Group Co., Ltd* (青島西海岸發展(集團)有限公司), a company established in the PRC with limited liability
“West Coast Finance Development”	Qingdao West Coast Finance Development Co., Ltd* (青島西海岸金融發展有限公司), a company established in the PRC with limited liability

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

Nanjing, the PRC, 30 September 2020

As at the date hereof, 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. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie.

* *For identification purpose only*