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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS
CREDITOR'S RIGHTS TRANSFER AGREEMENTS

Creditor's Rights Transfer Agreement I

On 28 January 2021, Vendor I entered into the Creditor's Rights Transfer Agreement I with the Purchaser, pursuant to which the Purchaser conditionally agreed to purchase, and Vendor I conditionally agreed to sell, a creditor's right at the consideration of RMB153,311,928.00.

Creditor's Rights Transfer Agreement II

On 28 January 2021, Vendor II entered into the Creditor's Rights Transfer Agreement II with the Purchaser, pursuant to which the Purchaser conditionally agreed to purchase, and Vendor II conditionally agreed to sell, 7 creditor's rights at the consideration of RMB352,346,262.23.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares of the Company, accounting for a total of approximately 50.77% of the issued share capital of the Company. As such, the Purchaser is the substantial and single largest Shareholder. According to Chapter 14A of the Listing Rules, the Purchaser is a connected person of the Company. Therefore, the Creditor's Rights Transfer Agreement I, Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder constitute connected transactions of the Company.

Meanwhile, the transactions contemplated under the Creditor's Rights Transfer Agreement I and Creditor's Rights Transfer Agreement II shall be aggregated. As the applicable percentage ratios (as defined in the Listing Rules) after aggregated are more than 5% but less than 25%, the transactions constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14 and 14A of the Listing Rules.

GENERAL

The EGM will be convened for the consideration and, if thought fit, approval by the Independent Shareholders on, amongst other things, the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the transactions shall abstain from voting at the EGM on the resolutions on approving the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. As at the date of this announcement, the Purchaser is a substantial Shareholder. Accordingly, the Purchaser shall abstain from voting at the EGM on the resolutions on approving the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. To the best of the Directors' knowledge, there is no other Shareholder (save for the Purchaser and its respective associates) shall abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie, has been formed to consider the terms of the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder, and advise the Independent Shareholders as to whether the terms are on ordinary commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

None of the members of the Independent Board Committee is involved in the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder, nor has any interest in such transactions. The Independent Board Committee will, after obtaining and considering the advice from the independent financial adviser, reach an opinion on the terms of the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II. Hooray Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) details on the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II; (ii) recommendations from the Independent Board Committee in respect of the matters of the creditor's rights transfer; (iii) advice from the independent financial adviser; (iv) the notice of the EGM and proxy form; and (v) such other information required under the Listing Rules is expected to be dispatched to the Shareholders on or before 22 February 2021, so as to allow the Company to have sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and the potential investors of the Company should be aware that the completion is subject to the satisfaction (or exemption, if applicable) of the conditions precedent under the respective creditor's rights transfer agreements, and accordingly, the completion may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the shares.

The Board is pleased to announce that, on 28 January 2021, Vendor I and Vendor II have respectively entered into the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II with the Purchaser. The aggregate consideration of the agreements is RMB505,658,190.23. Principal terms of the two creditor's rights transfer agreements are set out as follows:

Creditor's Rights Transfer Agreement I

Date: 28 January 2021

Parties: Vendor I; and
the Purchaser.

Consideration and payment terms:

The consideration of the Creditor's Rights Transfer Agreement I is RMB153,311,928.00, which was arrived at arm's length negotiation between the parties to the Creditor's Rights Transfer Agreement I after taking into account the net book value of the creditor's rights set forth in the Creditor's Rights Transfer Agreement I (the "**Creditor's Rights I**") audited in accordance with the PRC Accounting Standards as at 30 November 2020.

The consideration will be paid by the Purchaser in the following manner:

The consideration of RMB153,311,928.00 will be paid by the Purchaser in cash to Vendor I within 15 working days after the effective date of the Creditor's Rights Transfer Agreement I.

Details of the creditor's right to be disposed:

Pursuant to the Creditor's Rights Transfer Agreement I, the Purchaser conditionally agreed to purchase, and Vendor I conditionally agreed to sell, a creditor's right in relation to the receivables of the Company's engineering project arising from the ordinary and usual course of business. Details of which are as follows:

Unit: RMB

No.	Name of client	Accounts receivable (Original value)	Provision for bad debts made	Audited net assets as at 30 November 2020	Transfer price	Basic information of the project
1	Zhongji Guoneng Engineering Co., Ltd. (中機國能工程有限公司)	166,643,400.00	13,331,472.00	153,311,928.00	153,311,928.00	Uncollected receivables of equipment procurement contracts for the 20MW photovoltaic power generation project of Zhongji Guoneng Engineering Co., Ltd.-Feicheng Yingdian Energy Co., Ltd. Old Town Phase II and Daolong 20MW photovoltaic power generation project of Tai'an Langwa Energy Co., Ltd.

Vendor I will not be obligated to make up for any shortfall:

Vendor I agreed that, the Purchaser will obtain the Creditor's Rights I upon the Creditor's Rights Transfer Agreement I becomes effective. Whether the Purchaser receives the payments upon the Creditor's Right I in full or not, Vendor I will not be obligated to make up for any shortfall to the Purchaser.

Conditions precedent:

Completion of the Creditor's Rights Transfer Agreement I is subject to the obtaining of respective necessary approvals from relevant decision-making authorities, such as general meeting(s), shareholders' meeting(s) and/or board meeting(s) by the Company and the Purchaser in accordance with laws or the provisions of its Articles of Associations.

Other terms:

Vendor I undertakes that, there are no defects in the title to the Creditor's Rights I, and any third party shall not claim any rights against the Purchaser in respect of the Creditor's Rights I. Otherwise, Vendor I shall compensate the Purchaser for all losses arising from this regard, including but not limited to attorneys' fees and litigation acceptance costs, etc.

Upon the Creditor's Rights I has been granted to the Purchaser in accordance with the law, the Purchaser shall exercise the relevant rights, such as creditor's right on the debtor, as well as the hypothecs, liens, interest claims, default claims and damages for breach, subordinated to the Creditor's Rights I in accordance with the law.

Creditor's Rights Transfer Agreement II

Date: 28 January 2021

Parties: Vendor II; and
the Purchaser.

Consideration and payment terms:

The consideration of the Creditor's Rights Transfer Agreement II is RMB352,346,262.23, which was arrived at arm's length negotiation between the parties to the Creditor's Rights Transfer Agreement II after taking into account the net book value of the creditor's rights set forth in the Creditor's Rights Transfer Agreement II (the "**Creditors Rights II**") audited in accordance with the PRC Accounting Standards as at 30 November 2020.

The consideration will be paid by the Purchaser in the following manner:

The consideration of RMB352,346,262.23 will be paid by the Purchaser in cash to Vendor II within 15 working days after the effective date of the Creditor's Rights Transfer Agreement II.

Creditor's rights to be disposed:

Pursuant to the Creditor's Rights Transfer Agreement II, the Purchaser conditionally agreed to purchase, and Vendor II conditionally agreed to sell, a total of 7 creditor's rights in relation to the receivables of Vendor II's engineering projects arising from the ordinary and usual course of business. Details of which are as follows:

Unit: RMB

No.	Name of client	Accounts receivable (Original value)	Provision for bad debts made	Audited net assets as at 30 November 2020	Transfer price	Basic information of the project
1	Guangxi Longguang Guanghe Expressway Co., Ltd.* (廣西龍光廣賀高速公路有限公司)	6,920,805.80	1,720,000.00	5,200,805.80	5,200,805.80	Uncollected receivables of the Guangxi Lingfeng (Guangxi-Guangdong boundary) to Babu highway project contracted by Guangxi Longguang Guanghe Expressway Co., Ltd.

No.	Name of client	Accounts receivable (Original value)	Provision for bad debts made	Audited net assets as at 30 November 2020	Transfer price	Basic information of the project
2	China Coal Construction Group Co., Ltd. (中煤建工集團有限公司)	86,300,401.86	3,452,016.07	82,848,385.78	82,848,385.78	Uncollected receivables of Qinhan Avenue Municipal Road engineering project contracted by China Coal Construction Group Co., Ltd.
3	Fujian Expressway Group Co., Ltd.* (福建省高速公路集團有限公司)	21,608,529.91	8,318,000.00	13,290,529.91	13,290,529.91	Uncollected payment receivables and project payments of the supply and installation contracts for traffic electrical and mechanical engineering monitoring, toll collection, communications, tunnel ventilation, lighting consumption, and electricity distribution system along the line from Haixi Expressway Network Changtaimeigong to Chenxiang Expressway contracted by Zhangzhou Xiacheng Expressway Co., Ltd.* (漳州廈成高速公路有限責任公司)
4	Sichuan Li Pan Expressway Co., Ltd. (四川麗攀高速公路有限公司)	10,364,760.54	1,030,000.00	9,334,760.54	9,334,760.54	Uncollected receivables of the engineering project of the JD1 Bid Section of the Panzhuhua Section in Lijiang-Panzhuhua Expressway contracted by Sichuan Li Pan Expressway Co., Ltd.
5	Sichuan Guanggan Expressway Co., Ltd. (四川廣甘高速公路有限責任公司)	7,918,670.12	2,260,000.00	5,658,670.12	5,658,670.12	Uncollected receivables of full line toll connection, monitoring, communications and procurement and installation of tunnel electromechanical system of the JD6 Section of the Lanzhou-Haikou National Expressway Yaodu (Ganchuan boundary) to Guangyuan highway project contracted by Sichuan Guanggan Expressway Co., Ltd.
6	China Coal Construction Group Co., Ltd. (中煤建工集團有限公司)	239,478,611.59	9,579,144.46	229,899,467.13	229,899,467.13	Uncollected payment receivables and project payments of mechanical and electrical construction and equipment procurement of Shangqiu Municipal Road project contracted by China Coal Construction Group Co., Ltd.

No.	Name of client	Accounts receivable (Original value)	Provision for bad debts made	Audited net assets as at 30 November 2020	Transfer price	Basic information of the project
7	Chengdu Longguang Erhuan Expressway Co., Ltd. (成都龍光二環高速公路有限公司)	6,643,642.95	530,000.00	6,113,642.95	6,113,642.95	Uncollected receivables of Electrical and Mechanical Works of the A5 Contract Section of the East Section of Chengdu Second Ring Expressway project contracted by Chengdu Longguang Erhuan Expressway Co., Ltd.
Total		<u>379,235,422.77</u>	<u>26,889,160.53</u>	<u>352,346,262.23</u>	<u>352,346,262.23</u>	

Vendor II will not be obligated to make up for any shortfall:

Vendor II agreed that, the Purchaser will obtain the Creditor's Rights II upon the Creditor's Rights Transfer Agreement II becomes effective. Whether the Purchaser receives the payments upon the Creditor's Rights II in full or not, Vendor II will not be obligated to make up for any shortfall to the Purchaser.

Conditions precedent:

Completion of the Creditor's Rights Transfer Agreement II is subject to the obtaining of respective necessary approvals from relevant decision-making authorities, such as general meeting(s), shareholders' meeting(s) and/or board meeting(s) by Vendor I, Vendor II and the Purchaser in accordance with laws or the provisions of its Articles of Associations.

Other terms:

Vendor II undertakes that, there are no defects in the title to the Creditor's Rights II, and any third party shall not claim any rights against the Purchaser in respect of the Creditor's Rights II. Otherwise, Vendor II shall compensate the Purchaser for all losses arising from this regard, including but not limited to attorneys' fees and litigation acceptance costs, etc.

Upon the Creditor's Rights II have been granted to the Purchaser in accordance with the law, the Purchaser shall exercise the relevant rights, such as creditor's right on the debtor, as well as the hypothecs, liens, interest claims, default claims and damages for breach, subordinated to the Creditor's Rights II in accordance with the law.

REASONS FOR AND BENEFITS OF THE ENTERING INTO CREDITOR'S RIGHTS TRANSFER AGREEMENTS:

The creditor's rights to be transferred in accordance with the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II are mainly receivables of engineering projects. The Group is of the view that there are uncertainties in collecting the payments. The transactions will provide a cash inflow for the Company, which will be conducive to the revitalization of the Company's assets, optimization of asset structure, maintenance of liquidity and focus on the development of its principal business.

The Directors of the Company (excluding the independent non-executive Directors, who will reach an opinion on the terms of the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II after taking account into the opinions of the independent financial adviser) are of the opinion that, the terms of the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II are fair and reasonable, the transactions contemplated thereunder are conducted on ordinary commercial terms and in the interests of the Company and the Shareholders as a whole.

Information on the parties of the creditor's rights transfer agreements:

Vendor I

The Company is a company established in the PRC, whose H Shares are listed on the Stock Exchange. The Group is principally engaged in the provision of video identification and radio frequency identification technologies based full solutions to intelligent transportation, customs logistics application areas.

Vendor II

Jiangsu Intellitrans is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the businesses of design, construction and maintenance of intelligent transportation system and computer networks engineering as well as the design, construction, supervision, testing and technical services of traffic engineering, construction of urban road lighting project, research and development and sales of electronic products and communication equipment (excluding satellite ground receiving facilities), security works and computer information system integration project, design and construction of intelligent building works, and self-management and agency of import and export business of various commodities and technologies (except for commodities and technologies that are restricted by the PRC or prohibited from import and export).

The Purchaser

Sample Group is an investment holding company. It 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 issued share capital of the Company. As such, Sample Group is the substantial and the single largest shareholder of the Company.

FINANCIAL IMPACT OF THE TRANSFER OF CREDITOR'S RIGHTS

As the considerations of the creditor's rights under the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II are respectively equal to its audited net asset values as at 30 November 2020, the transfer of creditor's rights will not have any financial impact on the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares of the Company, accounting for a total of approximately 50.77% of the issued share capital of the Company. As such, the Purchaser is the substantial and single largest Shareholder. According to Chapter 14A of the Listing Rules, the Purchaser is a connected person of the Company. Therefore, the Creditor's Rights Transfer Agreement I, Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder constitute connected transactions of the Company.

Meanwhile, the transactions contemplated under the Creditor's Rights Transfer Agreement I and Creditor's Rights Transfer Agreement II shall be aggregated. As the applicable percentage ratios (as defined in the Listing Rules) after aggregated are more than 5% but less than 25%, the transactions constitute discloseable and connected transactions of the Company and subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14 and 14A of the Listing Rules.

Save for two directors, namely Mr. Sha Min, and Mr. Chang Yong, none of the Directors is interested in those agreements. Therefore, Mr. Sha Min and Mr. Chang Yong have abstained from voting at the board meeting on approving the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder.

A circular containing, amongst other things, further details on the matters of creditor's rights transfer, financial data of the Group and other general information of the Company is expected to be dispatched to the Shareholders on or before 22 February 2021.

GENERAL

The EGM will be convened for the consideration and, if thought fit, approval by the Independent Shareholders on, among other things, the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the transactions shall abstain from voting at the EGM on the resolutions on approving the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. As at the date of this announcement, the Purchaser is a substantial Shareholder. Accordingly, the Purchaser shall abstain from voting at the EGM on the resolutions on approving the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder. To the best of the Directors' knowledge, there is no other Shareholder (save for the Purchaser and its respective associates) shall abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie, has been formed to consider the terms of the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder, and advise the Independent Shareholders as to whether the terms are on ordinary commercial terms, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

None of the members of the Independent Board Committee is involved in the Creditor's Rights Transfer Agreement I, the Creditor's Rights Transfer Agreement II and the transactions contemplated thereunder, nor has any interest in such transactions. The Independent Board Committee will, after obtaining and considering the advice from the independent financial adviser, reach an opinion on the terms of the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II. Hooray Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) details on the Creditor's Rights Transfer Agreement I and the Creditor's Rights Transfer Agreement II; (ii) recommendations from the Independent Board Committee in respect of the matters of the creditor's rights transfer; (iii) advice from the independent financial adviser; (iv) the notice of the EGM and proxy form; and (v) such other information required under the Listing Rules is expected to be dispatched to the Shareholders on or before 22 February 2021, so as to allow the Company to have sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and the potential investors of the Company should be aware that the completion is subject to the satisfaction (or exemption, if applicable) of the conditions precedent under respective creditor's rights transfer agreements, and accordingly, the completion may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the shares.

DEFINITIONS

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

“Board”	the Board of Directors
“Company” or the “Vendor I”	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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Creditor's Rights Transfer Agreement I”	a creditor's rights transfer agreement entered into between the Company as vendor and Sample Group as purchaser on 28 January 2021

“Creditor’s Rights Transfer Agreement II”	a creditor’s rights transfer agreement entered into between Jiangsu Intellitrans, a wholly-owned subsidiary of the Company as vendor and Sample Group as purchaser on 28 January 2021
“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, which are subscribed for in RMB, and all of such Shares are not listed on the Stock Exchange
“EGM”	the extraordinary general meeting to be convened to approve, among other things, the Creditor’s Rights Transfer Agreement I, the Creditor’s Rights Transfer Agreement II and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“H Shares”	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 and traded in Hong Kong Dollars
“Hooray Capital”	Hooray Capital Limited, a licensed corporation to carry out type 6 regulated activity (advising on corporate finance) under the SFO
“Independent Board Committee”	an independent board committee, comprising all the independent non-executive Directors (namely, Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Niu Zhongjie) is formed to, among other things, advise the Independent Shareholders in respect of the Creditor’s Rights Transfer Agreement I, the Creditor’s Rights Transfer Agreement II and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting (other than the Purchaser) in respect of the relevant resolutions to be submitted to the EGM in relation to the Creditor’s Rights Transfer Agreement I, the Creditor’s Rights Transfer Agreement II and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“Purchaser” or “Sample Group”	Nanjing Sample Technology Group Co., Ltd. * (南京三寶科技集團有限公司), a company established in the PRC with limited liability, 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 issued share capital of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Domestic Shares and/or the H Shares
“Vendor II”	Jiangsu Intellitrans Company Limited, a company incorporated in the PRC with limited liability, and a wholly owned subsidiary of the Company

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

Nanjing, the PRC, 28 January 2021

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