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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)

PROPOSED BONUS ISSUE AND CAPITALIZATION ISSUE
PROPOSED CHANGE IN BOARD LOT SIZE
AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

PROPOSED BONUS ISSUE AND CAPITALIZATION ISSUE

Reference is made to the announcements dated 28 March 2018 and 2 May 2018 (the “**Announcements**”) of Nanjing Sample Technology Co., Ltd. (the “**Company**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

This announcement is made following the communication with the Stock Exchange in respect of the proposed Bonus Issue and Capitalization Issue.

The Stock Exchange has raised some concerns on the size of our proposed bonus and capitalization issues which consist (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) Bonus Share for every 1(one) existing Share; 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) Capitalization Share for every 1 (one) existing Share (the “**Original Bonus and Capitalization Issues**”). The Stock Exchange raised concerns on the Original Bonus and Capitalization Issues with such large distribution ratio. To address the concerns of the Stock Exchange, the Directors proposed to change the size of our Original Bonus and Capitalization Issues to the issue of a total of 158,411,700 Shares from the undistributed profits of the Company as at 31 December 2017 on the basis of 1 (one) Bonus Share for every 2(two) existing Shares; 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) Capitalization Share for every 1 (one) existing Share (the “**New Bonus and Capitalization Issues**”).

PROPOSED CHANGE IN BOARD LOT SIZE

In light of the proposed New Bonus and Capitalization Issues, the Directors also proposed to change the board lot size for trading in the Shares of the Company from 1,000 Shares to 500 Shares upon the New Bonus and Capitalization Issues becoming effective.

PROPOSED BONUS ISSUE AND CAPITALIZATION ISSUE

As set out in the Announcements, the Board of the Company 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) Bonus Share for every 1(one) existing Share; 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) Capitalization Share for every 1 (one) existing Share (the “**Original Bonus and Capitalization Issues**”).

The Stock Exchange raised concerns on the Bonus and Capitalization Issues with such large distribution ratio. To address the concerns of the Stock Exchange, the Directors proposed to change the size of our proposed Original Bonus and Capitalization Issues to (i) issue of a total of 158,411,700 Shares from the undistributed profits of the Company as at 31 December 2017 on the basis of 1 (one) Bonus Share for every 2 (two) existing Shares; 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) Capitalization Share for every 1 (one) existing Share (the “**New Bonus and Capitalization Issues**”).

CHANGE OF BOARD LOT SIZE

In light of the New Bonus and Capitalization Issues, the Directors also proposed to change the board lot size for trading in the shares of the Company from 1,000 Shares to 500 Shares upon the New Bonus and Capitalization Issues becoming effective.

The Shares are currently traded in board lot of 1,000 Shares each and the market value of each board lot of the Shares is HK\$23,050 (based on the closing price of HK\$23.05 per Share as quoted on the Stock Exchange as at the date of this announcement). Upon the change in board lot size becoming effective, the Shares will be traded in board lot of 500 Shares each and the estimated market value per board lot of the Shares will be HK\$11,525 (based on the closing price of HK\$23.05 per Shares as quoted on the Stock Exchange as at the date of this announcement).

The Board is of the view that the change in board lot size will reduce the board lot value of the Shares and thus, could improve the liquidity of the Shares and broaden the Company’s shareholder base. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Directors consider that the change in board lot size is in the interest of the Company and the Shareholders as a whole.

As no odd lots of the Shares will be resulted from the aforesaid change in board lot size (other than those already existed before such change becoming effective, if any), no odd lot arrangement to match the sales and purchases of odd lots will be made.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the New Bonus and Capitalization Issues, the number of Shares held by various Shareholders as set out in Article 17 of the Articles of Association and the amount of the registered capital as set out in revised Article 20 of the Articles of Association in the Appendix of the announcement of the Company dated 2 May 2018 (the “**May Announcement**”) will be changed correspondingly. Save for the corresponding amendments to be made reflecting the change of size of the proposed Bonus Issue, the proposed amendments to the Articles of Association as set out in the May Announcement remains unchanged. For details of the revised amendments to the Articles of the Association, please refer to the circular to be despatched to the Shareholders in due course.

EXPECTED TIMETABLE

Set out below is the tentative timetable for the implementation of the New Bonus and Capitalization Issues and change in board lot size:

Despatch of circular with notices of AGM,
H Shareholders’ Class Meeting and
Domestic Shareholders’ Class Meeting On or before Friday, 1 June 2018

Latest time for lodging transfers of H Shares for
entitlement to attend and vote at the AGM
and H Shareholders’ Class Meeting Before 4:30 p.m. on
Friday, 15 June 2018

Closure of register of members to ascertain Shareholders’
entitlement to attend and vote at the AGM, H Shareholders’
Class Meeting and Domestic Shareholders’ Class Meeting Tuesday, 19 June 2018 to
Friday, 29 June 2018
(both days inclusive)

Last time for lodging proxy form for the AGM 10:00 a.m. on Thursday, 28 June 2018

Last time for lodging proxy form for H
Shareholders’ Class Meeting 10:30 a.m. on Thursday, 28 June 2018

Last time for lodging proxy form for Domestic
Shareholders’ Class Meeting 11:00 a.m. on Thursday, 28 June 2018

Date of AGM 10:00 a.m. on Friday, 29 June 2018

Date of H Shareholders’ Class Meeting 10:30 a.m. on Friday, 29 June 2018

Date of Domestic Shareholders’ Class Meeting 11:00 a.m. on Friday, 29 June 2018

Announcement on results of AGM, H Shareholders' Class Meeting and Domestic Shareholders' Class Meeting	Friday, 29 June 2018
First day for free exchange of existing H Share certificates in board lot of 1,000 Shares each for new Share certificates in board lot of 500 Shares each	Tuesday, 3 July 2018
Last day of dealings in H Shares on a cum-entitlement basis	Wednesday, 4 July 2018
First day of dealings in H Shares on an ex-entitlement basis	Thursday, 5 July 2018
Latest time for lodging transfers of H Shares for entitlement to the cash dividend, the Bonus Shares and Capitalization Shares	Before 4:30 p.m. on Friday, 6 July 2018
Closure of register of members of H Shares for entitlement to the cash dividend, the Bonus Shares and Capitalization Shares	Sunday, 8 July 2018 to Friday, 13 July 2018 (both days inclusive)
Record Date of H Shareholders and Domestic Shareholders for determining the entitlements to the cash dividend, the Bonus Shares and Capitalization Shares.	Friday, 13 July 2018
Despatch of share certificates to H Shareholders of Bonus Shares and Capitalization Shares	Tuesday, 17 July 2018
Last day for trading of the H Shares in board lot of 1,000 Shares in the original counter	Tuesday, 17 July 2018
Effective day of the change in board lot size of H Shares from 1,000 Shares to 500 Shares	9:00 a.m. on Wednesday, 18 July 2018
Dealings in Bonus Shares and Capitalization Shares of H Shareholders commence	9:00 a.m. on Wednesday, 18 July 2018
Original counter for trading in H Shares in board lots of 1,000 Shares each becomes counter for trading in the Shares in board lot of 500 Shares each.	9:00 a.m. Wednesday, 18 July 2018
Temporary counter for trading in the H Shares in Board lots of 1,000 Shares each opens.	9:00 a.m. Wednesday, 18 July 2018

Parallel trading in H Shares commences9:00 a.m. Wednesday, 18 July 2018

Temporary counter for trading in the H Shares

in board lot of 1,000 Shares each closes 4:00 p.m. on Tuesday, 7 August 2018

Parallel trading in H Shares ends. 4:00 p.m. on Tuesday, 7 August 2018

Last day for free exchange of existing Share certificates

in board lot of 1,000 Shares each for new H Share

certificates in board lot of 500 Shares each 4:30 p.m. on Thursday, 9 August 2018

EXCHANGE OF NEW SHARE CERTIFICATES

In respect of the change in board lot size, Shareholders may submit their existing Share certificates to the Share Registrar at Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange for the new Share Certificates free of charge during the business hours (i.e. 9:00 a.m. to 4:30 p.m.) from Tuesday, 3 July 2018 to Thursday, 9 August 2018 (both dates inclusive). It is expected that new Share certificates will be available for collection from the Share Registrar by the Shareholders within 10 business days after delivery of the existing Share certificates to the Share Registrar for exchange purpose.

From Friday, 10 August 2018 onwards, exchange of existing Share certificates for new Share certificates can only be made at a cost of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing Share certificate cancelled or each new Share certificate issued, whichever number of share certificates involved is higher. All existing Share certificates will continue to be good evidence of legal title to such Shares and will be valid for delivery, trading and settlement purposes. Save and except for the change in the number of Shares for each board lot, new Share certificates will have the same format and colour as the existing Share certificates.

REASONS FOR THE NEW BONUS AND CAPITALIZATION ISSUES AND CHANGE IN BOARD LOT SIZE

The Board believes that the proposed New Bonus and Capitalization Issues (i) will provide the Company with a wider capital base and will enhance the liquidity of the Shares and (ii) will promote the continuous sustainable development of the Company.

The Board also noted that changing the board lot size in the Shares of the Company from 1,000 to 500 Shares will reduce the board lot value of the Shares and therefore will result in higher liquidity of the Shares. The Board is also of the view that by adjusting the board lot size to 500 Shares, it will yield the benefit of removing the creation of odd lot shares after the New Bonus and Capitalization Issues.

WARNING OF RISK OF DEALING IN THE H SHARES

Shareholders of H Shares and any person contemplating selling or purchasing Shares should note that since there is a time interval between the ex-entitlement date for the New H Shares and the date of allotment of the New H Shares, the closing share price before such ex-entitlement date shall be adjusted downward on the ex-entitlement date but the new Bonus and Capitalized H Shares would not be available for trading until the allotment date, which may potentially result in significant price fluctuations during such period.

GENERAL

The proposed New Bonus and Capitalization Issues 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. Whereas, the proposed distribution of Cash Dividend is subject to, among other things, the approval of the Shareholders at the AGM.

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

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

Nanjing, the PRC
29 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.