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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)**

**UPDATES ON CASH DIVIDEND  
CLARIFICATION IN RELATION TO TAX  
AND  
DELAY IN PAYMENT DATE OF CASH DIVIDEND**

**UPDATES ON CASH DIVIDEND**

Reference is made to the announcements of Nanjing Sample Technology Co., Limited (the “**Company**”) dated 29 May 2018 and 29 June 2018 as well as the circular of the Company dated 1 June 2018, regarding the distribution of cash dividend, Bonus Issue and Capitalization Issue. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the announcements and circular.

Prior to the issuance of the announcement of the Company dated 29 May 2018, the local tax authority of PRC (the “**Tax Authority**”) had verbally confirmed to the Company that with regard to the Bonus Issue, both of the non-PRC resident enterprise H Share Shareholders and non-PRC resident individual H Share Shareholders will be exempted from income tax. Following such verbal confirmation from the Tax Authority, the Company further consulted a PRC tax adviser, the opinion of which also concurred with the verbal confirmation of the Tax Authority. Accordingly, the Company published the announcements dated 29 May 2018 and 29 June 2018 as well as the circular dated 1 June 2018 based on such understanding and announced the distribution of, among others, cash dividend of RMB0.25 per Share (tax inclusive).

As approved at the annual general meeting, holders of the Company’s H Shares whose names appeared on its H share register of members on 13 July 2018 are entitled to the cash dividend, Bonus Shares and Capitalization Shares. On 17 July 2018, Bonus Shares and Capitalization Shares were distributed to the Shareholders.

Recently, the Company was further informed by the Tax Authority that, contrary to the previous verbal confirmation, pursuant to the requirements of No. 897 [2008] of the State Administration of Taxation and No. 20 [1994] of the Ministry of Finance and other laws and regulations in the PRC, the Company is required to withhold and pay the corporate income tax at a rate of 10% for the Bonus Shares received by its non-resident enterprise H Share Shareholders (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organisations), whilst foreign individual H Share Shareholders will remain exempted from income tax.

As such, in addition to the deduction of the corporate income tax applicable to the cash dividend, the Company will distribute the cash dividend to such enterprise H Share Shareholders after deducting the corporate income tax of 10% arising from the Bonus Issue, based on the nominal value of RMB1.00 per each Bonus Share (equivalent to HK\$1.202, the exchange rate is calculated based on the average exchange rate announced by the People's Bank of China five working days before the cash dividend declaration) issued on 17 July 2018. The Company hereby advised that, for non-resident enterprise H Share Shareholders, the Company will withhold and pay the corporate income tax arising from the Bonus Issue in accordance with the applicable PRC laws and regulations, rendering a further reduction of RMB0.05 (equivalent to HK\$0.0601) from the cash dividend of RMB0.25 (equivalent to HK\$0.3005) per Share (tax inclusive).

#### **CLARIFICATION IN RELATION TO TAX**

Reference is made to the circular of the Company dated 1 June 2018 as well as the announcement dated 29 June 2018 in relation to the distribution of cash dividend, Bonus Issue and Capitalization Issue.

Pursuant to the latest verbal comments from the Tax Authority, the Company would like to clarify and update the tax information contained in the table in the paragraph headed “C. Tax” on page 13 of the circular dated 1 June 2018 and in the paragraph headed “Tax” on page 6 of the announcement dated 29 June 2018 as follows:

Category	Type of Shareholders	Recipients	Type of Tax	Income Tax Rate	Payment Method	Laws
Cash dividend	Domestic Share Shareholder	Resident enterprise	Tax Exemption	N/A	N/A	Enterprise Income Tax Law Article 26
		Non-resident enterprise	Corporate income tax	10%	Withhold and pay	Enterprise Income Tax Law Article 4, Article 27, Regulation on the Implementation of the Enterprise Income Tax Law Article 91
		Domestic Individual	Individual income tax	20%	Withhold and pay	Individual Income Tax Law Article 3; No. 127 [2016] of the Ministry of Finance
		Foreign Individual	Individual income tax	Tax Exemption	N/A	No. 20 [1994] of the Ministry of Finance Article 2(viii)
	H Share Shareholder	Resident enterprise	Conditional tax exemption (self-declared for dividends received from holdings of less than 12 months)	Applicable income tax rate of resident enterprise	Self-pay	Enterprise Income Tax Law Article 26, Regulation on the Implementation of the Enterprise Income Tax Law Article 83
		Non-resident enterprise	Corporate income tax	10%	Withhold and pay	No. 897 [2008] of the State Administration of Taxation
		Domestic Individual	Individual income tax	20%	Withhold and pay	Individual Income Tax Law Article 3; No. 127 [2016] of the Ministry of Finance
		Foreign Individual	Tax Exemption	N/A	N/A	No. 20 [1994] of the Ministry of Finance

Category	Type of Shareholders	Recipients	Type of Tax	Income Tax Rate	Payment Method	Laws	
Bonus Issue	Domestic Share Shareholder	Resident enterprise	Tax Exemption	N/A	N/A	Enterprise Income Tax Law Article 26	
		Non-resident enterprise	Corporate income tax	10%	Withhold and pay	Enterprise Income Tax Law Article 4, Article 27, Regulation on the Implementation of the Enterprise Income Tax Law Article 91	
		Domestic Individual	Individual income tax	20%	Withhold and pay	Individual Income Tax Law Article 3; No. 127 [2016] of the Ministry of Finance	
		Foreign Individual	Individual income tax	Tax Exemption	N/A	No. 20 [1994] of the Ministry of Finance Article 2(viii)	
	H Share Shareholder	Resident enterprise	Conditional tax exemption (self-declared for dividends received from holdings of less than 12 months)	Applicable income tax rate of Resident Enterprise	Self-pay	Enterprise Income Tax Law Article 26, Regulation on the Implementation of the Enterprise Income Tax Law Article 83	
		Non-resident enterprise	Corporate income tax	10%	Withhold and pay	No. 897 [2008] of the State Administration of Taxation	
		Domestic Individual	Individual income tax	20%	Withhold and pay	Individual Income Tax Law Article 3; No. 127 [2016] of the Ministry of Finance	
		Foreign Individual	Tax Exemption	N/A	N/A	No. 20 [1994] of the Ministry of Finance	
	Capitalized Issue	Enterprise Shareholder		Tax Exemption	N/A	N/A	No. 79 [2010] of the State Administration of Taxation
		Individual Shareholder		Tax Exemption	N/A	N/A	No. 198 [1997] of the State Administration of Taxation; No. 54 [2010] of the State Administration of Taxation

## **DELAY IN PAYMENT DATE OF CASH DIVIDEND**

As disclosed in the circular dated 1 June 2018, the cash dividend for the year ended 31 December 2017 will be payable on 31 August 2018 to the Shareholders of the Company whose names appear on the register of members of the Company on 13 July 2018. The declaration of cash dividend was approved at the annual general meeting of the Company held on 29 June 2018.

However, since further time is required for arranging the deduction of 10% corporate income tax arising from the Bonus Issue before distributing the cash dividend to non-resident enterprise H Share Shareholders, the Company estimates that cash dividend will be paid on 18 September 2018, instead of 31 August 2018 as disclosed in the said circular.

Save as disclosed above, all other information in relation to the payment of the cash dividend as mentioned in the announcements of the Company dated 29 May 2018 and 29 June 2018 as well as the circular of the Company dated 1 June 2018 shall remain unchanged.

By order of the Board  
**Nanjing Sample Technology Co., Ltd.\***  
**Sha Min**  
*Chairman*

Nanjing, the PRC, 24 August 2018

*As at the date hereof, 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*