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CHINA SANDI HOLDINGS LIMITED

中國三迪控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 49% EQUITY INTEREST IN WUYISHAN GAOJIA

THE ACQUISITION

The Board is pleased to announce that on 28 June 2019, Nanping Huiteng and Fuzhou Gaojia entered into the Agreement, pursuant to which Fuzhou Gaojia conditionally agreed to purchase, and Nanping Huiteng conditionally agreed to sell, the Sale Interest (representing 49% of the entire equity interest in Wuyishan Gaojia) and the Shareholder Loan at the Consideration of RMB55,000,000 (equivalent to approximately HK\$62,500,000). Following Completion, Wuyishan Gaojia will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are less than 5% and the Consideration will be satisfied by the allotment and issue of the Consideration Shares, the Agreement constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the equity interest of Wuyishan Gaojia was held as to 51% by Fuzhou Gaojia and as to 49% by Nanping Huiteng. Fuzhou Gaojia is an indirect wholly-owned subsidiary of the Company and Nanping Huiteng, as a substantial shareholder of Wuyishan Gaojia, is therefore a connected person of the Company at the subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Agreement and the Acquisition, and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Agreement and the Acquisition are fair and reasonable, and that the Acquisition as contemplated under the Agreement is on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Agreement and the Acquisition are only subject to the reporting and announcement requirements, and are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 28 June 2019, Nanping Huiteng and Fuzhou Gaojia entered into the Agreement, pursuant to which Fuzhou Gaojia conditionally agreed to purchase, and Nanping Huiteng conditionally agreed to sell, the Sale Interest (representing 49% of the equity interest in Wuyishan Gaojia) and the Shareholder Loan at the Consideration of RMB55,000,000. Following Completion, Wuyishan Gaojia will become an indirect wholly-owned subsidiary of the Company.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

28 June 2019

Parties

- (1) Nanping Huiteng, as vendor; and
- (2) Fuzhou Gaojia, as purchaser.

Subject matter

Pursuant to the terms and conditions of the Agreement, (i) Nanping Huiteng agreed to sell and Fuzhou Gaojia agreed to purchase the Sale Interest (representing 49% of the entire equity interest in Wuyishan Gaojia), free from all encumbrances; and (ii) Nanping Huiteng agreed to assign and Fuzhou Gaojia agreed to assume the Shareholder Loan, free from all encumbrances.

Consideration and payment terms

The Consideration for the Acquisition is RMB55,000,000. Under the terms of the Agreement, the Consideration will be satisfied by the allotment and issue of 135,869,565 Consideration Shares by the Company at an Issue Price of HK\$0.46 per Consideration Share to Nanping Huiteng or its designated party upon Completion. The Consideration Shares represent (i) approximately 2.74% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be issued pursuant to the General Mandate, of which nil Share has been utilised as at the date of this announcement since granted. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued and fully paid, will rank *pari passu* among the Shares in issue at the time of allotment and issue of such Consideration Shares.

The Consideration was determined after arm's length negotiations between Nanping Huiteng and Fuzhou Gaojia on normal commercial terms with reference to, among other things, the net asset value of Wuyishan Gaojia, the carrying value of the Shareholder Loan and the sale price of those units presold but not yet delivered.

The Issue Price of HK\$0.46 per Consideration Share represents:

- (i) a discount of approximately 14.8% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on 28 June 2019, being the date of the Agreement; and
- (ii) a discount of approximately 13.9% to the average closing price of HK\$0.534 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Agreement.

The Issue Price was determined after arm's length negotiations between Nanping Huiteng and Fuzhou Gaojia and with reference to the prevailing market price and trading volume of the Shares.

Effect on shareholding structure of the Company

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the Completion, set out below is the shareholdings structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion.

Shareholders	As at the date of this announcement		Immediately after the Completion	
	No. of Shares	Approx%	No. of Shares	Approx%
United Century International Limited ("United Century") (Note 1)	2,581,054,801	52.1	2,581,054,801	50.7
King Partner Holdings Limited ("King Partner") (Note 2)	320,414,201	6.5	320,414,201	6.3
Primary Partner International Limited ("Primary Partner") (Note 3)	485,436,893	9.8	485,436,893	9.5
Public Shareholders				
Nanping Huiteng	–	–	135,869,565	2.7
other public shareholders	1,564,432,086	31.6	1,564,432,086	30.8
Total	4,951,337,981	100.0	5,087,207,546	100.0

Notes:

1. United Century is a company incorporated in the BVI with limited liability and held 2,581,054,801 Shares. The issued share capital of United Century is 100% beneficially owned by Mr. Guo Jiadi ("Mr. Guo"). He is also the sole director of the United Century.
2. King Partner is a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of King Partner. King Partner held 320,414,201 Shares.
3. Primary Partner is a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of Primary Partner. Primary Partner held 485,436,893 Shares.

Completion

The Completion is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

Subject to the satisfaction of the aforesaid condition precedent, the Completion shall take place upon the Consideration is fully settled by Fuzhou Gaojia and that all necessary registrations with the administration for industry and commerce in respect of the transfer of the Sale Interest and the assignment of Shareholder Loan (if any) have been completed.

Upon Completion, Wuyishan Gaojia will become a wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the Company's consolidated financial statements.

INFORMATION AND FINANCIAL INFORMATION OF WUYISHAN GAOJIA

Wuyishan Gaojia is a company established and existing under the laws of the PRC with limited liability in 2018 and develops property projects in Wuyishan city in the PRC.

Set out below is a summary of the financial information of Wuyishan Gaojia for the period from its date of establishment to 31 December 2018:

	From date of establishment to 31 December 2018 <i>(RMB million)</i>
Loss before taxation	0.3
Loss after taxation	0.3
	As at 31 December 2018 <i>(RMB million)</i>
Total assets	128.2
Net assets	19.7

INFORMATION OF NANPING HUITENG

Nanping Huiteng is a company established and existing under the laws of the PRC and its business scope includes wholesale and trading of materials, machinery, appliances and other products. As at the date of this announcement, the equity interest of Wuyishan Gaojia was held as to 51% by Fuzhou Gaojia and as to 49% by Nanping Huiteng. Fuzhou Gaojia is an indirect wholly-owned subsidiary of the Company and Nanping Huiteng, as a substantial shareholder of Wuyishan Gaojia, is therefore a connected person of the Company at the subsidiary level.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Group is principally engaged in the property development and property investment business in the PRC. The Company currently controls the progress of the property development project of Wuyishan Gaojia and has a good understanding of the sale progress and performance of the project and Wuyishan Gaojia. The Company is of the view that with the Acquisition, the Group will hold the entire equity interest in Wuyishan Gaojia and therefore can have absolute control in speeding up the sale progress and attain a higher revenue and cash inflow generation in the future.

The terms of the Agreement were determined based on the arm's length negotiations between the parties. The Company believes that the transactions contemplated under the Acquisition are beneficial to the Company and its Shareholders as a whole.

Taking into account the above, the Directors are of the view that its terms of the Agreement are fair and reasonable and on normal commercial terms and the entering into of the Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are less than 5% and the Consideration will be satisfied by the allotment and issue of the Consideration Shares, the Agreement constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the equity interest of Wuyishan Gaojia was held as to 51% by Fuzhou Gaojia and as to 49% by Nanping Huiteng. Fuzhou Gaojia is an indirect wholly-owned subsidiary of the Company and Nanping Huiteng, as a substantial shareholder of Wuyishan Gaojia, is therefore a connected person of the Company at the subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Agreement and the Acquisition, and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Agreement and the Acquisition are fair and reasonable, and that the Acquisition as contemplated under the Agreement is on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Agreement and the Acquisition are only subject to the reporting and announcement requirements, and are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Interest and the assignment of the Shareholder Loan by Fuzhou Gaojia from Nanping Huiteng in accordance with the terms of the Agreement
“Agreement”	the equity and shareholder loan transfer agreement dated 28 June 2019 entered into between Nanping Huiteng and Fuzhou Gaojia in relation to the Acquisition
“Board”	the board of Directors

“Business Day”	a day on which banks in Hong Kong and PRC are open for normal business (excluding Saturday, Sunday, public holidays in Hong Kong or PRC or days on which a tropical cyclone signal number 8 or above or black rain storm warning is hoisted at any time between 9:00 a.m. to 12:00 noon and which has not been lowered by 12:00 noon on the same day)
“Company”	China Sandi Holdings Limited (Stock Code: 910), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed under the Listing Rules
“Consideration”	the consideration of RMB55,000,000 payable by Fuzhou Gaojia to Nanping Huiteng for the Sale Interest and the assignment of Shareholder Loan
“Consideration Shares”	the 135,869,565 Shares to be allotted and issued to Nanping Huiteng by the Company to satisfy the Consideration;
“Director(s)”	the director(s) of the Company
“Fuzhou Gaojia”	Fuzhou Gaojia Real Property Development Company Limited (福州高佳房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 31 May 2019 for the allotment, issuance and dealing with the Shares, up to 990,267,596 new Shares, being 20% of the 4,951,337,981 Shares then in issue of the capital of the Company as at the then annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$0.46 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Nanping Huiteng”	Nanping Huiteng Trade Co., Ltd (南平輝騰貿易有限公司), a company established in the PRC with limited liability
“Wuyishan Gaojia”	Wuyishan Gaojia Real Estate Development Company Limited (武夷山高佳房地產開發有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	49% equity interest in Wuyishan Gaojia owned by Nanping Huiteng
“Shareholder Loan	the shareholder’s loan owed by Wuyishan Gaojia to Nanping Huiteng in the amount of approximately RMB35,690,700 (equivalent to approximately HK\$40,555,000) as at 31 March 2019
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.

Unless specified otherwise, for illustration purposes, reference of RMB to HK\$ in this announcement is based on the exchange rate of RMB1=HK\$1.1363.

By order of the Board
China Sandi Holdings Limited
Guo Jiadi
Chairman

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Dr. Wong Yun Kuen, being the non-executive Director; and Mr. Chan Yee Ping, Michael, Mr. Yu Pak Yan, Peter, Ms. Ma Shujuan and Mr. Zheng Yurui, being the independent non-executive Directors.