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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF THE ENTIRE
ISSUED SHARE CAPITAL OF POWER SUCCESS DEVELOPMENT
INCORPORATED**

THE ACQUISITION

The Board is pleased to announce that on 26 July 2019 (after trading hours), Grand Supreme (as purchaser) and Top Trendy (as vendor) entered into the Agreement, pursuant to which Grand Supreme has conditionally agreed to acquire, and Top Trendy has conditionally agreed to sell the Target Shares at the Consideration of RMB243,670,000.

The Target Shares represent the entire issued share capital in Power Success, which directly holds the entire issued share capital of China Dragon which in turn holds the entire equity interest in Yongtai Gaojia and Xian Sandi.

Upon Completion, Power Success will become an indirect wholly-owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, as at the date of this announcement, Top Trendy is wholly-owned by Mr. Guo, who is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Hence, Top Trendy is a connected person of the Company by virtue of being an associate of Mr. Guo and the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition and the transactions contemplated under the Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The SGM will be convened and held to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder. United Century, King Partner and Primary Partner, all of which are Shareholders and wholly-owned by Mr. Guo, will be required to abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, 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 Independent Shareholders as a whole and on how to vote. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of (i) the Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) letter from the Independent Board Committee; (iv) letter from the Independent Financial Advisor; (v) the property valuation report; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules will be despatched to the Shareholders. As additional time is required to prepare the aforesaid information for inclusion in the circular, it is expected that the circular will be despatched on or before 31 August 2019.

As Completion is subject to the fulfilment (or if applicable, waiver) of the conditions set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Board is pleased to announce that on 26 July 2019 (after trading hours), Grand Supreme (as purchaser) and Top Trendy (as vendor) entered into the Agreement, pursuant to which Grand Supreme has conditionally agreed to acquire, and Top Trendy has conditionally agreed to sell the Target Shares at the Consideration of RMB243,670,000. The Target Group is principally engaged in property development and property investment in the PRC.

THE AGREEMENT

Date

26 July 2019 (after trading hours)

Parties

- (1) Grand Supreme (as purchaser); and
- (2) Top Trendy (as vendor)

Top Trendy is wholly-owned by Mr. Guo, who is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Hence, Top Trendy is a connected person of the Company by virtue of being an associate of Mr. Guo.

Asset to be acquired

The asset to be acquired under the Agreement is the Target Shares, which represent the entire issued share capital of Power Success, which directly holds the entire issued share capital of China Dragon which in turn holds the entire equity interests in Yongtai Gaojia and Xian Sandi.

Yongtai Gaojia holds the Land Parcel with the land use right located at Yong Tai County (永泰縣), Fuzhou City, Fujian Province, the PRC with approximately 71,739 square metres.

Consideration

The Consideration for the Acquisition is RMB243,670,000 and shall be satisfied in cash at Completion.

The Consideration was determined after arm's length negotiation between Top Trendy and the Company with reference to, among other things, net asset value of the Target Group as at 31 December 2018 and the property valuation report of the property development project held by Yongtai Gaojia which is prepared by an independent valuer, under the market approach as at 30 June 2019. The Vender acquired the Land Parcel in 2014 at the consideration of RMB116,699,000.

Conditions precedent

Completion is conditional upon the fulfilment (or, if applicable, the waiver) of the following conditions:

- (i) Grand Supreme being satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Group;

- (ii) all warranties given by Top Trendy in the Agreement remaining true, correct and complete in all respects;
- (iii) there has been no material adverse change to the Target Group which may affect the transactions contemplated under the Agreement since the date of the Agreement;
- (iv) all relevant third party and government authorities (including but not limited to the Stock Exchange and SFC) consents, permits, approvals, authorisations and waivers which are necessary or appropriate for the entering into and consummation of the transactions contemplated under the Agreement being obtained;
- (v) all material third party consents, permits, approvals, authorisations, waivers and registration certificate which are necessary for the Target Group to carry out their existing businesses under the relevant law and regulations being obtained; and
- (vi) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM to approve the Agreement and the transactions contemplated thereunder.

Save for conditions (iv) and (vi) above, all of the above conditions precedent can be waived by Grand Supreme. In the event that the conditions precedent to the Agreement are not fulfilled or waived by the Long Stop Date or such later date as agreed in writing between the parties to the Agreement, the Agreement shall be terminated and the parties shall cease to have any obligations thereunder save for any antecedent breach.

Completion

Completion shall take place within the fifth Business Day after all the conditions precedent under the Agreement have been fulfilled or waived by Grand Supreme (as the case may be) (or such other date as agreed by the parties to the Agreement).

Upon Completion, Power Success will become an indirect wholly-owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET GROUP

Power Success is a company incorporated in the British Virgin Islands with limited liability. Power Success holds the entire equity interest in China Dragon which in turn owns the entire equity interest in each of Yongtai Gaojia and Xian Sandi. Power Success and China Dragon are principally engaged in the businesses of investment holding. Yongtai Gaojia and Xian Sandi are established in the PRC and principally engaged in properties development.

Yongtai Gaojia holds the Land Parcel with the land use right located at Yong Tai County (永泰縣), Fuzhou City, Fujian Province, the PRC with the total site area of approximately 136,571 square metres, in which approximately 71,739 are square metres planned for residential use and 64,831 square metres is planned for hotel use. As at the date of this announcement, various residential units have been pre-sold.

Financial information of the Target Group

Set out below are the unaudited financial information of Power Success and the audited financial information of each of China Dragon, Yongtai Gaojia and Xian Sandi prepared in accordance with Hong Kong Financial Reporting Standards for each of the two years ended 31 December 2017 and 2018:

(a) Power Success

	For the year ended 31 December	
	2018 (HK\$'000) (unaudited)	2017 (HK\$'000) (unaudited)
Revenue	–	–
Loss before taxation	–	–
Loss after taxation	–	–
Net asset value	–	–

(b) China Dragon

	For the year ended 31 December	
	2018 (HK\$'000) (audited)	2017 (HK\$'000) (audited)
Revenue	–	–
Loss before taxation	10	7
Loss after taxation	10	7
Net asset value	105,950	105,960

(c) Yongtai Gaojia

	For the year ended 31 December	
	2018 (RMB'000) (audited)	2017 (RMB'000) (audited)
Revenue	–	–
Loss before taxation	10,011	800
Loss after taxation	13,622	800
Net asset value	67,467	81,089

(d) *Xian Sandi*

	For the year ended	
	31 December	
	2018	2017
	(RMB'000)	(RMB'000)
	(audited)	(audited)
Revenue	–	–
Loss before taxation	–	–
Loss after taxation	–	–
Net asset value	–	–

INFORMATION ON THE PARTIES TO THE AGREEMENT

Grand Supreme and the Group

Grand Supreme is an investment holding company directly wholly-owned by the Company. The Group is principally engaged in property development and property investment business. The property development projects and the property investment projects are mainly located in Fujian Province, Shaanxi Province and Shanghai, the PRC.

Top Trendy

Top Trendy is a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by Mr. Guo as at the date of this announcement, hence a connected person of the Company. Top Trendy is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the property development and property investment business in the PRC. In view of the continuing growth of the PRC economy, the Group is optimistic about the property market in the PRC in the long run, the Acquisition can enhance the scope of the property development projects in which the Group is allowed to participate in the future, and expand the Group's land bank in property development project in Fujian Province, one of the Group's key focus provinces in the PRC.

The Directors are also of the view that the Acquisition provides an attractive opportunity for the Company to (i) strengthen its property development and property investment business into existing regions in the PRC and (ii) enhance the earnings and financial position of the Group.

Taking into account the above, the Directors (other than the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser) consider that the 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 one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further, as at the date of this announcement, Top Trendy is wholly-owned by Mr. Guo, who is an executive Director, the chairman of the Board and a controlling shareholder of the Company. Hence, Top Trendy is a connected person of the Company by virtue of being an associate of Mr. Guo and the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition and the transactions contemplated under the Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, 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 Independent Shareholders as a whole and on how to vote. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder. United Century, King Partner and Primary Partner, all of which are Shareholders and wholly-owned by Mr. Guo, will be required to abstain from voting on the resolution(s) approving the Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, United Century holds 2,581,054,801 Shares, representing approximately 50.7% of the issued share capital of the Company, King Partner holds 320,414,201 Shares, representing approximately 6.3% of the issued share capital of the Company, and Primary Partner holds 485,436,893 Shares, representing 9.5% of the issued share capital of the Company.

Mr. Guo and Ms. Amika Guo abstained from voting on the relevant Board resolutions approving the Agreement and the transactions contemplated thereunder.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, no other Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM.

DESPATCH OF CIRCULAR

A circular containing, amongst other things, further details of (i) the Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) letter from the Independent Board Committee; (iv) letter from the independent financial advisor; (v) the properties valuation report; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules will be despatched to the Shareholders. As additional time is required to prepare the aforesaid information for inclusion in the circular, it is expected that the circular will be despatched on or before 31 August 2019.

As Completion is subject to the fulfilment (or if applicable, waiver) of the conditions set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Shares, which represents the entire issued share capital of Power Success from Top Trendy as contemplated under the Agreement
“Agreement”	the sale and purchase agreement dated 26 July 2019 entered into between Top Trendy and Grand Supreme in relation to acquisition of the Target Shares
“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)
“China Dragon”	China Dragon Investment Holding Limited (巨龍投資控股有限公司), a company incorporated in Hong Kong with limited liability which is wholly-owned by Power Success
“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 the Acquisition being an amount of RMB243,670,000
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Grand Supreme”	Grand Supreme Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by the Company as at the date of this announcement, as purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee (comprising all the independent non-executive Directors) which has been established by the Board to make recommendation to the Independent Shareholders on the Acquisition and the transactions contemplated thereunder
“Independent Financial Advisor”	Hologram Capital Limited (中孚資本有限公司), a licensed corporation permitted to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser appointed to advise and make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than United Century, King Partner and Primary Partner and their respective associates and other Shareholders who have a material interest in the Acquisition
“King Partner”	King Partner Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a Shareholder which is wholly-owned by Mr. Guo as at the date of this announcement

“Land Parcel”	a land parcel with the land use right located at Yong Tai County (永泰縣), Fuzhou City, Fujian Province, the PRC of approximately 71,739 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2019 or such other date as otherwise agreed in writing by the parties to the Agreement
“Mr. Guo”	Mr. Guo Jiadi, an executive Director, the chairman of the Board and a controlling shareholder of the Company
“Ms. Amika Guo”	Ms. Amika Lan E Guo, an executive Director and the daughter of Mr. Guo
“Power Success”	Power Success Development Incorporated, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Top Trendy as at the date of this announcement
“PRC”	the People’s Republic of China
“Primary Partner”	Primary Partner International Limited, a company incorporated in the British Virgin Islands with limited liability, a Shareholder which is wholly-owned by Mr. Guo as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the resolution(s) in respect of the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Group”	Power Success and its subsidiaries
“Target Shares”	10 shares of US\$1 of Power Success held by Top Trendy, representing the total issued shares of Power Success as at the date of this announcement

“Top Trendy”	Top Trendy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Guo as at the date of this announcement, as vendor
“United Century”	United Century International Limited, a company incorporated in the British Virgin Islands with limited liability, one of the Controlling Shareholders which is wholly-owned by Mr. Guo as at the date of this announcement
“Xian Sandi”	Xian Sandi Enterprises Co., Ltd (西安三迪實業有限公司), a company established in the PRC with limited liability which is wholly-owned by China Dragon
“Yongtai Gaojia”	Yongtai Gaojia Property Development Co., Ltd (永泰高佳房地產開發有限公司), a company established in the PRC with limited liability which is wholly-owned by China Dragon
“%”	per cent

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

Hong Kong, 26 July 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.

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.