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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 TRANSACTION IN RELATION TO THE DISPOSAL OF 37% EQUITY INTEREST IN XI'AN ZHICHENGDA REAL ESTATE COMPANY LIMITED

THE AGREEMENT

The Board announces that on 4 October 2019, Fujian Sinco and Grand International, both being wholly-owned subsidiaries of the Company, entered into the Agreement with the Purchaser, pursuant to which Fujian Sinco and Grand International have conditionally agreed to sell, and Purchaser has conditionally agreed to purchase the aggregate equity interest of 37% in the Disposal Company at the Consideration of approximately RMB362,328,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 4 October 2019, Fujian Sinco and Grand International, both being wholly-owned subsidiaries of the Company, entered into the Agreement with the Purchaser, pursuant to which Fujian Sinco and Grand International have conditionally agreed to sell, and Purchaser has conditionally agreed to purchase the aggregate equity interest of 37% in the Disposal Company at a cash consideration of approximately RMB362,328,000. The principal terms of the Agreement are set out below:

THE AGREEMENT

Date: 4 October 2019

Parties:

Vendors: Fujian Sinco and Grand International, both are wholly-owned subsidiaries of the Company; and

Purchaser: Chongfeng Real Estate

Subject to be disposed of

The Group owns 37% equity interest in the Disposal Company, of which 0.35% is held by Fujian Sinco and 36.65% is held by Grand International as at the date of this announcement. Pursuant to the Agreement, Fujian Sinco and Grand International has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Disposal Equity.

Consideration and payment terms

Pursuant to the Agreement, the Consideration shall be approximately RMB362,328,000, among which approximately RMB3,427,000 shall be payable to Fujian Sinco and approximately RMB358,901,000 shall be payable to Grand International, respectively. The Consideration shall be fully satisfied by the Purchaser in cash within 3 business days after the registration of share transfer in respect of the Disposal at relevant governmental authorities had been completed.

The Consideration for the Disposal Equity has been arrived at arm's length negotiations among the parties to the Agreement with reference to, including but not limited to, (i) the unaudited net asset value of the Disposal Group as at 31 August 2019 as set out in the paragraph headed "Financial Information of the Disposal Group" in this announcement; (ii) the paid-up registered capital of the Disposal Company in the sum of RMB414,400,000, and (iii) the land appreciation in the Project under development of the Disposal Company.

Completion

Completion shall take place after the registration of share transfer in respect of the Disposal at relevant governmental authorities had been completed.

Upon Completion, the Group would cease to have any interest in each member of the Disposal Group and accordingly, the Disposal Company would cease to be an associate of the Group.

INFORMATION OF THE PARTIES TO THE AGREEMENT

Fujian Sinco is a company established in the PRC with limited liability. It owns a shopping mall in Fuzhou as an investment property and its principal subsidiaries are engaged in property development in Fujian Province and Shaanxi Province, the PRC.

Grand International is a company incorporated in Hong Kong with limited liability. It is an investment holding company while its principal subsidiaries are engaged in property development, holding of property for investment and rental purpose in the PRC.

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property development in the PRC.

The Purchaser is an existing shareholder of the Disposal Company holding 37% of equity interest thereof. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a sino-foreign joint venture enterprise established in the PRC with limited liability on 18 May 2018. It is principally engaged in property development in the PRC.

As at the date of this announcement, the Group, through Fujian Sinco and Grand International, hold 37% equity interest in the Disposal Company, the remaining 37% and 26% is owned by the Purchaser and an Independent Third Party respectively.

The Disposal Company is a project company and its sole project is a mixed property development project called Zhongnan Shang Yue Cheng (中南上悦城) situated at the junction of Taiping Road and Zhenghe Jiu Road, Fengdong New Town, Xixian District, Xi'an city, Shaanxi Province, with a construction gross floor area of approximately 625,630 square metres for residential and commercial uses. The Project is currently under construction with certain block of properties already launched for pre-sales. The Project is expected to be completed in 2021.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the financial information of the Disposal Group as extracted from its consolidated financial statements prepared in accordance with the Accounting Standards for Business Enterprises of PRC:

	From date of establishment to 31 December 2018	For the eight months ended 31 August 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Loss before taxation	3,685	24,978
Loss before after taxation	2,792	24,978

	As at 31 December 2018 <i>RMB'000</i> <i>(Audited)</i>	As at 31 August 2019 <i>RMB'000</i> <i>(Unaudited)</i>
Total assets	2,133,981	2,931,942
Net assets	411,608	384,581

EXPECTED FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group would cease to have any interest in each member of the Disposal Group and accordingly, the Disposal Company would cease to be an associate of the Group. As such, the financial results of the Disposal Company will no longer be accounted for as interest in an associate in the financial statements of the Group.

It is expected that the Group will realise an unaudited gain of approximately RMB109,349,000 (before deducting relevant taxes and expenses) from the Disposal, being the difference between (i) the Consideration and (ii) the unaudited carrying amount of the investment in the Disposal Company as at 30 June 2019 of approximately RMB252,979,000, which is classified by the Group as investment in an associate accounted for using the equity method. Shareholders should note that the actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statement of the Company depends on the net asset value of the Disposal Company as at the Completion Date and the review by the Company's auditors upon finalisation of the consolidated financial statements of the Company and therefore will be different from the amount mentioned above.

The Company intends to use the net proceeds from the Disposal for the general working capital of the Group and the financing of future investments should suitable opportunities arise.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its principal subsidiaries are engaged in property development and property investment business in the PRC.

The Group owns 37% equity interest in the Disposal Company and could not exercise control on the development of the Project. As the development of the Project is still at the early stage, it is anticipated that the Group will have to devote significant amount of investment and resources before its completion. The Directors are of the view that the Disposal would allow the Group to focus on other core property development projects which the Group has control and optimise resources allocation within the Group.

Based on the above and the assessment set out in the paragraph headed "Expected Financial Effect of the Disposal and Use of Proceeds" above, the Directors consider the Disposal represents a good opportunity for the Group to realise a considerable gain in its investment in the Disposal Company. The net proceeds to be received from the Disposal upon Completion would also enhance the Group's liquidity and enable the Group to diversify and explore other investment opportunities.

The Directors also consider that the entering into of the Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 4 October 2019 entered into among the Purchaser, Fujian Sinco and Grand International in relation to the Disposal
“Board”	the board of Directors
“Chongfeng Real Estate” or “Purchaser”	Xi'an Chongfeng Real Estate Company Limited (西安崇豐置業有限公司), a company established in the PRC with limited liability
“Company”	China Sandi Holdings Limited (Stock Code: 910), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	the date of Completion pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate cash consideration for 37% equity interest in the Disposal Company
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Disposal Equity pursuant to the Agreement

“Disposal Company”	Xi’an Zhichengda Real Estate Company Limited (西安智晟達置業有限公司), a sino-foreign joint enterprise established in the PRC with limited liability which is held as to 0.35% by Fujian Sinco, 36.65% by Grand International, 37% by the Purchaser and 26% by an Independent Third Party, respectively
“Disposal Equity”	the 37% equity interest in the Disposal Company, of which Fujian Sinco owns 0.35% and Grand International owns 36.65%
“Disposal Group”	collectively, the Disposal Company and its subsidiary
“Fujian Sinco”	Fujian Sinco Industrial Co., Ltd. (福建先科實業有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Grand International”	Grand International Development Company Limited (廣大國際發展有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the property development project called Zhongnan Shang Yue Cheng (中南上悅城) which is held by the Disposal Company
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“%”	per cent

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

Hong Kong, 4 October 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; Mr. Chan Yee Ping, Michael, 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.