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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Sandi Holdings Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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  
AND  
NOTICE OF THE SGM**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



**中孚資本有限公司**

**HOLOGRAM CAPITAL LIMITED**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board of the Company is set out from pages 5 to 13 of this circular. A letter from the Independent Board Committee is set out from page 14 to 15 of this circular. A letter from the Independent Financial Adviser, is set out on pages 16 to 30 of this circular.

A notice convening the SGM to be held at Macau Jockey Club (HK Clubhouse), 3/F, East Wing Shun Tak Centre, Merchant Tower, 200 Connaught Road Central, Hong Kong on Thursday, 28 November 2019 at 10:30 a.m., is set out on pages 47 to 48 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“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
“Announcement”	the announcement dated 26 July 2019 made by the Company in relation to the Acquisition
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“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

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## DEFINITIONS

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“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 Latest Practicable Date, as purchaser
“Enlarged Group”	the Group as enlarged by the Target Group after completion of the Acquisition
“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 which is wholly-owned by Mr. Guo as at the Latest Practicable Date

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## DEFINITIONS

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“Land Parcel”	a land parcel with the land use right located at Yong Tai County (永泰縣), Fuzhou City, Fujian Province, the PRC with site area of approximately 136,571 square metres
“Latest Practicable Date” or “LPD”	1 November 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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 Latest Practicable Date
“Primary Partner”	Primary Partner International Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Guo as at the Latest Practicable Date
“PRC”	the People’s Republic of China
“Project”	the property development project held by Yongtai Gaojia located in Yongtai County (永泰縣), Fuzhou City, Fujian Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Group”	Power Success and its subsidiaries
“Target Shares”	10 shares of US\$1 each of Power Success held by Top Trendy, representing the total issued shares of Power Success as at the date of the Latest Practicable Date
“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 Latest Practicable Date
“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 Latest Practicable Date
“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.

*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 circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Guo Jiadi (*Chairman*)  
Ms. Amika Lan E Guo  
Mr. Wang Chao

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Chan Yee Ping, Michael  
Ms. Ma Shujuan  
Mr. Zheng Yurui

*Head office and principal place of business*

*in Hong Kong:*  
Room 3405, 34th Floor,  
China Merchants Tower,  
Shun Tak Centre,  
168-200 Connaught Road Central,  
Hong Kong

8 November 2019

*To the Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the Announcement.

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## LETTER FORM THE BOARD

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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 conditionally agreed to acquire, and Top Trendy 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 purpose of this circular is to provide you with, among other things, further details of (i) the Agreement and the transactions contemplated thereunder; (ii) further information on the Agreement and the Acquisition contemplated thereunder; (iii) letter from the Independent Board Committee; (iv) letter from the Independent Financial Advisor; (v) the valuation report of the Land Parcel; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules.

### **THE AGREEMENT**

The principal terms of the Agreement are summarised as follows:

#### **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.

#### **Assets to be acquired**

The assets 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 site area of approximately 136,571 square metres.



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## LETTER FORM THE BOARD

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### Consideration

The Consideration for the Acquisition is RMB243,670,000 and shall be settled by the Group's own internal resources in cash at Completion.

The Consideration was determined after arm's length negotiations 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 September 2019. The Vender acquired the Land Parcel in 2014 at the consideration of approximately 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. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

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## LETTER FORM THE BOARD

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### **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 square metres are planned for residential use and 64,831 square metres are planned for hotel use. According to the development plan of the Project, it is planned to be developed into a various terrace houses, low-rise apartment buildings and a luxurious hotel. As at the Latest Practicable Date, the residential portion of the Project is under construction and scheduled to be fully completed in 2020, with various residential units have been pre-sold.

The Project is self-developed by the Target Group and is expected to be self-financed by utilizing proceeds to be generated from its pre-sales. According to the sales plan of the Project, saleable gross floor area of approximately 56,000 square metres are expected to be launched for pre-sales before June 2020 which shall be sufficient to cover the expected costs to complete the Project. Therefore, no fund is expected to be injected by the Group into the Project.

### **Financial information of the Target Group**

Set out below is 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:

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**LETTER FORM THE BOARD**

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**(a) Power Success**

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

**(b) China Dragon**

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

**(c) Yongtai Gaojia**

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

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## LETTER FORM THE BOARD

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(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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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Taking into account the above, the Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) are of the view 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 Latest Practicable Date, 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 terms 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.

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

### THE SGM

The SGM will be convened and held to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder.

A notice convening the SGM to be held at Macau Jockey Club (HK Clubhouse), 3/F, East Wing Shun Tak Centre, Merchant Tower, 200 Connaught Road Central, Hong Kong on Thursday, 28 November 2019 at 10:30 a.m., is set out on pages 47 to 48 of this circular. The register of members of the Company will be closed from Monday, 25 November 2019 to Thursday, 28 November 2019, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 November 2019.

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## LETTER FORM THE BOARD

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A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by way of poll. The chairman of the SGM will therefore demand a poll on the resolution put forward at the SGM pursuant to the bye-laws of the Company. As at the Latest Practicable Date, 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 approving the Agreement and the transactions contemplated thereunder at the SGM. As at the Latest Practicable Date, 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.

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 to approve the Agreement and the transactions contemplated thereunder at the SGM.

An announcement on the poll results of the SGM will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.chinasandi.com.hk/>) after the SGM.

### **GENERAL**

The Independent Board Committee (comprising all of the three independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Zheng Yurui) has been established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder; and (ii) the letter of advice from the Independent Financial Adviser as set out on pages 16 to 30 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder together with the principal factors and reasons considered by it in concluding its advice.

Having considered the factors mentioned above, the Directors (including the independent non-executive Directors) are of the view that the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Shareholders and the Company as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices and the notice of the SGM, which form part of this circular.

By Order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**SANDI**

**CHINA SANDI HOLDINGS LIMITED**

**中國三迪控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 910)**

8 November 2019

*To the Independent Shareholders*

Dear Sir or Madam,

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

We refer to the circular of the Company dated 8 November 2019 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you as to whether, in our opinion, the terms of the Agreement and the transactions contemplated thereunder, are normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Hologram Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Independent Shareholders as a whole and how to vote on resolution regarding the Agreement and the transactions contemplated thereunder. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 16 to 30 of the Circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Your attention is also drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms and conditions of the Agreement and the principal factors and reasons considered by, and the advice and recommendation of the Independent Financial Adviser, we concur with its views and consider that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, and that the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee of  
**China Sandi Holdings Limited**

**Mr. Chan Yee Ping, Michael**

**Ms. Ma Shujuan**

**Mr. Zheng Yurui**

*Independent non-executive Director Independent non-executive Director Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Hologram Capital Limited to the Independent Board Committee and the Independent Shareholders, for the purpose of incorporation into this circular.*



中孚資本有限公司  
HOLOGRAM CAPITAL LIMITED

### HOLOGRAM CAPITAL LIMITED

Room 1901, 19/F, OfficePlus @Wan Chai,  
No. 303 Hennessy Road, Wanchai, Hong Kong  
中孚資本有限公司  
香港灣仔軒尼詩道303號  
協成行灣仔中心19樓1901室

8 November 2019

*To the Independent Board Committee and the Independent Shareholders  
of China Sandi Holdings Limited*

Dear Sirs,

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

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transaction contemplated thereunder, i.e. the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 8 November 2019 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 26 July 2019 (after trading hours), Grand Supreme, a wholly-owned subsidiary of the Company as at the Latest Practicable Date, entered into the Agreement with Top Trendy. Pursuant to the Agreement, 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.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Further, as at the Latest Practicable Date, 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 Agreement and the transaction contemplated thereunder, i.e. the Acquisition, are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE AND THE 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 transaction 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. We, Hologram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial shareholders, directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the Acquisition. In the last two years, we have not acted as any financial adviser role to the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling shareholders that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Agreement and the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed the Agreement, the Valuation Report, relevant documents of the Acquisition, and have relied on the statements, information, opinions and representations contained or referred to in the Circular, the annual report of the Company for the nine months ended 31 December 2018 (the “**2018 Annual Report**”), and the information and representations as provided to us by the Directors and the management (“**Management**”) of the Company. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Agreement and the Acquisition, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Agreement and the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the Agreement and the Acquisition, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

#### (A) Background information of the Agreement and the Acquisition

##### 1. Information of the Group and Grand Supreme

The Company is an investment holding company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 910). The Group is principally engaged in property development and property investment business in the PRC. The property development projects and the property investment projects are mainly located in the Fujian Province, Shaanxi Province and Shanghai, the PRC.

As set out in the 2018 Annual Report, during the nine months ended 31 December 2018 (the “FY2018”), the reporting period end date of the Group was changed from 31 March to 31 December because the Directors determined to bring the annual reporting period end date of the Group in line with that of the main business subsidiaries. Accordingly, the consolidated financial statements for the FY2018 cover the nine months period from 1 April 2018 to 31 December 2018. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve months period from 1 April 2017 to 31 March 2018 and therefore may not be comparable with the amounts shown for the FY2018.

Set out below is a summary of the consolidated statements of profit or loss and financial position of the Group for the year ended 31 March 2018 and the FY2018, respectively, as extracted from the 2018 Annual Report:

	<b>For the</b>	<b>For the year</b>
	<b>FY2018</b>	<b>ended</b>
	<i>HK\$'000</i>	<b>31 March 2018</b>
		<i>HK\$'000</i>
Revenue	149,836	707,694
(Loss)/Profit before tax	(60,332)	251,833
(Loss)/Profit for the period/year	(84,940)	160,820

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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	As at 31 December 2018 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>
Non-current assets	4,455,804	4,409,889
Current assets	3,274,246	2,826,471
Current liabilities	3,273,806	1,987,144
Net current assets	440	839,327
Non-current liabilities	1,311,376	1,813,123
Total assets	7,730,050	7,236,360
Net assets	3,144,868	3,436,093

As depicted in the table above, for the FY2018, the Group recorded a total revenue of approximately HK\$149.8 million, representing a decrease of approximately 78.8% as compared to that of approximately HK\$707.7 million for the year ended 31 March 2018. As set out in the 2018 Annual Report, such decrease was mainly due to the decrease in revenue from sales of properties. On the other hand, when comparing between the year ended 31 March 2018 and the FY2018 and among other less significant fluctuations, (i) the Group's other gains of approximately HK\$47.0 million turned into other losses of approximately HK\$26.3 million; (ii) the Group's change in fair value on financial assets at fair value through profit or loss deteriorated from approximately negative HK\$8.9 million to approximately negative HK\$57.6 million; and (iii) the Group's other expenses and finance costs decreased, which partially off-set the first two fluctuations. Overall, the Group's profit before tax and net profit for the year ended 31 March 2018 of approximately HK\$251.8 million and HK\$160.8 million, respectively, deteriorated to loss before tax and net loss for the FY2018 of approximately HK\$60.3 million and HK\$84.9 million, respectively.

Regarding the financial position of the Group, as listed in the table above, as at 31 December 2018, the current assets and current liabilities of the Group amounted to approximately HK\$3,274.2 million and HK\$3,273.8 million, respectively, representing increase of approximately 15.8% and 64.8% when compared with the corresponding figures as at 31 March 2018. The total assets of the Group also increased from approximately HK\$7,236.4 million as at 31 March 2018 to HK\$7,730.1 million as at 31 December 2018.

Grand Supreme is an investment holding company directly wholly-owned by the Company.

## 2. Information of 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 Latest Practicable Date, hence a connected person of the Company. Top Trendy is principally engaged in investment holding.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Information of 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 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 incorporated in the PRC and principally engaged in property development.

### 4. Reason for and benefits of the Agreement and the Acquisition

As disclosed in the Letter from the Board, 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, and that 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 the Fujian Province, one of the Group's key focus provinces in the PRC.

According to the information disclosed in the 2018 Annual Report, we noted that the Company has been focusing on property development in the PRC as its main business. As at 31 December 2018, the portfolio of the Group's development projects (the "**Portfolio**") includes (i) the Fuzhou Sandi Chuangfu Plaza, comprising commercial or office property and hotel, in the Fujian Province; (ii) the Wuyishan Sandi New Times Square, comprising residential or commercial property, in the Fujian Province; and (iii) Qujiang Xiangsong Fengdan • Xian Sandi, comprising residential or commercial property, in the Shaanxi Province. During the year, the Group achieved contracted sales of approximately HK\$916.6 million with a total gross floor area ("**GFA**") of approximately 64,432 square meters ("**sq.m**") under the Portfolio, and as at 31 December 2018, the total GFA of the Portfolio under development or planned future development amounted to approximately 512,366 sq.m.

In light of the significant amount of contracted sales achieved by the Group under the Portfolio, and the significant size of total GFA under development or planned future development, we agreed that property development is the Group's business focus in the PRC, and there exists large potential for future development. We also noted that two of the projects under the Portfolio are located in the Fujian Province, which demonstrates that it is indeed one of the Group's key focus provinces in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Through the Acquisition, the Group will be able to acquire the Land Parcel and the land use right which is located at Yong Tai County, Fuzhou City, Fujian Province, the PRC. The Land Parcel has a total site area of approximately 136,571 sq.m, among which approximately 71,739 sq.m are planned for residential use and approximately 64,831 sq.m are planned for hotel use. As set out in the Letter from the Board, various residential units on the Land Parcel have already been pre-sold as at the Latest Practicable Date. We have further enquired with the Company and reviewed the relevant documents, and noted that approximately 117 residential units are involved in such pre-selling activity.

Taking into account that (i) property development projects have been and will continue to be carried out on the Land Parcel, which is in line with the Group's main business in the PRC; (ii) the Land Parcel is located in the Fujian Province, which is one of the Group's key focus provinces in the PRC in which the Group already has experience in development and sales; and (iii) the Land Parcel has a large site area for future development which we considered good opportunity for the Group's enhanced participation in the province, we are of the view that the Acquisition, which includes the acquisition of the Land Parcel by the Group, is in the ordinary and usual course of business of the Group, fair and reasonable.

In assessing the reasonableness of the Acquisition, we have also studied the general economic conditions in the PRC. According to the China Statistical Yearbook 2018 compiled by National Bureau of Statistics of the PRC, the gross domestic product of the PRC reached approximately RMB82.7 trillion in 2017, which represents a growth by approximately 11.2% which compared to that of approximately RMB74.4 trillion in 2016. For the five years from 2013 to 2017, the gross domestic product of the PRC grew at a compound annual growth rate of approximately 8.6%. Taking into account such growing trend of the PRC's economies, and that we are not aware of any material factor which may lead us to believe that there will be a material downturn in the same, we believed that the PRC remains a positive market for various kinds of business activity, including property development in which the Group principally engages.

We have also studied the China Real Estate Index System – Hundred City Price Index\* (中國房地產指數系統百城價格指數) (the “**HCPI**”) published by the China Index Academy. The China Index Academy is a leading research and data analysis institute incorporated in 2007 which focuses on research and analysis of real estate data in the PRC. According to the website of the China Index Academy, its products include the HCPI, second-hand property price index, commercial property rental price index, property services price index and other related indices. The China Index Academy (and its predecessors) has also jointly published, together with National Bureau of Statistics of the PRC, the China Real Estate Statistics Yearbook for 16 consecutive years. Based on the long operating history and track records of the China Index Academy, we considered their publications credible.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the website of the China Index Academy, in general, the HCPI covers the market prices of all residential units, of which sale approvals have been obtained from the relevant authorities, in the 100 largest cities in the PRC. It is calculated on the basis of weighted average (weighted according to the total gross floor area of residential units in the respective city) of the price of residential units in the 100 cities. We believe it provides an appropriate reference to the future market prices of the properties to be developed on the Land Parcel, which also include residential buildings and hotels. As illustrated in the chart below, the HCPI started at a level of approximately RMB9,000 per sq.m at the beginning of June 2010, then it exhibited a general increasing trend and reached a level of approximately RMB14,900 per sq.m in June 2019, representing a compound annual growth rate of approximately 5.76% in the weighted average residential property price in the 100 largest cities in the PRC.



Overall, having considered that (i) the Acquisition, which includes the acquisition of the Land Parcel by the Group, is in the ordinary and usual course of business of the Group, fair and reasonable; (ii) various residential units on the Land Parcel have already been pre-sold as at the Latest Practicable Date, and thus we have no doubt on the attractiveness of the residential units on the Land Parcel to the market; (iii) the PRC remains a positive market for various kinds of business activity, including property development in which the Group principally engages; and (iv) the general and continuing increasing trend of the HCPI may suggest that there remains room for value gain of the residential units on the Land Parcel, we concurred with the Director's view that the Acquisition provides an opportunity for the Company to strengthen its property development and property investment business into existing regions in the PRC and to enhance the earnings and financial position of the Group. Accordingly, we are of the view that the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **(B) The Agreement**

#### **1. Principal terms of the Agreement**

##### **Date**

26 July 2019 (after trading hours)

##### **Parties**

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

##### **Assets 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 136,571 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 September 2019.

##### **Conditions precedent**

Completion is conditional upon the fulfilment (or, if applicable, the waiver) of various conditions set out in the section headed "Conditions precedent" in the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Our work done to assess the fairness of the Consideration

#### The Valuation Report

The Land Parcel has been valued by Asset Appraisal Limited (the “**Independent Valuer**”), the independent valuer appointed by the Company to provide a valuation on the Land Parcel. The property valuation report is contained in Appendix I to the Circular (the “**Valuation Report**”).

We have enquired on and reviewed matters in relation to the Valuation Report and the Independent Valuer who prepared the Valuation Report. We understand that the professional responsible for signing off the Valuation Report has over 10 years’ experience in valuation of properties, ports and logistics facilities in the PRC, and possesses relevant qualification, details of which are set out in page 34 of the Circular. We have also conducted an interview with the Independent Valuer regarding its experience in valuing similar property interests in the PRC, and understood that they have completed valuation, of which the relevant reports have been included in circulars of listed issuers on the Stock Exchange, for similar property interests. As such, we agree that the Independent Valuer possesses the competency to provide its professional service to carry out the valuation of the Land Parcel and the properties thereon. Having also reviewed the scope of work in the engagement letters of the Independent Valuer, we are satisfied that the scope of work is sufficient and appropriate for the Acquisition.

On the other hand, as at the Latest Practicable Date, the Company and the Independent Valuer confirm that the Independent Valuer has no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group. We have also reviewed the Independent Valuer’s terms of engagement (including its scope of work) and were not aware of any irregularities during our discussion with the Independent Valuer or in our review of its independence. As a result, we also agree that the Independent Valuer possesses the independence to provide its professional service in relation to the Valuation Report.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have then enquired with the Independent Valuer and understand that in valuing the Land Parcel, the Independent Valuer has adopted the market approach. The market approach principally considers and compares price information of similar properties available on the market. In the course of comparison, prices of comparable properties of similar nature, size, character and location are analyzed and carefully weighed against all respective advantage and disadvantage of each property in order to arrive at a fair comparison of market values. According to the Independent Valuer, the market approach is considered the best approach if there is readily identifiable transaction for properties with similar nature. We have also studied various valuation reports which have been included in circulars recently issued by listed issuers in respect of property transactions in both Hong Kong and the PRC on the Stock Exchange, and noted that most of them have also adopted the market approach (sometimes named as the sales comparison approach) when valuing the respective properties. As such, we consider it appropriate for the Independent Valuer to adopt the market approach in valuing the Land Parcel.

In the course of valuing the Land Parcel, the Independent Valuer had made references to comparable sales transaction/evidence as available which have characteristics comparable to the respective portions of the Land Parcel. Due adjustments to the unit rates were made to reflect factors including but not limited to time, location, size, plot ratio, floor, difference and quality in arriving at the key assumptions. Set out below are the market value of respective portions of the Land Parcel, valued as at 30 September 2019:

<b>Market value for residential portion</b>	<i>RMB</i>
Present value of residential units which are permitted to be pre-sold or have their construction works substantially completed ( <i>Note</i> )	337,000,000
Land value attributable to those residential units which were in their early construction stage	52,000,000
Expended cost for the aforesaid residential units which were in their early construction stage	38,000,000
<b>Sub-total</b>	<b>427,000,000</b>
<b>Market value for hotel portion</b>	
Land value	52,000,000
Expended cost	6,000,000
<b>Sub-total</b>	<b>58,000,000</b>
<b>Total market value of the Land Parcel</b>	<b><u>485,000,000</u></b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note: The present value is derived after taking into account (i) the gross development value of the residential units (which are permitted to be pre-sold or have their construction works substantially completed) which is based on the gross floor area and the respective unit rates or the actual selling prices for those units that have already been pre-sold; (ii) construction cost to complete, finance charges, management and professional fees and other relevant fee/cost; and (iii) discount factors.*

We have further studied the sales comparables used by the Independent Valuer in valuing the Land Parcel. According to the Independent Valuer, in valuing the Land Parcel, which is a parcel of land with an area of 135,364 square metres on which a residential and hotel development is proposed to be built, (i) sales comparables of lands which are of residential usage; (ii) sales comparables of residential units similar to those built and to be built on the Land Parcel; and (iii) sales comparables of lands which are of hotel usage in the same district, i.e. the Yongtai County, the suburban area of Fuzhou City, were identified and referenced to, the details of the comparables are listed below.

### Residential land comparables

Name	Site area (square meter)	Unit rate (per square meter, RMB)	Permitted plot ratio (Note)	Unit rate after adjustment (per square meter, RMB)
(a)	19,330	6,648	3.4	1,955
(b)	25,884	3,863	2.8	1,380
(c)	41,320	3,170	2.0	1,585
(d)	15,276	2,586	2.0	1,293
(e)	49,441	2,332	1.8	1,296
(f)	30,917	1,456	1.05	1,386

### Residential units comparables

Name	Sold portion units	Total gross floor area of sold units (square meter)	Unit rate (per square meter, RMB)
(g)	129	14,183	10,673 – 19,566

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Hotel land comparables

Name	Site area (square meter)	Unit rate (per square meter, RMB)	Permitted plot ratio (Note)	Unit rate after adjustment (per square meter, RMB)
(h)	91,506	417	0.5	835
(i)	301,410	836	0.8	1,045

*Note: Permitted plot ratio represents the multiple of developable gross floor area and total site area of a building or construction site.*

As shown in the table above, the Independent Valuer has made separate reference in determining the value of the Land Parcel. Regarding the valuation of the residential land of the Land Parcel, the Independent Valuer has identified six nearby residential land and obtained their price information. The comparables ranged from RMB1,386 to RMB1,955 per square meter after the adjustment of the permitted plot ratio, representing an average of RMB1,483, which is close to the residential land value of the Land Parcel of RMB1,500 per square meter. Regarding the valuation of the residential units which obtained or fulfilled the criterion for obtaining the permit to sale on the Land Parcel, the Independent Valuer has referred to the market price of villa type or duplex units in nearby development site held by another third-party developer, which ranged from RMB12,500 to RMB14,000 per square meter. The Independent Valuer has then considered the actual transaction record and price of villa type or duplex units within the development project on the Land Parcel, and adopted unit rates of RMB13,226 to RMB13,805 per square meter in determining the value of the residential units which obtained or fulfilled the criterion for obtaining the permit to sale on the Land Parcel. Regarding the valuation of the hotel portion of the Land Parcel, the Independent Valuer has identified two nearby lands of hotel usage and obtained their price information. The Independent Valuer has referred to the comparables which ranged from RMB835 to RMB1,045 per square meter. After considering the actual construction process of the hotel portion of the Land Parcel, the Independent Valuer adopted unit rate of RMB800 in determining the value of the valuation of the hotel portion of the Land Parcel. As such, we consider the selection of the sales comparables of the Land Parcel, which are lands of similar usage in the same district, and the adoption of the market reference of the sale price of these sales comparables in determining the value of the Land Parcel which we believe to reflect the market value of it, fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have also reviewed, and understand that the Board has also assessed, the valuation method and the key assumptions adopted in the Valuation Report, details of which can be referred thereto. We noted that the assumptions on which the valuation of the Land Parcel is based can be generalised as, as at the Valuation Date, the legally interested party having absolute title and rights to the relevant property interests during the respective terms. We have then taken into account that, according to the respective legal opinions prepared by the Group's PRC legal advisor, the Target Group indeed possesses the titles and/or rights to the Land Parcel, and hence we considered that it is reasonable for the Independent Valuer to make the aforesaid assumptions in preparation of the Valuation Report. Based on all the above, we concur with the Board's view that the valuation method and the key assumptions adopted in the Valuation Report are fair and reasonable valuation method and key assumptions adopted by professional valuer.

Having considered that (i) the Consideration is equivalent to the sum of unaudited net asset value of the Target Group of approximately RMB152.7 million as at 31 March 2019 and the Target Company's loan due to its shareholder of approximately RMB91.0 million as at 31 March 2019; and (ii) the market value of the Land Parcel of approximately RMB485.0 million as at 30 September 2019, as reflected by the Valuation Report, which is significantly higher than the Consideration, we are of the view that the basis of determining the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

### **Settlement method**

The Consideration shall be satisfied in cash.

We have enquired with the Company and understood that the Group has a bank and cash balance of approximately RMB1,160.0 million as at 30 June 2019 according to its consolidated management accounts. As such, we are satisfied that the Company has sufficient financial resources to settle the Consideration in cash and in full as required under the Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (C) Possible financial effects of the Acquisition

Upon completion of the Agreement, 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.

As at 31 December 2018, the Group had consolidated current assets of approximately HK\$3,274 million, among which approximately HK\$149 million was cash and bank balances. In addition, the Group maintain healthy gearing ratio of approximately 19% as at 31 December 2018.

Having considered the reasons and benefits of the Acquisition, the fairness and reasonableness of the Consideration and the healthy financial positions of the Group, we are of the view that the short-term adverse financial impact to the Group in respect of cash position and gearing are immaterial, commercially acceptable and justifiable.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the proposed entering into of the Agreement and the Acquisition contemplated thereunder are in the Group's ordinary and usual course of business, in the interests of the Group and the Shareholders as a whole, and the terms and conditions thereof are fair and reasonable.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Agreement and the Acquisition, as detailed in the notice of SGM as set out at the end of the Circular.

Yours faithfully  
For and on behalf of  
**Hologram Capital Limited**  
**Michael Leung**  
*Executive Director*



*The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 30 September 2019 of the Land Parcel.*



**Asset Appraisal Limited**  
**中誠達資產評值顧問有限公司**

Rm 901 9/F On Hong Commercial Building  
No.145 Hennessy Road Wanchai HK  
香港灣仔軒尼詩道145號  
安康商業大廈9樓901室  
Tel : (852) 2529 9448 Fax : (852) 3544 5854

Date : 8 November 2019

**The Board of Directors**

**China Sandi Holdings Limited**

Room 3405, 34th Floor,  
China Merchants Tower,  
Shun Tak Centre  
Nos. 168-200 Connaught Road Central  
Hong Kong

Dear Sirs,

**Development site (Lot A-01) of Jiangshan Waterfront  
at the southern bank of Da Zhang River Stream, Xinan Village  
Geling Town Yong Tai County, Fuzhou City  
Fujian Province  
the People's Republic of China (the "PRC")**

In accordance with your instructions for us to value the captioned property (the "**Property**") to be acquired by **China Sandi Holdings Limited** (referred to as the "**Company**") or its subsidiaries (together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the market value of the Property as at **30 September 2019** (referred to as the "**valuation date**").

**BASIS OF VALUATION**

The valuation is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

**VALUATION METHODOLOGY**

We have valued the Properties using market approach with consideration of price information of similar properties available on the market. In the course of comparison, prices of comparable properties of similar nature, size, character and location are analysed and carefully weighted against all respective advantage and disadvantage of each property in order to arrive at a fair comparison of market values.

As the Property was under development on the Valuation Date, we have valued it on the basis that it is being developed in accordance with the land grant conditions, planning approval and/or approved development proposals as provided to us. It is also confirmed by the Company that the owner of the Property has completed all necessary application process and obtained all relevant permits and approvals from the Government or shall have no legal and administrative impediment to complete such process for undertaking property development on the Property. In the course of our valuation, we have taken into account the market value of the development sites as measured by the market approach, development costs expended as relevant to the stage of construction as at the valuation date and the further costs to complete the development as per the approved development scheme.

**ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the Property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

As the Property is held by the owner by means of long term Land Use Rights granted by the Government, we have assumed that the owners or their successors-in-title have good legal title to the Property and have free and uninterrupted rights to occupy, use, transfer, lease or assign the Property for the whole of the unexpired terms of the land use rights of the Property.

We have also assumed that the owner of the Property has the right to sell, mortgage, charge or otherwise dispose of the Property whether in whole or in part to any person without payment of any additional premium or substantial fee to government authorities.

Other special assumptions of each property, if any, have been stated out in the footnotes of the valuation certificate for the Property.

**TITLE AND LAND TENURE INVESTIGATION**

We have been provided with extracts of title documents relating to the Property. However, we have not searched the original documents to verify ownership or to verify the existence of any lease amendments which do not appear on the copies handed to us.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Fujian New Stone Law Firm 福建新世通律師事務所 (the “PRC Legal Opinion”), to the Company on the title and other legal matters relation to the Property.

All legal documents disclosed in this report are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the Property.

### **LIMITING CONDITIONS**

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in holding it. For this valuation, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, completion date of buildings, tenancy summaries, development schemes, total budgeted construction costs, construction costs expended, site and floor areas, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas and floor areas in respect of the Property but have assumed that the site areas and floor areas shown on the title deeds and legal documents handed to us are correct. All documents of the Property have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was last inspected by Zhou Tong, who is a registered PRC Real Estate Appraiser, on 9 September 2019. However, no site investigation has been carried out to determine the suitability of ground conditions or the services for any property development to be carried out on the Land Parcels. Our valuation has been made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

We have not carried out investigations on site to determine the suitability of the ground conditions and the services, etc for any development. This valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our site inspection, we did not note any serious defects.

We are not, however, able to report that the buildings and structures of the Property are free from rot, infestation or any other structural defects, nor were any tests carried out to any of their building services.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

## **REMARKS**

Unless stated as otherwise, all monetary amounts herein are stated in Renminbi (RMB).

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**Asset Appraisal Limited**

**Tse Wai Leung**  
MFin BSc MRICS MHKIS RPS(GP)  
**Director**

*Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC.. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties, ports and logistics facilities in the PRC.*

## VALUATION CERTIFICATE

*Property Interests under development*

Property	Description and Tenure	Particulars of occupancy	Market Value of the Property in existing state as at 30 September 2019
Development site (Lot A-01) of Jiangshan Waterfront at the southern bank of Da Zhang River Stream, Xinan Village Geling Town Yong Tai County Fuzhou City Fujian Province the PRC 福建省福州市永泰縣葛嶺鎮溪南村大樟溪南岸地塊 A-01江山水岸發展用地	<p>The property comprises a parcel of land with an area of 135,364 square metres on which a residential and hotel development is proposed to be built. It is falling within one of the renowned tourist regions of Fuzhou City nearby the Tianmenshan Canyon Ecotourism Scenic Area (天門山峽谷生態旅遊景區) and Qingyunshan Scenic Area (青雲山景區). Various low density residential/resort developments and tourism facilities are found at the vicinity.</p> <p>According to the land grant conditions of the property, the permitted plot ratio gross floor area of the proposed development of the property is 136,571.10 square metres of which 71,739.41 square metres is attributable to residential use and 64,831.69 square metres is attributable to hotel use. According to the development scheme of the Property, it is planned to be developed into a various terrace houses, low-rise apartment buildings and a luxurious hotel.</p> <p>Construction work of residential portion of the development has commenced and structural work for super-structures was in progress as at the Valuation Date. They are scheduled to be fully completed in 2020. Construction work of hotel portion of the development was pending as at the Valuation Date.</p> <p>The property is held for a land use right term expiring on 25 May 2057 (for hotel portion of the development) or 25 May 2087 (for residential portion of the development).</p>	The property is currently vacant	RMB485,000,000

*Notes:*

- (1) As revealed from the Real Estate Title Certificate (Ref 閩(2017)永泰縣不動產權第 0002184號), the land use rights of the subject land parcel (known as Lot A-01) with an area of 135,364 square metres have been granted to Yongtai Gaojia Property Development Co., Ltd (永泰高佳房地產開發有限公司) for commercial, service and residential (商服住宅) uses.
- (2) As revealed from the Land Grant Contract of the Property, it is subject to the following major development conditions:  
  
Plot Ratio: not more than 1.01  
Site Coverage: not more than 35%  
Height Restriction: 80 metres  
Green Open Space Ratio: not less than 35%  
Building Covenant : Work start not later than 31 December 2017 and work completion not later than 31 December 2020  
Allocation of Floor Area : residential floor area not more than 60% of total gross floor area and hotel floor area not less than 40% of total gross floor area
- (3) As revealed from the Construction Land Use Planning Permit (Ref: 樟村用地字第350125201700008號), the permitted town planning use of the subject land parcel is commercial/residential composite use (商住綜合用地).
- (4) As revealed from two sets of Construction Work Planning Permit (Ref: 樟村建字第350125201700035號 and 樟村建字第350125201800001號 and), planning approval for the construction of Residential Block Nos. 1 to 72 with a total gross floor area of 104,992.15 have been granted.
- (5) As revealed from the Construction Permit (Ref No. 350125201712150101), construction work for Residential Block Nos. 1 to 72 with a total construction floor area of 105,209.73 square metres are allowed to be carried out on the Property.
- (6) Five sets of Per-Sale Permit (Ref: 2018樟房許字第003號, 2018樟房許字第006號, 2018樟房許字第027號, 2018樟房許字第035號, 2019樟房許字第004號 and 2019樟房許字第023號) in relation to Block Nos. 1 to 3, 5 to 13, 38, 39, 46, 48 and 50 of the development with an aggregate gross floor area of 25,016.82 square metres are allowed to be pre-sold. As at the Valuation Date, various residential units with an aggregate gross floor area of 15,828.36 square metres have been pre-sold at a total sale proceeds of RMB218,504,379.
- (7) According to the information provided by the owner of the Property, a total construction costs of approximately RMB158,200,000 has been expended on the Property as at the Valuation Date. The further costs to complete the residential portion of the Property is approximately RMB290,200,000. The market value of the residential portion of the Property as if it were fully completed on the Valuation Date is determined at RMB973,300,000.

(8) Opinion of the PRC Lawyer on the Property is summarized as follows:

- 8.1 Pursuant to the Agreement on Change of Land Grantee dated 12 November 2013, the Supplemental Agreement dated 4 May 2014, the Supplemental Agreement dated 21 June 2016 and the Supplemental Agreement dated 23 October 2017, the land use rights of the Property with an area of 135,364 square metres were granted by the Land Administrative Bureau of Yongtai County to Yongtai Gaojia Property Development Co., Ltd for residential, commercial and hotel uses.
- 8.2 The full amount of land premium of RMB113,300,000 in associate with the land grant of the Property as mentioned above have been settled in full.
- 8.3 As revealed from the Construction Land Use Planning Permit (建設用地規劃許可證, ref: Zhang Cun Yong Di Zi 樟村用地字 No. 350125201700008) issued in the name of Gaojia Property Development Co., Ltd on 31 March 2017, the permitted use of the Property is commercial and residential and the permitted development scale of the Property in term of gross floor area is 136,571.1 square metres. Gaojia Property Development Co., Ltd have completed all relevant applications for undertaking development on the Property.
- 8.4 As revealed from the Supplemental Land Grant Contract dated 23 October 2017, development of the Property should commence on or before 31 December 2017 and shall be fully completed by 31 December 2020.
- 8.5 Gaojia Property Development Co., Ltd has obtained 4 sets of Construction Work Permit (Ref Nos. 350125201712150101, 350125201801300101, 350125201804240101 and 350125201907190101) for carrying out construction work for the residential portion of the Property.
- 8.6 Gaojia Property Development Co., Ltd obtained the Real Estate Title Certificate (不動產權證, ref No. 0002184) of the Property and is the legal holder of the land use rights of the Property.
- 8.7 6 sets of Pre-sale Permit (Ref: 2008樟房許字 No. 003, 2008樟房許字 No. 006, 2008樟房許字 No. 027, 2008樟房許字 No. 035 and 2019樟房許字 No. 004 and 2019樟房許字 No. 023) have been issued in the name of Gaojia Property Development Co., Ltd. for the pre-sale of the residential portion of the Property.
- 8.8 The Property (including land use rights and construction in progress thereon) has been pledged for a building mortgage in favour of Xiamen Bank Co Ltd.
- 8.9 Gaojia Property Development Co., Ltd is the legal owner of the Property and subject to prior consent of Xiamen Bank Co Ltd as mortgagee, it has the rights to possess, use, transfer, lease, charge or otherwise dispose of the Property.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and, in respect of equity derivatives, underlying Shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or members of the Group which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (a) Long positions in the Shares and underlying Shares

Name of Director	Capacity	Number of shares	Number of underlying shares	Number of share options held	Approximate percentage of the Issued Capital as at the Latest Practicable Date	Notes
Mr. Guo	Interest of controlled corporation	3,386,905,895	1,526,092,233	–	99.2%	1
	Beneficial owner	–	–	4,400,000	0.1%	2
Mr. Wang Chao	Beneficial owner	–	–	3,000,000	0.1%	3
Ms. Amika Guo	Beneficial owner	–	–	4,400,000	0.1%	4
Ms. Ma Shujuan	Beneficial owner	–	–	4,400,000	0.1%	5
Mr. Zheng Yurui	Beneficial owner	–	–	4,400,000	0.1%	6



*Notes:*

1. The 3,386,905,895 Shares and 1,526,092,233 underlying Shares include:
  - (a) 2,581,054,801 Shares held by United Century, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Guo.
  - (b) 320,414,201 Shares held by King Partner, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Guo.
  - (c) 485,436,893 Shares held by Primary Partner, a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Guo.
  - (d) 312,500,000 underlying Shares held by United Century which constituted unlisted physically settled equity derivatives pursuant to an arrangement entered into with Beyond Steady Limited (“Beyond Steady”). Beyond Steady is taken to have the short position in the same underlying shares. Beyond Steady is a company incorporated in the British Virgin Islands with limited liability which is indirectly wholly owned by Huarong International Financial Holdings Limited (“Huarong”).
  - (e) 1,213,592,233 underlying Shares from the conversion of convertible bonds with principal amount of HK\$500 million held by Primary Partner.
2. As at the Latest Practicable Date, Mr. Guo, an executive Director and Chairman of the Company, was entitled to receive share options to subscribe for a maximum of 4,400,000 Shares upon exercise of the options in full.
3. As at the Latest Practicable Date, Mr. Wang Chao, an executive Director, was entitled to receive share options to subscribe for a maximum of 3,000,000 Shares upon exercise of the options in full.
4. As at the Latest Practicable Date, Ms. Amika Guo, an executive Director, was entitled to receive share options to subscribe for a maximum of 4,400,000 Shares upon exercise of the options in full.
5. As at the Latest Practicable Date, Ms. Ma Shujuan, an independent non-executive Director, was entitled to receive share options to subscribe for a maximum of 4,400,000 Shares upon exercise of the options in full.
6. As at the Latest Practicable Date, Mr. Zheng Yurui, an independent non-executive Director, was entitled to receive share options to subscribe for a maximum of 4,400,000 Shares upon exercise of the options in full.

**(b) Short positions in the Shares and underlying Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of underlying Shares</b>	<b>Approximately percentage of issued capital as at the Latest Practicable Date</b>
Mr. Guo	Interest of controlled corporation	125,000,000	2.5%

*Note:*

This represents United Century's short position in 125,000,000 underlying Shares which constituted unlisted physically settled equity derivatives pursuant to an arrangement entered into with Chance Talent Management Limited ("Chance Talent"). Chance Talent's intermediate holding company is CCB International Group Holdings Limited, and the ultimate holding company is Central Huijin Investment Ltd. Chance Talent is taken to have the long position in the same underlying Shares.

**(c) Long positions in associated corporation**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Approximately percentage of registered capital</b>
Mr. Guo	Nanping Sandi Xiangsong Real Estate Development Company Limited ("Nanping Xiangsong")	Interest of controlled corporation	35%

*Note:* At as the Latest Practicable Date, Mr. Guo's 35% interest in Nanping Xiangsong is held through Fujian Sandi Property Development Company Limited, a company established in the PRC and ultimately controlled by Mr. Guo. The Company indirectly held 60% equity interests of Nanping Xiangsong. Therefore, Nanping Xiangsong is an associated corporation of the Company for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or members of the Group which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of issued capital as at the Latest Practicable Date	Notes
<b>Long Position</b>					
United Century	Beneficial owner	2,581,054,801	312,500,000	56.9%	1
King Partner	Beneficial owner	320,414,201	–	6.3%	1
Primary Partner	Beneficial owner	485,436,893	1,213,592,233	33.4%	1
Central Huijin Investment Ltd.	Interest of controlled corporations	–	2,399,039,555	47.2%	2
Change Talent Management Limited	Beneficial owner	–	2,399,039,555	47.2%	2
Huarong	Interest of controlled corporations	312,500,000	625,000,000	18.4%	3ab
Beyond Steady	Beneficial owner	312,500,000	625,000,000	18.4%	3ab

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of issued capital as at the Latest Practicable Date	Notes
<b>Short Position</b>					
Huarong	Interest of controlled corporations	–	312,500,000	6.1%	3c
Beyond Steady	Beneficial owner	–	312,500,000	6.1%	3c
United Century	Beneficial owner	–	125,000,000	2.5%	1

*Notes:*

1. Please refer to notes under the section headed “Disclosure of Interests of Directors and Chief Executives” on page 38.
2. The 2,399,039,555 underlying Shares comprise: (a) security interest in 2,274,039,555 underlying Shares, and (b) a long position in 125,000,000 underlying Shares which constituted unlisted physically settled equity derivatives pursuant to an arrangement entered into with United Century. United Century is taken to have the short position in the same underlying Shares.
3.
  - (a) The 312,500,000 held by Beyond Steady, a company incorporated in the British Virgin Islands with limited liability which is indirectly wholly-owned by Huarong.
  - (b) Beyond Steady has security interest in 625,000,000 underlying Shares.
  - (c) This represented Beyond Steady’s short position in 312,500,000 underlying Shares which constituted unlisted physically settled equity derivatives pursuant to an arrangement entered into with United Century. United Century is taken to have the long position in the same underlying shares.

**3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

Save for the subject assets under the Acquisition, as at the Latest Practicable Date, (a) there was no contract or arrangement in which any of the Directors was materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date; and (b) none of the Directors had, or have had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2018, the date to which the latest published audited consolidated financial statements of the Group were made up.

**4. COMPETING INTERESTS**

As at the Latest Practicable Date, save and except for Mr. Guo, none of the Directors nor their respective associates had any businesses or interests that compete or might compete with the business of the Group or any other conflict of interests with the Group.

Mr. Guo carries out property development and investment businesses in the PRC through Fujian Sandi Property Development Company Limited. To deal with the potential conflict of interests between Mr. Guo and the Company, (i) Mr. Guo and (ii) the Company entered into the deed of non-competition on 15 March 2017, pursuant to which, among other things, Mr. Guo had given non-compete undertakings in favour of the Company on the terms as summarised in the announcement of the Company dated 15 March 2017.

**5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

**6. MATERIAL ADVERSE CHANGE**

The Directors confirm that there had been no material change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) had been entered into by the members of the Group within the two years immediately preceding the date of this circular which are or may be material:

- (a) the cooperation agreement dated 9 August 2018 entered into among Xi'an Chongfeng Real Estate Company Limited (西安崇豐置業有限公司) (“**Chongfeng Real Estate**”), Fujian Sinco Industrial Co., Ltd. (福建先科實業有限公司) (“**Fujian Sinco**”) and Grand International Development Company Limited (廣大國際發展有限公司) (“**Grand International**”) in relation to the proposed contribution to be made by Fujian Sinco and Grand International of RMB6,200,000 and US\$30,000,000 to the registered capital of Xi'an Zhichengda Real Estate Company Limited (西安智晟達置業有限公司) (“**Xi'an Zhichengda**”); (ii) the provision of the shareholder's loans in an aggregate amount of RMB360,900,000 by Fujian Sinco and Grand International to Xi'an Zhichengda; and (iii) the provision of advances of RMB50,000,000 each by Fujian Sinco and Chongfeng Real Estate to the Xi'an Zhichengda (collectively, the “**Transactions**”). Xi'an Zhichengda holds three parcels of land located in Xi'an City for development into residential and commercial property projects. The accountants' report of Xi'an Zhichengda is set out in Appendix III to the circular published by the Company on 21 December 2018. The remuneration payable to and benefits in kind receivable by the Directors (including the directors of Fujian Sinco and Grand International) will not be varied in consequence of the Transactions;
- (b) the sale and purchase agreement dated 21 September 2018 entered into among Grand Supreme, Primary Partner and Mr. Guo in respect of the acquisition of the entire issued share capital of All Excel Industries Limited (全盛實業有限公司), as amended and supplemented by a supplement deed dated 21 December 2018 entered into among Grand Supreme, Primary Partner and Mr. Guo; in relation to the acquisition of the entire issued share capital of All Excel Industries Limited by Grand Supreme from Primary Partner at the total consideration of HK\$1,500,000,000; and
- (c) the Agreement.

## 8. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

**9. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who have given opinions or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Hologram Capital Limited	Independent Financial Adviser
Asset Appraisal Limited	Independent Property Valuer
Fujian New Stone Law Firm (福建新世通律師事務所)	PRC Legal Adviser

As at the Latest Practicable Date, (a) the above experts did not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group and (b) did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2018, the date to which the latest published audited consolidated financial statements of the Group were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which they appear.

**10. GENERAL**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is at Room 3405, 34th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (c) The company secretary of the Company is Mr. Chan Wai Shing, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal office of the Company in Hong Kong at Room 3405, 34th Floor, China Merchants Tower, Shun Tak Centre, 168 – 200 Connaught Road Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (c) the letter from the Board, the text of which is set out on pages 5 to 13 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;
- (e) the letter from Hologram Capital Limited, the text of which is set out on pages 16 to 30 of this circular;
- (f) the valuation report on the Land Parcel, the text of which is set out in Appendix I to this circular;
- (g) the PRC legal opinion of Fujian New Stone Law Firm (福建新世通律師事務所) referred to in the valuation report set out in Appendix I to this circular;
- (h) the written consents from the experts referred to in the section headed “Experts and Consents” of this appendix;
- (i) the annual reports of the Company for each of the two financial years ended 31 March 2017 and 2018 respectively and the annual report of the Company for the nine months ended 31 December 2018; and
- (j) this circular.

**MISCELLANEOUS**

For easy 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 circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.



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## NOTICE OF SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “**SGM**”) of shareholders of China Sandi Holdings Limited (the “**Company**”) will be held at Macau Jockey Club (HK Clubhouse), 3/F, East Wing Shun Tak Centre, Merchant Tower, 200 Connaught Road Central, Hong Kong on Thursday, 28 November 2019 at 10:30 a.m. or any adjournment thereof to consider and, if thought fit, to pass with or without amendments, the following resolution:

#### ORDINARY RESOLUTION

“**THAT**

- (a) the sale and purchase agreement dated 26 July 2019 (the “**Agreement**”) entered into between Grand Supreme Limited (as purchaser) and Top Trendy Holdings Limited (as vendor) in respect of the acquisition of the entire issued share capital of Power Success Development Incorporated at the consideration of RMB243,670,000, a copy of the Agreement marked “**A**” is tabled before the SGM and signed for identification purpose by the chairman of the meeting, as more particularly described in the circular to the shareholders of the Company dated 8 November 2019 (the “**Circular**”) of which this notice forms part) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors of the Company be and is hereby authorized to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the Agreement and the transactions contemplated thereby.”

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

Hong Kong, 8 November 2019

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## NOTICE OF SGM

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Headquarters and principal place of business*

*in Hong Kong:*  
Room 3405, 34th Floor,  
China Merchants Tower,  
Shun Tak Centre,  
168 – 200 Connaught Road Central,  
Hong Kong

*Notes:*

1. The register of members of the Company will be closed from Monday, 25 November 2019 to Thursday, 28 November 2019, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 November 2019.
2. Any member entitled to attend and vote at the SGM (and any adjournment of such meeting) shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the SGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
5. Completion and return of the proxy form does not preclude a member from attending and voting in person at the SGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.
6. Where there are joint holders of any shares of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the SGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.