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CHINA SANDI HOLDINGS LIMITED

中國三迪控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

**DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF 51% EQUITY INTEREST
IN A PRC COMPANY HOLDING LAND PARCELS IN
BAOJI CITY, SHAANXI PROVINCE**

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 2 November 2020, Baoji Sandi (the Purchaser), an indirect wholly-owned subsidiary of the Company, and Baoji Ruixucheng (the Vendor) entered into the Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell (i) 51% equity interest in the Target Company; and (ii) the Sale Loan, at the Consideration of RMB143,784,300. The principal assets of the Target Company are the Land Parcels.

Upon completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Agreement is/are more than 5% but less than 25%, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 2 November 2020, Baoji Sandi (the Purchaser), an indirect wholly-owned subsidiary of the Company, and Baoji Ruixucheng (the Vendor) entered into the Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell (i) 51% equity interest in the Target Company; and (ii) the Sale Loan, at the Consideration of RMB143,784,300. The principal assets of the Target Company are the Land Parcels.

Upon completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company.

THE AGREEMENT

A summary of the major terms of the Agreement is set out as follows:

Date: 2 November 2020

Parties: (1) Baoji Ruixucheng (the Vendor); and
(2) Baoji Sandi (the Purchaser), an indirect wholly-owned subsidiary of the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

Subject matter

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell (i) 51% equity interest in the Target Company; and (ii) the Sale Loan. As at the date of this announcement, the Vendor holds 100% equity interest in the Target Company and is also the legal and beneficial owner of the Sale Loan. The principal assets of the Target Company are the Land Parcels.

Consideration

The Consideration for the Acquisition is RMB143,784,300, comprising (i) the consideration of RMB5,100,000 for the 51% equity interest in the Target Company; and (ii) the consideration of RMB138,684,300 for the Sale Loan (represents 51% of the Shareholder's Loan owed by the Target Company to the Vendor as at the date of this announcement).

The Consideration will be paid by the Purchaser in cash within fifteen (15) working days following the date on which the registration at the administration for industry and commerce in relation to the transfer of 51% equity interest in the Target Company is completed and a completion certificate is jointly signed by the parties to the Agreement. The Consideration will be funded by internal resources of the Group.

The Consideration was agreed after arm's length negotiations between the parties to the Agreement with reference to, among other things, the financial statements of the Target Company as at 30 September 2020, the carrying value of the Shareholder's Loan and the prevailing market price of the land in the vicinity of the Land Parcels.

Completion

Completion of the transfer of 51% equity interest in the Target Company will take place upon completion of the registration procedures at the relevant administration of industry and commerce in relation thereto while completion of the transfer of the Sale Loan will take place on the date on which the Target Company receives a notice of transfer of the Sale Loan issued by the Vendor (or by the Purchaser as authorised by the vendor).

Upon completion of the Acquisition, the Target Company will be held as to 51% and 49% by the Purchaser and the Vendor, respectively. The Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

INFORMATION ABOUT THE PARTIES TO THE AGREEMENT

The Company and the Purchaser

The Company is a limited liability company incorporated in Bermuda. The Group is principally engaged in property development and holding of property for investment and rental purpose in the PRC. The Purchaser is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development and investment business in the PRC.

The Vendor

The Vendor is a limited liability company established in the PRC and principally engaged in property development business in the PRC. As at the date of this announcement, it is held as to 99% and 1% by Mr. Zheng Zhixi and Mr. Zheng Zhihai, both being PRC merchants and Independent Third Parties.

INFORMATION OF THE TARGET COMPANY AND THE LAND PARCELS

The Target Company is a company established under the laws of the PRC on 17 August 2018 with limited liability. As at the date of this announcement, the Target Company had a registered capital of RMB10,000,000, which has been fully paid up and held solely by the Vendor. The Target Company is principally engaged in property development business in the PRC.

Set out below is a summary of the unaudited financial information of the Target Company for the period from its date of establishment to 31 December 2018 and for the year ended 31 December 2019:

	From date of establishment to 31 December 2018	For the year ended 31 December 2019
	<i>RMB million</i>	<i>RMB million</i>
Loss before taxation	0.2	0.6
Loss after taxation	0.2	0.6

	As at 31 December 2018 <i>RMB million</i>	As at 31 December 2019 <i>RMB million</i>
Total assets	48.7	193.9
Net assets (liabilities)	(0.2)	4.2

The unaudited total assets and net assets of the Target Company as at 30 September 2020 amounted to approximately RMB271,800,000 and RMB6,200,000 respectively.

As at the date of this announcement, the shareholder's loan owed by the Target Company to the Vendor amounts to RMB271,930,000.

The principal assets of the Target Company are the Land Parcels located at Weibin District, Baoji City, Shaanxi Province, the PRC with a total site area of approximately 40,952 square metres for residential and commercial uses. The Land Parcels are held for the development of a residential/commercial development project comprising multiple blocks of high-rise residential building and low-rise commercial building, with a planned construction gross floor area of approximately 189,616 square metres. The project is currently under development and the construction work is scheduled to be completed in July 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in property development and holding of property for investment and rental purpose in the PRC. The Group is keen to replenish its land bank and expand its property development business in the PRC.

In view of the location and the development plan of the Land Parcels, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its portfolio in the property market in Shaanxi Province with a view to bringing more investment return for the Shareholders.

The Board is of the view that the terms of the Agreement are on normal commercial terms after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition under the Agreement is/are more than 5% but less than 25%, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% equity interest in the Target Company and the Sale Loan
“Agreement”	the agreement dated 2 November 2020 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Baoji Ruixucheng” or “Vendor”	Baoji Ruixucheng Real Estate Development Company Limited (寶鷄瑞旭城房地產開發有限公司), a company established in the PRC limited liability and which holds 100% equity interest in the Target Company as at the date of this announcement
“Baoji Sandi” or “Purchaser”	Baoji Sandi Real Estate Development Company Limited (寶鷄三迪房地產開發有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	China Sandi Holdings Limited (Stock code: 910), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB143,784,300 being the total consideration of the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of, and not connected with, the Company or any of its connected persons
“Land Parcels”	the two land parcels located at Weibin District, Baoji City, Shaanxi Province, the PRC, the land use rights of which are held by the Target Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	being 51% of the Shareholders’ Loan to be transferred to the Purchaser (which will be amounted to RMB138,684,300 at the time of the Completion)
“Shareholder(s)”	holder(s) of the shares of the Company
“Shareholder’s Loan”	the shareholders’ loan owed by the Target Company to the Vendor, the total outstanding amount of which is RMB271,930,000 as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Baoji Xingyaocheng Real Estate Development Company Limited (寶鷄星耀城房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this announcement
“%”	per cent

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

Hong Kong, 2 November 2020

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

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