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## **Sandmartin International Holdings Limited**

**聖馬丁國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 482)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

#### **THE PRELIMINARY AGREEMENT**

On 19 December 2017 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Preliminary Agreement with the Purchaser for the sale and purchase of the Property at a consideration of HK\$97,395,880. Pursuant to the Preliminary Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 5 January 2018. Completion is scheduled to take place on or before 28 March 2018.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

#### **THE PRELIMINARY AGREEMENT**

On 19 December 2017 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Preliminary Agreement with the Purchaser for the sale and purchase of the Property at a consideration of HK\$97,395,880.

The key terms of the Preliminary Agreement are as follows:

Date:	19 December 2017
Vendor:	SMT Hong Kong Limited, a wholly-owned subsidiary of the Company
Purchaser:	Eastern Beauty Global Limited
Property:	Office Unit No. 1 & No. 17 on 19 Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong

Consideration: HK\$97,395,880, which shall be paid by the Purchaser to the Vendor in the manner as follows:

- (i) HK\$5,000,000, being the initial deposit, has been paid by the Purchaser to the Vendor upon the signing of the Preliminary Agreement;
- (ii) HK\$4,739,588, being further deposit, will be paid by the Purchaser to the Vendor on or before 5 January 2018; and
- (iii) the balance of the Consideration of HK\$87,656,292 will be paid by the Purchaser to the Vendor upon Completion on or before 28 March 2018.

Pursuant to the Preliminary Agreement, the Vendor and the Purchaser will enter into a formal agreement for the sale and purchase of the Property on or before 5 January 2018. The formal agreement, which will set out the detailed terms of the Disposal, is expected to supersede the Preliminary Agreement.

Completion is scheduled to take place on or before 28 March 2018.

#### **INFORMATION ABOUT THE PROPERTY**

The Property is located at Office Unit No. 1 & No. 17 on 19 Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, which is for commercial uses.

The Property is currently leased by the Vendor to an Independent Third Party.

As at 31 December 2016, the audited carrying value of the Property was approximately HK\$77,000,000.

The unaudited financial information of the Property on 31 December 2015 and 31 December 2016 is set out below:

	31 December 2015 HK\$ approximately	31 December 2016 HK\$ approximately
Turnover (represented rental income)	1,847,000	2,177,000
Net profit before taxation	1,847,000	2,177,000
Net profit after taxation	1,847,000	2,177,000

#### **INFORMATION ABOUT THE GROUP AND THE VENDOR AND REASONS FOR THE DISPOSAL**

The Group is principally engaged in designing, manufacturing and trading of media entertainment platform related products and connectors, cable, and assorted electronic accessories as well as satellite television service operator business. The Vendor is a wholly-owned subsidiary of the Company which is principally engaged in trading of electronic goods.

Since November 2013, the Property has been classified as investment property of the Group as the Group has been leasing the Property out to generate rental income. The Company has the intention to dispose of the Property since mid of February 2017 because the Group has been experiencing heavy financial burden and has been obtaining borrowings from financial institutions for its daily operations. Having regard the prevailing market conditions and the current financial performance of the Group, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property for a reasonable return and to reduce the financial burden of the Group by repayment of the borrowings to the financial institutions.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser having considered the market value of commercial properties nearby. The Board is of the view that the Disposal, including the Consideration, is on normal commercial terms, and is fair and reasonable and in the interests of the shareholders of the Company as a whole.

#### **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

Based on the difference between the Consideration for the Property and the aggregated value of (i) the fair value of the Property as at 31 December 2016 and (ii) the reversal of the deferred tax relating to the Property, the Company is expected to recognise a gain of approximately HK\$22,805,000 before relevant expenses relating to the Disposal.

Based on the Consideration of HK\$97,395,880 and the associated estimated direct cost of the Disposal of approximately HK\$100,000, the Group is expected to receive net proceeds of approximately HK\$97,295,880 from the Disposal. The Group intends currently to use the proceeds as general working capital of the Group and repayment of the borrowings to the financial institutions.

#### **INFORMATION ABOUT THE PURCHASER**

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is principally engaged in property investment, and the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

#### **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with a stock code of 482;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	HK\$97,395,880, being the total consideration payable by the Purchaser to the Vendor for the Disposal;
"Completion"	completion of the sale and purchase of the Property;

“Directors”	the directors of the Company;
“Disposal”	the disposal of the Property by the Vendor to the Purchaser;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a party who is not a connected person of the Company and is independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Preliminary Agreement”	the preliminary sale & purchase agreement dated 19 December 2017 and entered into between the Vendor and the Purchaser in respect of the Disposal;
“Property”	Office Unit No. 1 & No. 17 on 19 Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong;
“Purchaser”	the purchaser of the Property, an Independent Third Party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	SMT Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

By order of the Board  
**Sandmartin International Holdings Limited**  
**Lau Yau Cheung**  
*Chairman*

Hong Kong, 19 December 2017

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Hung Tsung Chin and Mr. Chen Wei Chun

Non-Executive Director

Mr. Kuo Jen Hao

Independent Non-Executive Directors

Mr. Lau Yau Cheung (Chairman), Mr. Li Chak Hung and Mr. Wu Chia Ming

*\* For identification purpose only*