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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)**

**MAJOR TRANSACTION  
COOPERATION AGREEMENT AND MEMORANDUM IN RELATION  
TO A PROPERTY DEVELOPMENT PROJECT IN XI'AN  
AND  
ANNOUNCEMENT PURSUANT TO RULE 13.16 OF THE LISTING RULES**

**MAJOR TRANSACTION**

On 9 August 2018, Fujian Sinco and Grand International, both being wholly-owned subsidiaries of the Company entered into the Cooperation Agreement with Chongfeng Real Estate whereby, among other things, (i) Fujian Sinco and Grand International shall make Capital Contribution of RMB6,200,000 and US\$30,000,000 (equivalent to RMB201,000,000) to the Target Company in cash; (ii) Fujian Sinco and Grand International shall provide the Shareholder's Loan of RMB360,900,000 to the Target Company; and (iii) Fujian Sinco shall provide the Advance of RMB50,000,000 to the Representatives through the Target Company. On the same date, Fujina Sinco and Grand International entered into the Memorandum with Zhongnan Jiafeng, Chongfeng Real Estate and the Representatives in relation to certain matters regarding the cooperation for the Land Parcels.

Upon completion of the Capital Contribution, Fujian Sinco and Grand International will be interested in the Target Company as to 1.11% and 35.89%, respectively. The Target Company will be accounted for as a joint venture in the financial statements of the Group.

The Target Company won the bid for the Land Parcels at a public auction conducted online in June 2018. The Land Parcels are located at Xixian New District, Xi'an with a total site area of approximately 182,646 square metres for residential and commercial uses.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable Percentage Ratios set out in the Listing Rules in respect of the Cooperation Agreement and the transactions contemplated thereunder is/are more than 25% but less than 100%, the entering into of the Cooperation Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As such, the Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, United Century and King Partner, both wholly owned by Mr. Guo, hold 2,581,054,801 and 320,414,201 Shares, representing approximately 57.89% and 7.19% of the issued share capital of the Company respectively. On 9 August 2018, the Company received written approval from United Century and King Partner in respect of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement; and (ii) United Century and King Partner together hold more than 50% of the voting rights that would be exercisable at such general meeting, the written approval from United Century and King Partner is acceptable in lieu of holding a general meeting of the Company for approval of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement pursuant to Rule 14.44 of the Listing Rules.

## **DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES**

The provision of the Shareholder's Loan, the potential additional shareholder's loans and the potential corporate guarantee to be given by Fujian Sinco and Grand International pursuant to the Cooperation Agreement also constitute financial assistance and guarantee for the benefit of an affiliated company of the Company for the purpose of Rule 13.16 of the Listing Rules. As the aggregate amount of the aforesaid financial assistance and guarantee to be provided by Fujian Sinco and Grand International exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the Company is under a general disclosure obligation to disclose such financial assistance and guarantee under Rule 13.16 of the Listing Rules.

## **GENERAL**

A circular containing, among others, (i) further details of the Cooperation Agreement and the Memorandum; (ii) the financial information of the Target Company; and (iii) the valuation report of the Land Parcels will be despatched to the Shareholders no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

## **COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are summarised as follows:

### **Date**

9 August 2018

## Parties

- (1) Chongfeng Real Estate;
- (2) Fujian Sinco; and
- (3) Grand International.

Each of Fujian Sinco and Grand International is a wholly-owned subsidiary of the Company.

## Subject matter

As at the date of this announcement, the Target Company is held by Chongfeng Real Estate and the Representatives as to 60% and 40%, respectively.

Pursuant to the Cooperation Agreement, the Group and Chongfeng Real Estate shall jointly invest in the Target Company, and in turn jointly develop the Land Parcels. The total consideration payable by the Group under the Cooperation Agreement shall be RMB618,100,000 (equivalent to HK\$716,996,000) (excluding the capital occupation interest as referred to in the sub-paragraph headed “(ii) Shareholder’s Loans” below), comprising (i) the Capital Contribution of RMB6,200,000 and US\$30,000,000 (equivalent to RMB201,000,000) to be made by to the Target Company by Fujian Sinco and Grand International; (ii) the Shareholder’s Loans of RMB360,900,000 in aggregate to be made by Fujian Sinco and Grand International to the Target Company; and (iii) the Advance of RMB50,000,000 to be made by Fujian Sinco to the Representatives through the Target Company.

### (i) Capital Contribution

The current registered capital of the Target Company is RMB352,800,000, none of which has been paid up. Pursuant to the Cooperation Agreement, Fujian Sinco and Grand International agreed to contribute RMB6,200,000 and US\$30,000,000 (equivalent to RMB201,000,000) to the Target Company as registered capital within sixty (60) days after the land use rights certificates of the Land Parcels are registered under the name of the Target Company.

Upon completion of the Capital Contribution, the registered capital of the Target Company will be increased from RMB352,800,000 to RMB560,000,000, details of which are as follows:

	Registered capital (RMB)		Equity holding
	Subscribed	Paid-up	(%)
Chongfeng Real Estate	207,200,000	207,200,000	37.00
Grand International	201,000,000	201,000,000	35.89
Fujian Sinco	6,200,000	6,200,000	1.11
The Representatives or via Zhixiang Commercial ( <i>Note</i> )	145,600,000	–	26.00
<b>Total</b>	<b>560,000,000</b>	<b>414,400,000</b>	<b>100.00</b>

*Note: Please refer to the paragraph headed “Memorandum” below.*

Upon completion of the Capital Contribution, Fujian Sinco and Grand International will be interested in the Target Company as to 1.11% and 35.89%, respectively. The Target Company will be accounted for as a joint venture in the financial statements of the Group.

**(ii) Shareholder's Loans**

Pursuant to the Cooperation Agreement, Fujian Sinco and Grand International shall provide Shareholder's Loans of RMB360,900,000 in aggregate to the Target Company within three (3) working days after the date on which the Capital Contribution is completed. The Shareholder's Loans shall be used by the Target Company to repay the portion of the shareholder's loan provided by Chongfeng Real Estate in acquiring the Land Parcels.

In respect of the shareholder's loans already advanced by Chongfeng Real Estate to the Target Company for payment of the land premium of the Land Parcels, Fujian Sinco and Grand International agreed to pay Chongfeng Real Estate a capital occupation interest on 50% of the land premium (being RMB568,100,000) calculated on an annualised interest rate of 13% and for the period from the date of payment of the shareholder's loans by Chongfeng Real Estate to the date of payment of the capital contribution and Shareholder's Loan by Fujian Sinco and Grand International to the Target Company pursuant to the Cooperation Agreement.

**(iii) Advance**

Pursuant to the Cooperation Agreement, each of Chongfeng Real Estate and Fujian Sinco agreed to provide an Advance of RMB50,000,000 to the Representatives through the Target Company within three (3) working days after the date on which the Capital Contribution is completed. The Advances shall be extended on an interest-free basis and shall be repaid on the date on which the profits of the Target Company entitled by and distributed to the Representatives are adequate to settle the Advances in full.

The consideration for the Cooperation was arrived at after arm's length negotiations among the parties to the Cooperation Agreement with reference to the cost and land premium of the Land Parcels, the prepayment already paid by Chongfeng Real Estate and the recent market value of the comparable residential development in Xi'an.

The consideration will be funded by the Group's available internal resources.

**Board of directors**

Pursuant to the terms of the Cooperation Agreement, the board of directors of the Target Company shall comprise five (5) directors, two of whom shall be nominated by Chongfeng Real Estate, two shall be nominated by Fujian Sinco and Grand International and one by the Representatives. The chairman of the board of directors of the Target Company shall be appointed by Chongfeng Real Estate. All major decisions of the Target Company shall be resolved by two-thirds of the directors.

## **Future capital requirements, corporate guarantees and additional shareholder's loans**

The parties to the Cooperation Agreement agreed that all capital requirements of the Target Company shall first be procured by financing from banks or financial institutions. In the event where corporate guarantees are required for such financing, the total guaranteed amount shall not exceed RMB1 billion while the amount to be guaranteed by each of (i) Chongfeng Real Estate and (ii) Fujian Sinco and Grand International in aggregate shall not exceed RMB500 million.

In the event where the Target Company requires shareholders' loans to accommodate its financial need for the construction and development of the Land Parcels, Chongfeng Real Estate, Fujian Sinco and Grand International agreed to provide additional shareholder's loans on a pro rata basis to the Target Company with interest calculated at the rate of 13% per annum. The maximum amount of shareholder's loans to be provided by each of (i) Chongfeng Real Estate and (ii) Fujian Sinco and Grand International in aggregate shall not exceed RMB181,900,000.

## **MEMORANDUM**

In May 2018, Zhongnan Jiafeng (being the holding company of Chongfeng Real Estate) and the Representatives (comprising three individuals being representatives of the CCZCC) entered into certain documents (including a memorandum, a cooperation agreement and a supplemental agreement thereto) whereby the Representatives agreed to liaise with the authorities in relation to the proposed bidding of the Land Parcels by a joint venture to be established by Zhongnan Jiafeng and other parties designated by each of Zhongnan Jiafeng and the Representatives. In May 2018, Chongfeng Real Estate and the Representatives established the Target Company which then proceeded to win the bid for the Land Parcels at a public auction conducted online on 12 June 2018.

On 9 August 2018, Zhongnan Jiafeng, Chongfeng Real Estate, Fujian Sinco, Grand International and the Representatives entered into the Memorandum whereby it was agreed among the parties that, among other things, (i) the Representatives agreed Chongfeng Real Estate to enter into the Cooperation Agreement with Fujian Sinco and Grand International; (ii) Chongfeng Real Estate, Fujian Sinco and Grand International shall not require the Representatives to pay up the registered capital of the Target Company in the amount of RMB145,600,000 subscribed by them prior to the payment due date which shall be the expiry of the term of joint venture for the Target Company; (iii) the Representatives shall transfer their respective equity holdings in the Target Company to Zhixiang Commercial; and (iv) the equity holdings of the Representatives (or via Zhixiang Commercial) in the Target Company shall be changed to 26% upon completion of the Capital Contribution.

## **INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENT AND THE MEMORANDUM**

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

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

Each of Zhongnan Jiafeng and Chongfeng Real Estate (being a wholly-owned subsidiary of Zhongnan Jiafeng) is a company established in the PRC with limited liability and is principally engaged in property development in the PRC.

The Representatives are three representatives from CCZCC. Each of the Representatives is a PRC resident and a merchant.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Representatives, Zhongnan Jiafeng, Chongfeng Real Estate and their ultimate beneficial owners is an Independent Third Party.

## **INFORMATION OF THE TARGET COMPANY AND THE LAND PARCELS**

The Target Company is a company established in the PRC with limited liability and is principally engaged in property development in the PRC. Since it is newly established in May 2018 and has not carried out any business activities, it has recorded no revenue or profit or loss up to the date of this announcement.

As at 31 July 2018, the unaudited total asset and net liabilities of the Target Company were approximately RMB1,170,923,000 and RMB1,000, respectively. Excluding the shareholder's loan of approximately RMB1,170,923,000 provided by Chongfeng Real Estate, the Target Company had a net asset value of RMB1,170,922,000 as at 31 July 2018.

The principal assets of the Target Company are the Land Parcels, which consist of three parcels of land located at the south of Zhenghe Jiu Road, the west of Tai'an Road, the east of Taiping Road and the north of Zhenghe Lu Road, Fengdong New Town, Xixian District, Xi'an with a total site area of approximately 182,646 square metres for residential and commercial uses and the total construction gross floor area would be approximately 584,107 square metres. The portion of the Land Parcels for residential purpose has a land use rights of 70 years while the portion of the Land Parcels for commercial purpose has a land use rights of 40 years. The Target Company won the bid for the Land Parcels at a public auction conducted online on 12 June 2018 and the land premium of the Land Parcels in the aggregate sum of RMB1,136,200,000 was settled in full by the Target Company using the shareholder's loans provided by Chongfeng Real Estate.

With a well-developed metro network around, Xixian District is located between the city centre of Xi'an and Jiancheng District of Xianyang and is conveniently accessible within fifteen minutes from both cities by metro. There are urban business, residential community and tourist attractions in the vicinity. The area where the Land Parcels situate is part of the Shaanxi Pilot Free Trade Zone and it is rare to find land parcels for mixed commercial/residential uses for sale in this area.

According to the latest development proposal of the Land Parcels, the Land Parcels are planned to be developed into a mixed property development projects, with a total construction gross floor area of approximately 409,844 square metres for commercial and residential uses, and a total construction gross floor area of approximately 174,263 square metres for ancillary facilities, including carpark. The construction is scheduled to commence in August 2018 and complete by December 2021.

## **REASONS FOR AND BENEFITS OF THE COOPERATION**

The Group is principally engaged in property development and holding of property for investment and rental purpose as well as money lending business. Currently, the Group owns a shopping mall in Fuzhou as an investment property. Benefiting from the rapid development of the northwestern part of the PRC, Xi'an as the capital of Shaanxi Province, will play an important part in contributing to the economic growth of the central-northwest region. Xi'an was designated to serve "One Belt One Road" national strategies, and it has reemerged as an important cultural, industrial and educational centre of the central-northwest region.

The Group is cautiously optimistic about the future economic development in Xi'an and the PRC as a whole and the associated demand for properties in Xi'an. In addition, the management of the Group is familiar with property market in Xi'an and it is expected that the new property project would create synergy effect with our existing Xi'an property projects. In view of the prime location, designated uses and development potential of the Land Parcels, the Board considers that the Cooperation offers a good opportunity for the Group to enhance its portfolio in the property market in Xi'an with a view to bringing more investment return for the Shareholders.

The Directors consider that the Cooperation pursuant to the Cooperation Agreement are made on normal commercial terms which are fair and reasonable and are 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 Ratios set out in the Listing Rules in respect of the Cooperation Agreement and the transactions contemplated thereunder is/are more than 25% but less than 100%, the entering into of the Cooperation Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As such, the Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, United Century and King Partner, both wholly owned by Mr. Guo, hold 2,581,054,801 and 320,414,201 Shares, representing approximately 57.89% and 7.19% of the issued share capital of the Company, respectively. On 9 August 2018, the Company received written approval from United Century and King Partner in respect of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement; and (ii) United Century and King Partner together hold more than 50% of the voting rights that would be exercisable at such general meeting, the written approval from United Century and King Partner is acceptable in lieu of holding a general meeting of the Company for approval of the Memorandum, the Cooperation under the Cooperation Agreement and the transactions as contemplated under the Cooperation Agreement pursuant to Rule 14.44 of the Listing Rules.

## DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

The provision of the Shareholder's Loan, the potential additional shareholder's loans and the potential corporate guarantee to be given by Fujian Sinco and Grand International pursuant to the Cooperation Agreement also constitute financial assistance and guarantee for the benefit of an affiliated company of the Company for the purpose of Rule 13.16 of the Listing Rules. As the aggregate amount of the aforesaid financial assistance and guarantee to be provided by Fujian Sinco and Grand International exceeds 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, the Company is under a general disclosure obligation to disclose such financial assistance and guarantee under Rule 13.16 of the Listing Rules. Details of the financial assistance and guarantee as at the date of this announcement are as follows and as disclosed in the paragraph headed "Cooperation Agreement" in this announcement:

<b>Affiliated Company</b>	<b>Group's% of attributable equity interest in the affiliated company (%)</b>	<b>Amount of potential loan facilities to be guaranteed by the Group (RMB million)</b>	<b>Amount of advances made / potential advances to be made to the affiliated company (RMB million)</b>	<b>Total amount of advances made / potential advances to be made to and guarantee / potential guarantee for facilities granted to the affiliated company (RMB million)</b>
Target Company	37	500	542.8	1,042.8

The Company will continue to monitor the financial assistance and guarantee to the Target Company, and will comply with any further disclosure requirements (if necessary) and the relevant continuing disclosure requirements under Chapter 13 of the Listing Rules for so long as the circumstances giving rise to such disclosure obligation continue to exist.

## GENERAL

A circular containing, among others, (i) further details of the Cooperation Agreement and the Memorandum; (ii) the financial information of the Target Company; and (iii) the valuation report of the Land Parcels will be despatched to the Shareholders no later than 15 business days after the date of this announcement in accordance with the Listing Rules.



## DEFINITIONS

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

“Advance(s)”	the advance(s) of RMB50,000,000 to be made by each of Chongfeng Real Estate and Fujian Sinco to the Representatives through the Target Company pursuant to the Cooperation Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Capital Contribution”	the proposed contribution to be made by Fujian Sinco and Grand International of RMB6,200,000 and US\$30,000,000 (equivalent to RMB201,000,000) to the registered capital of the Target Company pursuant to the Cooperation Agreement
“CCZCC”	Chile-China Zhejiang Chamber of Commerce (智利中國浙江商會)
“Chongfeng Real Estate”	Xi’an Chongfeng Real Estate Company Limited (西安崇豐置業有限公司), a company established in the PRC with limited liability
“Company”	China Sandi Holdings Limited (Stock Code: 910), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Cooperation”	(i) the Capital Contribution; (ii) the provision of the Shareholder’s Loans; and (iii) the extension of the Advance by Fujian Sinco and/or Grand International to the Target Company pursuant to the Cooperation Agreement
“Cooperation Agreement”	the cooperation agreement dated 9 August 2018 entered into among Chongfeng Real Estate, Fujian Sinco and Grand International in relation to the Cooperation
“Director(s)”	the director(s) of the Company
“Fujian Sinco”	Fujian Sinco Industrial Co., Ltd. (福建先科實業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Grand International”	Grand International Development Company Limited (廣大國際發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is independent of, and not connected with, the Company or any of its connected persons
“King Partner”	King Partner Holdings Limited, a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo
“Land Parcels”	the land parcels located at Xixian New District, Xi’an for residential and commercial uses
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum dated 9 August 2018 entered into among Zhongnan Jiafeng, Chongfeng Real Estate, Fujian Sinco, Grand International and the Representatives
“Mr. Guo”	Mr. Guo Jiadi, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Percentage Ratios”	has the meaning ascribed to it under the Listing Rules
“Representatives”	Mr. Zou Jianbing, Mr. Song Tongxin and Mr. Tan Xianli
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company

“Shareholder’s Loans”	the shareholder’s loans of RMB360,900,000 in aggregate to be provided by Fujian Sinco and Grand International to the Target Company pursuant to the Cooperation Agreement
“Target Company”	Xi’an Zhichengda Real Estate Company Limited (西安智晟達置業有限公司), a company established in the PRC with limited liability
“United Century”	United Century International Limited, a company incorporated in the BVI with limited liability which is wholly owned by Mr. Guo
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Zhixiang Commercial”	Xi’an Zhixiang Commercial Operation Management Company Limited (西安智翔商業運營管理有限公司), a company to be established by the Representatives in the PRC and will hold 26% equity interest in the Target Company upon completion of the Capital Contribution
“Zhongnan Jiafeng”	Xi’an Zhongnan Jiafeng Real Estate Company Limited (西安中南嘉豐置業有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 9 August 2018

*As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Dr. Wong Yun Kuen, being a non-executive Director; Mr. Chan Yee Ping, Michael, Mr. Yu Pak Yan, Peter, Mr. Zheng Yurui, and Ms. Ma Shujuan 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.*

*Unless specified otherwise, for illustration purposes, reference of RMB to HK\$ in this announcement is based on the exchange rate of RMB1=HK\$1.16 while reference of US\$ to RMB is based on the exchange rate of US\$1 =RMB6.7.*