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中国三迪
CHINA SANDI

CHINA SANDI HOLDINGS LIMITED

中國三迪控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 910)

**(I) CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED AMENDMENTS TO
THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS; AND
(II) AMENDMENTS TO THE TERMS OF THE PROMISSORY NOTE**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



建泉融資有限公司
VBG Capital Limited

THE CB AMENDMENT DEED

On 30 January 2024 (after trading hours), the Company and Primary Partner entered into the CB Amendment Deed pursuant to which the Company and Primary Partner have conditionally agreed to amend the CB Terms and Conditions to the effect that: (i) the principal amount of the Convertible Bonds shall be changed from HK\$500,000,000 to HK\$300,000,000; (ii) the maturity date shall be changed from 30 January 2024 to 30 January 2029; (iii) the interest rate shall be changed from 1% per annum to 2% per annum; (iv) a right shall be granted to Primary Partner to require the Company to redeem all of the outstanding Convertible Bonds; and (v) the conversion price of the Convertible Bonds shall be changed from HK\$0.412 to HK\$0.090 per Conversion Share. The CB Amendment Deed will take effect retrospectively from 30 January 2024, contingent upon the fulfilment of certain conditions precedent. Save for the Proposed CB Amendments, all other terms and conditions of the Convertible Bonds shall remain unchanged.

THE PN AMENDMENT DEED

On 30 January 2024 (after trading hours), the Company and Primary Partner entered into the PN Amendment Deed pursuant to which the Company and Primary Partner have agreed to amend the terms of the Promissory Note to the effect that: (i) the principal amount of the Promissory Note shall be changed from HK\$600,000,000 to HK\$800,000,000; (ii) the maturity date shall be changed from 30 January 2024 to 30 January 2029; (iii) the interest rate shall remain at 6% per annum for the sixth to tenth year after 30 January 2019; and (iv) a right shall be granted to Primary Partner to require the Company to redeem all or part of the Promissory Note. The PN Amendment Deed takes effect from the date of the PN Amendment Deed. Save for the aforesaid PN Amendments, all other terms of the Promissory Note shall remain unchanged.

SPECIFIC MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES

As at the date of this announcement, none of the Convertible Bonds has been, upon exercise of any conversion rights attaching thereto, converted into Shares. According to the existing terms and conditions of the Conversion Bonds, a bondholder shall have the right to convert the Convertible Bonds into Conversion Shares provided that (i) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with Listing Rules; or (ii) no mandatory general offer being triggered under Rule 26 of the Takeovers Code on the bondholder.

As at the date of this announcement, the aggregate principal amount of HK\$500,000,000 and the aggregate accrued interest of approximately HK\$5,855,000 of the Convertible Bonds remain outstanding. Assuming that no interest of the Convertible Bonds would be settled and paid to Primary Partner between the date of this announcement and the Extended CB Maturity Date, the maximum aggregate accrued interest of the Convertible Bonds as at the Extended CB Maturity Date shall be approximately HK\$35,855,000.

As at the date of this announcement, the Company has 5,087,207,546 Shares in issue. Upon the Proposed CB Amendments as provided under the CB Amendment Deed becoming effective, assuming that no interest of the Convertible Bonds would be settled and paid to Primary Partner between the date of this announcement and the Extended CB Maturity Date, the aggregate maximum number of Shares which may fall to be allotted and issued upon conversion in full of the Convertible Bonds at the Revised Conversion Price is 3,333,333,333 Shares, representing approximately 65.5% of the Company's existing issued share capital and approximately 39.6% of its issued share capital as enlarged by the allotment and issue of the Conversion Shares in full (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the SGM to be convened to authorise the Board to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. The allotment and issue of the Conversion Shares is subject to the Independent Shareholders' approval at the SGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

LISTING RULES IMPLICATIONS

Primary Partner is wholly owned by Mr. Guo, the chairman of the Company and an executive Director. Primary Partner is thereby a connected person of the Company under the Listing Rules and the Proposed CB Amendments constitutes a connected transaction of the Company which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company will make an application for the approval of the Proposed CB Amendments.

The PN Amendments would amount to financial assistance by a connected person for the benefit of the Group, which are conducted on normal commercial terms or better, and are not secured by the assets of the Group, therefore the PN Amendments is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Proposed CB Amendments. VBG Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed CB Amendments. Primary Partner, Mr. Guo, and their respective associates shall abstain from voting on the ordinary resolution(s) in relation to the CB Amendment Deed and the transactions contemplated thereunder to be proposed at the SGM. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the SGM in respect of the CB Amendment Deed and the transactions contemplated thereunder. Mr. Guo has also abstained from voting in respect of the relevant Board resolution relating to the CB Amendment Deed and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of CB Amendment Deed; (ii) a letter of advice from VBG Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the CB Amendment Deed and the transactions contemplated thereunder; (iii) a recommendation from the Independent Board Committee in relation to the CB Amendment Deed and the transactions contemplated thereunder; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 22 February 2024 in accordance with the Listing Rules.

Shareholders and potential investors should note that the CB Amendment Deed is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the CB Amendment Deed may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

BACKGROUND

References are made to the announcements of the Company dated 21 September 2018 and 30 January 2019, and the circular of the Company dated 26 December 2018 (the “Circular”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 21 September 2018, Grand Supreme (as purchaser), Primary Partner (as vendor) and Mr. Guo (as guarantor) entered into the Agreement, pursuant to which Grand Supreme has conditionally agreed to acquire, and Primary Partner has conditionally agreed to sell the entire issued share capital of All Excel. On 30 January 2019, all conditions precedent of the Agreement had been fulfilled and the completion of the acquisition of All Excel took place on 30 January 2019. The Convertible Bonds in the principal amount of HK\$500,000,000 and the Promissory Note in the principal amount of HK\$600,000,000 were issued by the Company to Primary Partner on 30 January 2019 to settle part of the consideration for the acquisition of All Excel.

The Convertible Bonds were issued at an interest rate of 1% per annum and the original maturity date of the Convertible Bonds falls on 30 January 2024. As at the date of this announcement, an aggregate principal amount of HK\$500,000,000 and an aggregate accrued interest of approximately HK\$5,855,000 of the Convertible Bonds remains outstanding, and the Convertible Bonds have not been redeemed or converted in whole or in part.

The Promissory Note were issued at 3% per annum for the first and second years after 30 January 2019, 4.5% per annum for the third and fourth years after 30 January 2019 and 6% per annum for the fifth year after 30 January 2019, and the original maturity date of the Promissory Note falls on 30 January 2024. The Promissory Note is freely transferable by Primary Partner to any other persons. As at the date of this announcement, an aggregate principal amount of HK\$600,000,000 and an aggregate accrued interest of approximately HK\$40,210,000 of the Promissory Note remains outstanding, and the Promissory Note have not been redeemed in whole or in part.

As the original maturity dates for both of the Convertible Bonds and the Promissory Note is 30 January 2024, the parties thereby agree to extend such maturity dates and make certain amendments and additions to the terms and conditions of the Convertible Bonds and the Promissory Note.

(I) AMENDMENTS TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

Principal terms of the Proposed CB Amendments

On 30 January 2024 (after trading hours), the Company and Primary Partner entered into the CB Amendment Deed pursuant to which the Company and Primary Partner have conditionally agreed to amend the CB Terms and Conditions to the effect that:

- (i) the principal amount of the Convertible Bonds shall be changed from HK\$500,000,000 to HK\$300,000,000;
- (ii) the maturity date shall be changed from 30 January 2024 to 30 January 2029;
- (iii) the interest rate shall be changed from 1% per annum to 2% per annum;
- (iv) a right shall be granted to Primary Partner to require the Company to redeem all of the outstanding Convertible Bonds; and
- (v) the conversion price of the Convertible Bonds shall be changed from HK\$0.412 to HK\$0.090 per Conversion Share.

Save for the Proposed CB Amendments, all other terms and conditions of the Convertible Bonds shall remain unchanged.

An application will be made by the Company to the Stock Exchange for the approval of the Proposed CB Amendments pursuant to Rule 28.05 of the Listing Rules.

Conditions precedent

The CB Amendment Deed will only become effective upon all the following conditions having been fulfilled:

- (a) the Stock Exchange having granted approval for the Proposed CB Amendments as contemplated under the CB Amendment Deed pursuant to Rule 28.05 of the Listing Rules;

- (b) the Listing Committee having granted or agreed to grant approval for the listing of, and permission to deal in, the Conversion Shares which shall fall to be allotted and issued by the Company upon exercise of the rights attached to the Convertible Bonds as amended and supplemented by the CB Amendment Deed; and
- (c) the passing of resolution(s) to approve the CB Amendment Deed, the Proposed CB Amendments as contemplated under the CB Amendment Deed and the allotment and issue of the Conversion Shares by the Company upon exercise of the rights attached to the Convertible Bonds as amended and supplemented by the CB Amendment Deed by the Independent Shareholders at the SGM to be held and convened.

The CB Amendment Deed will take effect retrospectively from 30 January 2024, contingent upon the fulfilment of all conditions precedent thereunder.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds after the CB Amendment Deed becomes effective are as follows:

| | | |
|-------------------------|---|--|
| Issuer | : | The Company |
| Subscriber | : | Primary Partner |
| Principal amount | : | HK\$300 million |
| Maturity date | : | The day falling the tenth anniversary of the date of issue of the Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date (i.e. 30 January 2029) |
| Interest | : | 2% per annum, payable annually in arrears |

Conversion rights

: Holder of the Convertible Bonds will have the right, at any time during the period commencing on the date of issue of the Convertible Bonds and ending on the tenth anniversary of the date of issue of the Convertible Bonds, to convert the Convertible Bonds in whole or in part of the outstanding principal amount of the Convertible Bonds into Conversion Shares, provided that the exercise of the conversion rights will not (i) result in the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public, or (ii) trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the Convertible Bonds which exercised the conversion rights

Conversion price

: The Revised Conversion Price shall be HK\$0.090 per Conversion Share, subject to adjustment arising from alteration of the nominal amount of the Shares caused by share consolidation, share subdivision, rights issue or any other reasons as provided in the CB Terms and Conditions.

The Revised Conversion Price of HK\$0.090 per Conversion Share represents (i) a premium of approximately 4.65% over the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on the date of the CB Amendment Deed; (ii) a discount of approximately 0.22% to the average of the closing prices of HK\$0.0902 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a premium of approximately 1.81% over the average of the closing prices of HK\$0.0884 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Revised Conversion Price was determined after arm's length negotiation between Primary Partner and the Group with reference to the 5-day average closing price of the Shares of HK\$0.0902 as quoted on the Stock Exchange up to and including the date of the CB Amendment Deed. The Directors consider that the Revised Conversion Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conversion Shares

: Based on the Revised Conversion Price of HK\$0.090 per Conversion Share, a maximum of 3,333,333,333 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full. The 3,333,333,333 Conversion Shares represent approximately 65.5% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 39.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares in full (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The aggregate nominal value of the Conversion Shares (with a par value of HK\$0.01 each) will be approximately HK\$33,333,333.

The Conversion Shares shall be allotted and issued pursuant to the Specific Mandate.

Redemption

: The Company may voluntarily redeem all of the Convertible Bonds at any time following the issue of the Convertible Bonds and prior to the maturity date by repaying the holder(s) of the Convertible Bonds all outstanding principal amount together with unpaid interest accrued thereon up to the date of voluntary redemption.

Holder(s) of the Convertible Bonds may voluntarily require the Company to redeem all of the Convertible Bonds at any time from the effective date specified in the CB Amendment Deed until 60 days before the maturity date by repaying the holder(s) of the Convertible Bonds all outstanding principal amount together with unpaid interest accrued thereon up to the date of voluntary redemption.

Transferability : Holder(s) of the Convertible Bonds may transfer the Convertible Bonds to any other persons, subject to compliance with relevant requirements of Listing Rules where applicable.

Voting rights : Holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Bonds.

Listing : No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.

Status : The Convertible Bonds constitute direct, unsubordinated, and unsecured obligations of the Company and shall at all times rank *pari passu* among themselves and with all existing and future unsubordinated and unsecured obligations, and shall entitle holder(s) thereof to receive repayment in priority over the Shareholders.

Save and except for the amendments in principal amount, maturity date, interest rate, conversion price and redemption right as set out in the paragraph headed “Principal terms of the Proposed CB Amendments” above, all terms and conditions of the Convertible Bonds remain unchanged.

SPECIFIC MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES

As at the date of this announcement, none of the Convertible Bonds has been, upon exercise of any conversion rights attaching thereto, converted into Shares. According to the existing terms and conditions of the Convertible Bonds, a bondholder shall have the right to convert the Convertible Bonds into Conversion Shares provided that (i) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with Listing Rules; or (ii) no mandatory general offer being triggered under Rule 26 of the Takeovers Code on the bondholder.

As at the date of this announcement, the aggregate principal amount of HK\$500,000,000 and the aggregate accrued interest of approximately HK\$5,855,000 of the Convertible Bonds remain outstanding. Assuming that no interest of the Convertible Bonds would be settled and paid to Primary Partner between the date of this announcement and the Extended CB Maturity Date, the maximum aggregate accrued interest of the Convertible Bonds as at the Extended CB Maturity Date shall be approximately HK\$35,855,000.

As at the date of this announcement, the Company has 5,087,207,546 Shares in issue. Upon the Proposed CB Amendments as provided under the CB Amendment Deed becoming effective, assuming that no interest of the Convertible Bonds would be settled and paid to Primary Partner between the date of this announcement and the Extended CB Maturity Date, the aggregate maximum number of Shares which may fall to be allotted and issued upon conversion in full of the Convertible Bonds at the Revised Conversion Price is 3,333,333,333 Shares, representing approximately 65.5% of the Company's existing issued share capital and approximately 39.6% of its issued share capital as enlarged by the allotment and issue of the Conversion Shares in full (assuming that there will be no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the SGM to be convened to authorise the Board to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. The allotment and issue of the Conversion Shares is subject to the Independent Shareholders' approval at the SGM.

REASONS AND BENEFITS FOR THE PROPOSED CB AMENDMENTS

The Company is an investment holding company. The Group is principally engaged in property development, and holding of properties for investment and rental purposes.

The Convertible Bonds would mature on 30 January 2024 unless extended. As at the date of this announcement, the Convertible Bonds have not been redeemed or converted in whole or in part. If the Company were to redeem the Convertible Bonds in full on the date of this announcement, the expected cash outflow of the Company in this regard will amount to approximately HK\$505,855,000. Having considered the direct and immediate negative impact of full redemption of the Convertible Bonds on the Company's liquidity and financial position, the Company has negotiated with Primary Partner to explore possible solutions, including but not limited to the potential extension of the maturity date of the Convertible Bonds with certain adjustments to the existing terms.

Considering the principal amount of the Promissory Note shall be increased for HK\$200,000,000 under the PN Amendments, the principal amount of the Convertible Bonds shall be reduced accordingly in order to keep the aggregate principal amount of the Convertible Bonds and the Promissory Note the same. Since the Existing Conversion Price of the Convertible Bonds is much higher than the prevailing market price of the Shares, the Revised Conversion Price will serve as an incentive for Primary Partner to exercise the conversion rights attached to the Convertible Bonds to convert the Convertible Bonds into the Conversion Shares, thereby alleviating the financial pressure on the Company to repay the Convertible Bonds on maturity and could facilitate the Company in obtaining alternative source of finance to improve the financial position of the Company. In addition, although the interest rate of the Convertible Bonds shall be raised to 2% per annum under the Proposed CB Amendments, it is still a relatively low interest rate. Under the revised terms of the Convertible Bonds as revised and amended by the CB Amendment Deed, the early redemption right initially granted to the Company will remain the same and Primary Partner will have the right to require the Company to redeem all of the outstanding Convertible Bonds before maturity thereof. Such early redemption right, which is part and parcel of the Proposed CB Amendments after arm's length negotiations between the parties, has been granted to Primary Partner in exchange for extending the maturity date of the Convertible Bonds for five years.

In this regard, the Directors believe that the Proposed CB Amendments would allow the Group to continue to refinance its debts under the Convertible Bonds on normal commercial terms and enable the Company to retain flexibility in the deployment of its funds for general working capital, which is of paramount importance to the Company's operations amidst the challenging market environment.

The Company considers the Proposed CB Amendments will allow the Group to have additional time to develop its business instead of full repayment of the Convertible Bonds within a relatively short period. The Proposed CB Amendments were arrived after arm's length negotiation between the Company and Primary Partner, with reference to, among others, (i) the Company's past performance; (ii) the Company's current financial and cash position, (iii) the prevailing market price of the Shares and (iv) recent market conditions.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) considers that the CB Amendment Deed and the transactions contemplated thereunder are fair and reasonable and the Proposed CB Amendments are in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 5,087,207,546 Shares in issue. The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the Convertible Bonds and that no interest of the Convertible Bonds would be settled and paid to Primary Partner between the date of this announcement and the Extended CB Maturity Date):

| | (i) As at the date of this announcement | | (ii) Upon full conversion of the Convertible Bonds (Note 4) | |
|----------------------------|--|--|--|--|
| | <i>Number of Shares</i> | <i>Approximate shareholding percentage (%)</i> | <i>Number of Shares</i> | <i>Approximate shareholding percentage (%)</i> |
| Shareholders | | | | |
| United Century (Note 1) | 2,581,054,801 | 50.7 | 2,581,054,801 | 30.7 |
| King Partner (Note 2) | 320,414,201 | 6.3 | 320,414,201 | 3.8 |
| Primary Partner (Note 3) | 485,436,893 | 9.5 | 3,818,770,226 | 45.4 |
| Public Shareholders | <u>1,700,301,651</u> | <u>33.5</u> | <u>1,700,301,651</u> | <u>20.2</u> |
| Total | <u>5,087,207,546</u> | <u>100.0</u> | <u>8,420,540,879</u> | <u>100.0</u> |

Notes:

1. United Century is a company incorporated in the BVI which is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of the United Century. United Century held 2,581,054,801 Shares.
2. King Partner is a company incorporated in the BVI which is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of King Partner. King Partner held 320,414,201 Shares.
3. Primary Partner is a company incorporated in the BVI which is wholly-owned by Mr. Guo. Mr. Guo is also the sole director of Primary Partner. Primary Partner held 485,436,893 Shares.
4. For indicative purposes only, as the number of Conversion Shares to be issued upon the conversion of the Convertible Bonds are subject to: (i) the minimum public float requirement of the Listing Rules; (ii) no mandatory general offer obligation under Rule 26 of the Takeovers Code being triggered on the part of the holder of the Convertible Bonds.
5. Percentage figures are rounded to one decimal place, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund-raising activities in the past 12 months immediately prior to the date of this announcement.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

(II) AMENDMENTS TO THE TERMS OF THE PROMISSORY NOTE

On 30 January 2024 (after trading hours), the Company and Primary Partner entered into the PN Amendment Deed pursuant to which the Company and Primary Partner have agreed to amend the terms of the Promissory Note to the effect that:

- (i) the principal amount of the Promissory Note shall be changed from HK\$600,000,000 to HK\$800,000,000;
- (ii) the maturity date shall be changed from 30 January 2024 to 30 January 2029;
- (iii) the interest rate shall remain at 6% per annum for the sixth to tenth year after 30 January 2019; and
- (iv) a right shall be granted to Primary Partner to require the Company to redeem all or part of the Promissory Note.

The PN Amendments takes effect from the date of the PN Amendment Deed. Save for the aforesaid PN Amendments, all other terms of the Promissory Note shall remain unchanged.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is principally engaged in property development, and holding of properties for investment and rental purposes.

INFORMATION ON PRIMARY PARTNER

Primary Partner is a company incorporated in the BVI with limited liability, and is wholly held by Mr. Guo as at the date of this announcement, hence a connected person of the Company. Primary Partner is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

Primary Partner is wholly owned by Mr. Guo, the chairman of the Company and an executive Director. Primary Partner is thereby a connected person of the Company under the Listing Rules and the Proposed CB Amendments constitutes a connected transaction of the Company which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company will make an application for the approval of the Proposed CB Amendments.

The PN Amendments would amount to financial assistance by a connected person for the benefit of the Group, which are on normal commercial terms or better, and such loans are not secured by the assets of the Group, therefore the PN Amendments is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Proposed CB Amendments. VBG Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Proposed CB Amendments. Primary Partner, Mr. Guo, and their respective associates shall abstain from voting on the ordinary resolution(s) in relation to the CB Amendment Deed and the transactions contemplated thereunder to be proposed at the SGM. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the SGM in respect of the CB Amendment Deed and the transactions contemplated thereunder. Mr. Guo has also abstained from voting in respect of the relevant Board resolution relating to the CB Amendment Deed and the transactions contemplated thereunder.

A circular containing, inter alia, (i) details of the CB Amendment Deed; (ii) a letter of advice from VBG Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the CB Amendment Deed and the transactions contemplated thereunder; (iii) a recommendation from the Independent Board Committee in relation to the CB Amendment Deed and the transactions contemplated thereunder; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 22 February 2024 in accordance with the Listing Rules.

Shareholders and potential investors should note that the CB Amendment Deed is conditional upon fulfilment of all conditions precedent therein. The transactions contemplated under the CB Amendment Deed may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

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|---------------------------|---|
| “Agreement” | 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 All Excel |
| “All Excel” | All Excel Industries Limited (全盛實業有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company |
| “associate(s)” | has the meaning 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) |
| “BVI” | the British Virgin Islands |
| “CB Amendment Deed” | the deed of amendment dated 30 January 2024 entered into between the Company and Primary Partner in relation to the Proposed CB Amendments |
| “CB Terms and Conditions” | the terms and conditions of the Convertible Bonds (as supplemented and amended from time to time) |
| “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 |
| “controlling shareholder” | has the meaning ascribed to it in the Listing Rules |

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|-------------------------------|---|
| “Conversion Share(s)” | new Shares to be allotted or issued by the Company upon exercise of the conversion rights attached to the Convertible Bonds in accordance with the CB Terms and Conditions |
| “Convertible Bonds” | the convertible bonds in the principal amount of HK\$500 million issued by the Company to Primary Partner on 30 January 2019, which the principal amount shall be changed to HK\$300 million under the Proposed CB Amendments |
| “Director(s)” | the director(s) of the Company |
| “Existing Conversion Price” | HK\$0.412 per Conversion Share, being the existing conversion price of the Convertible Bonds, subject to adjustments under the CB Terms and Conditions |
| “Extended CB Maturity Date” | 30 January 2029, the proposed new maturity date of the Convertible Bonds under the Proposed CB Amendments |
| “Grand Supreme” | Grand Supreme Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, 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 CB Amendment Deed, and the transactions contemplated thereunder and the Specific Mandate |

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| “Independent Financial Adviser” | VBG Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and appointed, with the approval of the Independent Board Committee, by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the CB Amendment Deed and the transactions contemplated thereunder (including but not limited to the Proposed CB Amendments) and the grant of the Specific Mandate to allot and issue the Conversion Shares upon exercise of the rights attached to the Convertible Bonds |
| “Independent Shareholders” | Shareholders other than United Century, King Partner, Primary Partner and their respective associates and other Shareholders who have a material interest in the CB Amendment Deed |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules) |
| “King Partner” | King Partner Holdings Limited, a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo |
| “Last Trading Day” | 30 January 2024, being the last day on which the Shares were traded on the Stock Exchange prior to publication of this announcement |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Guo” | Mr. Guo Jiadi, an executive Director, the chairman of the Board and a controlling shareholder of the Company |
| “PN Amendments” | the amendments to the terms of the Promissory Note as contemplated under the PN Amendment Deed |
| “PN Amendment Deed” | the deed of amendment dated 30 January 2024 entered into between the Company and Primary Partner in relation to the PN Amendments |
| “PRC” | the People’s Republic of China |
| “Primary Partner” | Primary Partner International Limited, a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo |

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| “Promissory Note” | the promissory note in the principal amount of HK\$600 million issued by the Company on 30 January 2019 to settle part of the consideration for the acquisition of All Excel |
| “Proposed CB Amendments” | the proposed amendments to the terms and conditions of the Convertible Bonds as contemplated under the CB Amendment Deed |
| “Revised Conversion Price” | the proposed new conversion price of HK\$0.090 per Conversion Share under the Proposed CB Amendments, subject to adjustments under the CB Terms and Conditions |
| “United Century” | United Century International Limited, a company incorporated in the BVI with limited liability which is wholly-owned by Mr. Guo |
| “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 CB Amendment Deed and the transactions contemplated thereunder, including the issue of the Consideration Shares and the Convertible Bonds under the Specific Mandate |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shares” | the shares of the Company |
| “Specific Mandate” | the specific mandate to be granted by the Independent Shareholders at the SGM to allot and issue the Consideration Shares and the Conversion Bonds |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “%” | per cent. |

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

Hong Kong, 30 January 2024

As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Mr. Chan Yee Ping, Michael, Mr. Lam Wai Fung, Dominic and Ms. Wong Wai Man, being the independent non-executive Directors.