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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
DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15
OF THE LISTING RULES**

ADVANCES TO BORROWER 1

On 9 October 2014 and 10 July 2015, the Group entered into the respective Borrower 1 Loan Agreements with Borrower 1 pursuant to which the Group agreed to grant to Borrower 1 the relevant Borrower 1 Loan Facilities and has advanced to Borrower 1 a principal amount of US\$2.38 million (approximately HK\$18.4 million) and US\$3 million (approximately HK\$23.3 million) respectively, each bearing interest at a rate of 5% per annum.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate advances to Borrower 1 under the Borrower 1 Loan Facilities in the amount of US\$5.38 million (approximately HK\$ 41.7 million) exceeds 5% but all the applicable percentage ratios are less than 25%, the advances to Borrower 1 under the Borrower 1 Loan Facilities constitute a discloseable transaction of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

ADVANCES TO BORROWER 2

On 1 April 2014, 1 October 2014, 3 August 2015, 26 February 2016 and 29 March 2016, the Group entered into the respective Borrower 2 Loan Agreements with Borrower 2 pursuant to which the Group agreed to grant to Borrower 2 the relevant Borrower 2 Loan Facilities and has advanced to Borrower 2 a principal amount of US\$2 million (approximately HK\$15.5 million), US\$8 million (approximately HK\$62.0 million), US\$2 million (approximately HK\$15.5 million), US\$2 million (approximately HK\$15.5 million) and US\$6.5 million (approximately HK\$50.3 million), each bearing interest at a rate of three months LIBOR plus 100 basis point per annum.

As two of the applicable percentage ratios (as defined under the Listing Rules) in respect of

the aggregate advances to Borrower 2 under the Borrower 2 Loan Facilities in the amount of US\$20.5 million (approximately HK\$158.8 million) exceed 5% but all the applicable percentage ratios are less than 25%, the advances to Borrower 2 under the Borrower 2 Loan Facilities constitute a discloseable transaction of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the aggregate advances to Borrower 2 under the Borrower 2 Loan Facilities exceed 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advances are also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Chapter 14 of the Listing Rules in respect of the advances under the Borrower 1 Loan Facilities and the Borrower 2 Loan Facilities, and the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules in respect of the advances under the Borrower 2 Loan Facilities, as and when such obligations arose. Regrettably, the Board had overlooked the requirements to comply with the requirements under Rules 13.13 and 13.15 and Chapter 14 of the Listing Rules.

The Board will implement certain remedial actions and procedures for the avoidance of future occurrence of non-compliance of the Listing Rules.

THE LOAN AGREEMENTS

1. Principal Terms of the Borrower 1 Loan Agreements

The principal terms of the Borrower 1 Loan Agreements are summarised as follows:

Borrower 1 Loan Agreement 1

Date:	9 October 2014
Borrower:	Borrower 1
Principal Amount:	US\$2.38 million (equivalent to approximately HK\$18.4 million)
Term:	Two years
Interest:	5% per annum
Security:	None
Repayment:	Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 1 Loan Facility together with all interests accrued thereon

Borrower 1 Loan Agreement 2

Date:	10 July 2015
Borrower:	Borrower 1
Principal Amount:	US\$3 million (equivalent to approximately HK\$23.3 million)
Term:	Two years
Interest:	5% per annum
Security:	None
Repayment:	Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 1 Loan Facility together with all interests accrued thereon

2. Principal Terms of the Borrower 2 Loan Agreements

The principal terms of the Borrower 2 Loan Agreements are summarised as follows:

Borrower 2 Loan Agreement 1

Date: 1 April 2014

Borrower: Borrower 2

Principal Amount: US\$2 million (equivalent to approximately HK\$15.5 million)

Term: From 1 April 2014 to 31 December 2017

Interest: Three months LIBOR plus 100 basis point per annum

Security: None

Repayment: Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 2 Loan Facility together with all interests accrued thereon

Borrower 2 Loan Agreement 2

Date: 1 October 2014

Borrower: Borrower 2

Principal Amount: US\$8 million (equivalent to approximately HK\$62.0 million)

Term: From 1 October 2014 to 31 December 2018

Interest: Three months LIBOR plus 100 basis point per annum

Security: None

Repayment: Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 2 Loan Facility together with all interests accrued thereon

Borrower 2 Loan Agreement 3

Date: 3 August 2015

Borrower: Borrower 2

Principal Amount: US\$2 million (equivalent to approximately HK\$15.5 million)

Term: From 3 August 2015 to 31 December 2020

Interest: Three months LIBOR plus 100 basis point per annum

Security: None

Repayment: Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 2 Loan Facility together with all interests accrued thereon

Borrower 2 Loan Agreement 4

Date: 26 February 2016

Borrower: Borrower 2

Principal Amount: US\$2 million (equivalent to approximately HK\$15.5 million)

Term: From 26 February 2016 to 31 December 2020

Interest: Three months LIBOR plus 100 basis point per annum

Security: None

Repayment: Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 2 Loan Facility together with all interests accrued thereon

Borrower 2 Loan Agreement 5

Date: 29 March 2016

Borrower: Borrower 2

Principal Amount: US\$6.5 million (equivalent to approximately HK\$50.3 million)

Term: From 29 March 2016 to 31 December 2020

Interest: Three months LIBOR plus 100 basis point per annum

Security: None

Repayment: Upon expiration of the term, the Borrower shall fully repay the principal amount of the advance under the relevant Borrower 2 Loan Facility together with all interests accrued thereon

FUNDING OF THE LOAN FACILITIES

The Group financed the Loan Facilities with its internal resources.

INFORMATION ON BORROWER 1

Borrower 1 is the parent company of Simple Media Network Pvt. Ltd., which is one of the major cable television operators in Nepal and one of the Group's major customers of television set-top-box in Nepal.

Each of Borrower 1 and its ultimate beneficial owners is an Independent Third Party.

INFORMATION ON BORROWER 2

Borrower 2 is principally engaged in the business of provision of Direct-to-Home services for satellite television broadcasting in 22 countries in MEMA (Middle East, Mediterranean and Africa), including Saudi Arabia, United Arab Emirates, Qatar, Kuwait and Bahrain.

Borrower 2 became a subsidiary of the Company as from 5 July 2016 and was an 11% affiliate of the Group before it became a subsidiary of the Company.

To the best knowledge of the Company, Borrower 1 is not related to Borrower 2.

INFORMATION OF THE GROUP

The Group is principally engaged in designing, manufacturing and trading of media entertainment platform related products and connectors, cables, and assorted electronic accessories as well as satellite television service operator business.

REASONS FOR AND BENEFITS OF THE GRANT OF THE LOAN FACILITIES AND THE ADVANCES MADE UNDER THE LOAN FACILITIES

The terms of the relevant Loan Agreements were negotiated on an arm's length basis between the Lender and each of Borrower 1 and Borrower 2. Taking into account the cash inflow and revenue to be generated from the interest income arising from the advances to the Borrowers under the Loan Facilities, the Directors are of the view that the terms of the Loan Agreements were entered into on normal commercial terms based on the Group's credit policy which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate advances to Borrower 1 under the Borrower 1 Loan Facilities in the amount of US\$5.38 million (approximately HK\$ 41.7 million) exceeds 5% but all the applicable percentage ratios are less than 25%, the advances to Borrower 1 under the Borrower 1 Loan Facilities constitute a discloseable transaction of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As two of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate advances to Borrower 2 under the Borrower 2 Loan Facilities in the amount of US\$20.5 million (approximately HK\$158.8 million) exceed 5% but all the applicable percentage ratios are less than 25%, the advances to Borrower 2 under the Borrower 2 Loan Facilities constitute a discloseable transaction of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the aggregate advances to Borrower 2 under the Borrower 2 Loan Facilities exceed 8% of the assets ratio as defined under Rule 14.07(1) of the Listing Rules, such advances are also subject to the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Chapter 14 of the Listing Rules in respect of the advances under the Borrower 1 Loan Facilities and the Borrower 2 Loan Facilities, and the general disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules in respect of the advances under the Borrower 2 Loan Facilities, as and when such obligations arose. Regrettably, the Board had overlooked the requirements to comply with the requirements under Rules 13.13 and 13.15 and Chapter 14 of the Listing Rules.

REMEDIAL MEASURES

The Board recognises, for the avoidance of future occurrence of non-compliance of the Listing Rules, the need to enhance its internal control and compliance measures. The Board will implement the following actions and procedures:

1. The Company will arrange to provide more training on regulatory compliance matters to the Directors and senior management of the Group on a regular basis to increase their awareness and knowledge of the Listing Rules implications;
2. The Company will engage a compliance adviser for at least 12 months to ensure that the Company complies with the relevant Listing Rules; and
3. The Company will work more closely with its legal advisers on compliance issues.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Borrowers”	Borrower 1 and Borrower 2
“Borrower 1”	Emiratinvest Limited, a limited liability company incorporated in the British Virgin Islands
“Borrower 1 Loan Agreements”	the loan agreements entered into between the Group and Borrower 1 dated 9 October 2014 and 10 July 2015, respectively
“Borrower 1 Loan Facilities”	the loan facilities granted under the Borrower 1 Loan Agreements
“Borrower 2”	MyHD Media FZ LLC, a limited liability company incorporated in Dubai, United Arab Emirates
“Borrower 2 Loan Agreements”	the loan agreements entered into between the Group and Borrower 2 dated 1 April 2014, 1 October 2014, 3 August 2015, 26 February 2016 and 29 March 2016, respectively
“Borrower 2 Loan Facilities”	the loan facilities granted under the Borrower 2 Loan Agreements
“Company”	Sandmartin International Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on main board of the Stock Exchange (stock code: 482)
“Director(s)”	the director(s) 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 People’s Republic of China
“Independent Third Party(ies)”	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company

	or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	the Borrower 1 Loan Agreements and the Borrower 2 Loan Agreements
“Loan Facilities”	the Borrower 1 Loan Facilities and the Borrower 2 Loan Facilities
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Sandmartin International Holdings Limited
Hung Tsung Chin
Chairman

Hong Kong, [*] September 2016

As at the date of this announcement, the executive directors of the Company are Mr. Hung Tsung Chin, Ms. Chen Mei Huei, Mr. Liao Wen I, Mr. Frank Karl-Heinz Fischer and Mr. Chen Wei Chun; the independent non-executive directors of the Company are Mr. Han Chien Shan, Mr. Wu Chia Ming and Mr. Li Chak Hung.