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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)

CONNECTED TRANSACTION PROVISION OF LOANS TO EMIRATINVEST

PROVISION OF LOAN TO EMIRATINVEST

Since 5 July 2016 and up to October 2016, the Group provided Emiratinvest with Loans in an aggregate amount of approximately HK\$4,160,000. The Loans were used for the development of cable television business operated by Simple Media, a 80%-owned subsidiary of Emiratinvest in Nepal.

IMPLICATIONS UNDER THE LISTING RULES

The sole shareholder of Emiratinvest is Mr. Chen, who is a family member of Ms. Chen. Since 5 July 2016, Ocean Oasis has become a 51%-owned subsidiary of the Company. Ms. Chen has been a substantial shareholder of Ocean Oasis, therefore a connected person of the Company at subsidiary level under Rule 14A.07(1) since 5 July 2016. Emiratinvest and Simple Media are associates of Ms. Chen under Rule 14A.12(2)(b) as they are majority-controlled companies held by Mr. Chen.

The provision of Loans to Emiratinvest since 5 July 2016 constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios in respect of the provision of Loans are less than 5%, the connected transaction was subject to the reporting and announcement requirements but was exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2).

PROVISION OF LOANS TO EMIRATINVEST

Reference is made to the announcements of the Company dated 21 and 23 September 2016. On 9 October 2014 and 10 July 2015, the Group granted loan facilities in aggregate of US\$5.38 million (approximately HK\$41.7 million) to Emiratinvest at the interest rate of 5% per annum pursuant to the loan agreements. Emiratinvest owns 80% equity interest in Simple Media, which is one of the major cable television operators in Nepal.

The sole shareholder of Emiratinvest is Mr. Chen, who is a family member of Ms. Chen. Since 5 July 2016, Ocean Oasis has become a 51%-owned subsidiary of the Company. Ms. Chen has been a substantial shareholder of Ocean Oasis, therefore a connected person of the Company at subsidiary

level since 5 July 2016. As a result, since 5 July 2016 Emiratinvest became an associate of a connected person of the Company at subsidiary level as Mr. Chen is a family member of Ms. Chen.

Since 5 July 2016 and up to October 2016, the Group provided Emiratinvest with Loans in an aggregate amount of approximately HK\$4,160,000 which constituted connected transaction of the Company at subsidiary level. No loan was made by the Group to Emiratinvest or Simple Media subsequent to October 2016.

Information about 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.

Information on Emiratinvest

Emiratinvest is a limited liability company incorporated in the British Virgin Islands and it owns 80% equity interest in Simple Media, 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.

REASONS FOR PROVISION OF LOANS

Emiratinvest owns 80% equity interest in Simple Media, and Simple Media is one of the major cable television operators in Nepal. Although the provision of loan to Emiratinvest would reduce the liquidity of the Group, having considered the prospects of pay television in Nepal, the potential orders of set-top-boxes to be received and the sluggish demand for the Group's set-top-boxes from its existing customers, the Company was of the view that the provision of loan to Emiratinvest could secure the Group's role as the sole supplier of Simple Media which is expected to bring in returns to the Shareholders in the long run. Therefore, the Company advanced the Loans to Emiratinvest for the development of Simple Media.

Based on the above, the then Board believed that the provision of Loans to Emiratinvest is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The sole shareholder of Emiratinvest is Mr. Chen, who is a family member of Ms. Chen. Since 5 July 2016, Ocean Oasis has become a 51%-owned subsidiary of the Company. Ms. Chen has been a substantial shareholder of Ocean Oasis, therefore a connected person of the Company at subsidiary level under Rule 14A.07(1) since 5 July 2016. Emiratinvest and Simple Media are associates of Ms. Chen under Rule 14A.12(2)(b) as they are majority-controlled companies held by Mr. Chen, who is a family member of Ms. Chen.

As all applicable percentage ratios in respect of the Loans were less than 5%, the Loans to Emiratinvest was subject to the reporting and announcement requirements but was exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules. Regrettably, the then Board had overlooked the requirements to comply with the requirements under Rule 14A.24(4) of the Listing Rules for failing to announce the provision of Loans in a timely manner.

REMEDIAL MEASURES

The Board regrets for failing to announce the provision of Loans to Emiratinvest in a timely manner, which was an unintentional and inadvertent mistake of the Company. 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 has implemented the following actions and procedures:

1. the Company has provided more training and has arranged a director training by the end of October 2017 on regulatory compliance matters to the Directors and senior management of the Group, in particular, to increase their awareness and knowledge of the Listing Rules implications in respect of connected transactions;
2. the Company will regularly update a register/control list of the connected parties of the Group to identify all the connected transactions at the Company and subsidiaries level; and
3. the Company will work more closely with the Company's legal advisers and compliance adviser prior to entering into any transactions.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 482)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Emiratinvest”	Emiratinvest Limited, a limited liability company incorporated in the British Virgin Islands and it owns 80% equity interest in Simple Media
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans in the aggregate amount of approximately HK\$4,160,000 provided by the Group to Emiratinvest since 5 July 2016 and up to October 2016
“Mr. Chen”	Chen Jo Wan, a director and sole shareholder of Emiratinvest and the brother of Ms. Chen
“Ms. Chen”	Chen Chu Li, the substantial shareholder of Ocean Oasis and the sister of Mr. Chen
“MyHD”	My HD Media FZ-LLC is a limited liability company incorporated in Dubai, United Arab Emirates and is headquartered in Dubai Media City
“Ocean Oasis”	Ocean Oasis International Limited, a limited liability company incorporated in the British Virgin Islands and it indirectly owns 100% equity interest in MyHD
“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
“Simple Media”	Simple Media Network Private Limited, a limited liability company incorporated in Nepal and it is a cable television operator in Nepal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 9 November 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*