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## **SINO HAIJING HOLDINGS LIMITED**

**中國海景控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 08065)**

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING**

**Placing Agent**



ENLIGHTEN

**Enlighten Securities Limited**

#### **THE PLACING AND SUBSCRIPTION AGREEMENT**

On 8 December 2010 (before the trading hours), Haijing Holdings, which held approximately 67.96% of the existing issued share capital of the Company as at the date of this announcement, entered into the Placing and Subscription Agreement with the Company and the Placing Agent, pursuant to which (i) Haijing Holdings has agreed to place and the Placing Agent has agreed to procure, on a best-effort basis, the placing of the Placing Shares, being 96,870,000 Shares, to the Placees at the Placing Price of HK\$0.87 per Placing Share; and (ii) subject to fulfillment of the conditions set out in the paragraph headed “Conditions of the Subscription” below, Haijing Holdings has agreed to subscribe for and the Company has agreed to allot and issue the Subscription Shares, which are equal to the number of the Placing Shares, at the Subscription Price of HK\$0.87 per Subscription Share, which is equivalent to the Placing Price.

Both the Placing Shares and the Subscription Shares represent (i) approximately 19.07% of the issued share capital of the Company as at the date of the Placing and Subscription Agreement; and (ii) approximately 16.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the shareholders of the Company by a resolution passed at the annual general meeting of the Company held on 3 May 2010.

The net proceeds of the Subscription is expected to be approximately HK\$82,200,000. The Company intends to use all the net proceeds as general working capital of the Group.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **RESUMPTION OF TRADING**

Trading of the issued Shares has been suspended with effect from 9:30 a.m. on 8 December 2010 pending the release of this announcement. Trading of the issued Shares will resume at 9:30 a.m. on 9 December 2010.

## **THE PLACING AND SUBSCRIPTION AGREEMENT**

### **1. The Placing and Subscription Agreement**

On 8 December 2010 (before the trading hours), Haijing Holdings, the Company and the Placing Agent has entered into the Placing and Subscription Agreement, pursuant to which, the Placing Agent has agreed with Haijing Holdings to place up to 96,870,000 existing Shares at the Placing Price on a best-effort basis. On the next Business Day after the conditions of the Subscription have been fulfilled (or such other date as may be agreed between Haijing Holdings and the Company), the Company will allot and issue to Haijing Holdings the Subscription Shares, which is equal to the number of the Placing Shares that Haijing Holdings placed under the Placing, at the Subscription Price. Details of the Placing and Subscription Agreement are set out below.

#### *The Placing*

##### *Vendor*

Haijing Holdings, a company incorporated in the British Virgin Islands with limited liability, is a substantial shareholder (as defined in the GEM Listing Rules) of the Company. As at the date of the Placing and Subscription Agreement, it held 345,198,010 Shares, representing approximately 67.96% of the existing issued share capital of the Company.

### *Placing Agent*

Each of the Placing Agent and its ultimate beneficial owner(s) is not a connected person (as defined in the GEM Listing Rules) of and is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules). The Placing Agent will receive a placing commission of 2% on the gross proceeds of the actual number of Placing Shares placed pursuant to the Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable.

### *Placees*

The Placing Shares will be placed on a best-effort basis to not less than six Placees. The Placing Agent will use its best endeavor to ensure that the Placees and their respective ultimate beneficial owners will be third parties independent of the Company or any of its subsidiaries or any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or any of their associates (as defined in the GEM Listing Rules).

### *Number of the Placing Shares*

Pursuant to the Placing and Subscription Agreement, the maximum number of the Placing Shares shall be 96,870,000 existing Shares currently held by Haijing Holdings. The Placing Shares represent (i) approximately 19.07% of the issued share capital of the Company as at the date of the Placing and Subscription Agreement; and (ii) approximately 16.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### *Placing Price*

The Placing Price of HK\$0.87 represents:

- (i) a discount of approximately 13.00% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.68% to the average closing price of approximately HK\$0.974 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days including the Last Trading Day;
- (iii) a discount of approximately 3.01% to the average closing price of approximately HK\$0.897 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days including the Last Trading Day; and
- (iv) a discount of approximately 0.80% to the average closing price of approximately HK\$0.877 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days including the Last Trading Day.

The Placing Price was determined with reference to the average closing price per Share for the last 20 consecutive trading days of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) considered that the Placing Price was fair and reasonable.

### *Basis of the Placing*

Pursuant to the Placing and Subscription Agreement, the Placing Agent will place the Placing Shares on a best-effort basis.

### *Rights of the Placing Shares*

The Placing Shares will be sold by Haijing Holdings free and clear from all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto at the date of completion of the Placing, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares on or after the date of completion of the Placing.

### *Completion of the Placing*

The Placing is unconditional. Completion of the Placing will take place on 13 December 2010 or such other time and/or date as Haijing Holdings and the Placing Agent shall agree.

### *The Subscription*

#### *Issuer*

The Company.

#### *Subscriber*

Haijing Holdings.

#### *Number of the Subscription Shares*

The number of Subscription Shares shall be equivalent to the number of Placing Shares successfully placed under the Placing, which is up to 96,870,000 new Shares, representing (i) approximately 19.07% of the issued share capital of the Company as at the date of the Placing and Subscription Agreement; and (ii) approximately 16.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

#### *Subscription Price*

HK\$0.87 per Subscription Share, which is equivalent to the Placing Price.

#### *Mandate to issue the Subscription Shares*

The Subscription Shares will be allotted and issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the shareholders of the Company by a resolution passed at the annual general meeting of the Company held on 3 May 2010 (the “General Mandate”). Under the General Mandate, the Company is authorized to allot, issue or otherwise deal with up to 96,875,862 new Shares. As at the date of this announcement, no Shares have been issued by the Company under the General Mandate.

### *Ranking of the Subscription Shares*

The Subscription Shares, when fully paid and issued, will rank pari passu in all respects among themselves and with all other Shares in issue as at the date of their allotment.

### *Conditions of the Subscription*

The Subscription is conditional upon the occurrence of the following by not later than 20 December 2010 (or such later date as may be agreed between Haijing Holdings and the Company):

- (a) completion of the Placing; and
- (b) the Listing Division of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in the Subscription Shares.

In the event of the conditions above not being fulfilled by 20 December 2010 (or such later date as may be agreed between Haijing Holdings and the Company), the obligations and liabilities of Haijing Holdings and the Company under the Subscription shall be null and void and Haijing Holdings and the Company shall be released from all rights and obligations pursuant to the Subscription.

### *Completion of the Subscription*

Completion of the Subscription will take place on the next Business Day following the fulfillment of all the conditions of the Subscription (or such other date as may be agreed between Haijing Holdings and the Company). The Subscription constitutes a connected transaction of the Company under the GEM Listing Rules but it falls within the exemption under Rule 20.31(3)(d) of the GEM Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement (i.e. 22 December 2010). In the event that the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement, and Haijing Holdings and the Company agree to extend the completion date of the Subscription, the Subscription will not fall within the exemption under Rule 20.31(3)(d) of the GEM Listing Rules and shall be subject to the approval of independent shareholders of the Company and the Company will comply with the relevant connected transaction requirements of Chapter 20 of the GEM Listing Rules.

### *Application for listing*

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## ***Termination***

If any of the following events occur at any time prior to completion of the Placing, the Placing Agent may (after consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to Haijing Holdings and the Company, at any time prior to completion of the Placing rescind the Placing and Subscription Agreement:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing and Subscription Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) any material breach of any of the representations and warranties made by Haijing Holdings as set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the completion of the Placing which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by Haijing Holdings of any other provision of the Placing and Subscription Agreement; or
- (c) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

## **2. Reasons for the Placing and the Subscription and use of the net proceeds of the Subscription**

The Group is principally engaged in the manufacture and sale of packaging materials.

In view of the current market, the Directors (including the independent non-executive Directors) considered that the Placing and the Subscription represent an ideal opportunity for the Company to raise additional capital for its future business development, to enhance its capital base and broaden its shareholders' base. The gross proceeds of the Subscription is expected to be approximately HK\$84,200,000, and the net proceeds of the Subscription is expected to be approximately HK\$82,200,000. The Company intends to use such net proceeds as general working capital of the Group. The net proceeds raised per Placing Share is approximately HK\$0.849.

The Directors (including the independent non-executive Directors) considered that the Placing and Subscription Agreement was entered into on normal commercial terms following arm's length negotiations between the Company, Haijing Holdings and the Placing Agent, and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

### 3. Fund raising activity during the preceding 12 months from the date of this announcement

The Company had not conducted any fund raising exercise during the past twelve months before the date of this announcement.

#### *Changes in the shareholding structure of the Company*

The shareholding structure of the Company as at (i) the date of the Placing and Subscription Agreement; (ii) immediately after the Placing but before completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription are as follows:

Shareholders	Existing shareholding		Immediately after the Placing but before completion of the Subscription (Notes 3 & 4)		Immediately after completion of the Placing and the Subscription (Notes 3 & 4)	
	<i>no. of approximately</i>		<i>no. of approximately</i>		<i>no. of approximately</i>	
	<i>Shares held</i>	<i>%</i>	<i>Shares held</i>	<i>%</i>	<i>Shares held</i>	<i>%</i>
Haijing Holdings (Note 1)	345,198,010	67.96	248,328,010	48.89	345,198,010	57.07
<b>Directors</b>						
Mr. Chao Pang Fei (Note 1)	18,060,000	3.55	18,060,000	3.55	18,060,000	2.99
Mr. Wang Yi	4,000,000	0.79	4,000,000	0.79	4,000,000	0.66
Ms. Hui Hongyan	2,336,000	0.46	2,336,000	0.46	2,336,000	0.39
Mr. Deng Chuangping	2,880,000	0.57	2,880,000	0.57	2,880,000	0.48
<b>Public Shareholders</b>						
The Placees (Note 2)	-	-	96,870,000	19.07	96,870,000	16.02
Others	<u>135,496,300</u>	<u>26.67</u>	<u>135,496,300</u>	<u>26.67</u>	<u>135,496,300</u>	<u>22.39</u>
<b>Total</b>	<u><u>507,970,310</u></u>	<u><u>100</u></u>	<u><u>507,970,310</u></u>	<u><u>100</u></u>	<u><u>604,840,310</u></u>	<u><u>100</u></u>

Notes:

- As at the date of this announcement, the entire issued share capital of Haijing Holdings was legally and beneficially owned by Mr. Chao Pang Fei ("Mr. Chao"). Mr. Chao, the Chairman and an executive Director, was therefore deemed to have an interest in the Shares in which Haijing Holdings was interested. In addition, Mr. Chao personally held 18,060,000 Shares.
- It is expected that the Placees will be third parties independent of and not acting in concert with Haijing Holdings or its concert parties, and will not be connected persons of the Company and its connected persons.



3. Assuming all the Placing Shares are placed out.
4. Assuming other than the Subscription Shares, no further Shares are issued or repurchased by the Company and assuming no exercise of the share options granted under the share option scheme of the Company, in each case on or after the date of this announcement up to the date of completion of the Placing and the Subscription.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As Haijing Holdings has continuously held more than 50% of the voting rights of the Company for more than 12 months immediately preceding the date of the Placing and Subscription Agreement, no waiver is required to be obtained from the Executive pursuant to the Takeovers Code.

## **RESUMPTION OF TRADING**

Trading of the issued Shares has been suspended with effect from 9:30 a.m. on 8 December 2010 pending the release of this announcement. Trading of the issued Shares will resume at 9:30 a.m. on 9 December 2010.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“Company”	Sino Haijing Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Haijing Holdings”	Haijing Holdings Limited (海景控股有限公司), being a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder (as defined under the GEM Listing Rules) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	7 December 2010, being the last full trading day prior to the date of the Placing and Subscription Agreement
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to acquire any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	Enlighten Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement entered into on 8 December 2010 by the Company, Haijing Holdings and the Placing Agent in relation to the Placing and the Subscription
“Placing Price”	HK\$0.87 per Placing Share, exclusive of Hong Kong stamp duty, Stock Exchange trading fees and SFC transaction levy
“Placing Shares”	not more than 96,870,000 existing Shares legally and beneficially owned by Haijing Holdings and to be placed pursuant to the Placing
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by Haijing Holdings pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$0.87 per Subscription Share
“Subscription Shares”	not more than 96,870,000 new Shares to be subscribed by Haijing Holdings pursuant to the Placing and Subscription Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of  
**Sino Haijing Holdings Limited**  
**Chao Pang Fei**  
*Chairman*

Hong Kong, 8 December 2010

*As at the date of this announcement, the members of the Board comprise Mr. Chao Pang Fei (executive Director), Mr. Wang Yi (executive Director), Ms. Hui Hongyan (executive Director), Mr. Deng Chuangping (executive Director), Mr. Lan Yu Ping (non-executive Director), Mr. Ho Ka Wing (independent non-executive Director), Mr. Sin Ka Man (independent non-executive Director) and Ms. Chen Hongfang (independent non-executive Director).*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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