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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: 01106)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DONG TAI YOU BANG WU LIU (HAI WAI) COMPANY LIMITED INVOLVING THE ISSUE OF THE CONSIDERATION SHARES AND THE ISSUE OF THE PROMISSORY NOTE

THE ACQUISITION

The Board is pleased to announce that on 17 January 2019 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$185,000,000 (equivalent to approximately RMB162,280,702) which shall be satisfied by the allotment and issue of the 1,562,500,000 Consideration Shares under the General Mandate and the issue of the Promissory Note by the Company to the Vendor. Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

LISTING RULES IMPLICATION

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 17 January 2019 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$185,000,000 (equivalent to approximately RMB162,280,702) which shall be satisfied by the allotment and issue of the 1,562,500,000 Consideration Shares under the General Mandate and the issue of the Promissory Note by the Company to the Vendor. Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

THE ACQUISITION AGREEMENT

Date

17 January 2019 (after trading hours)

Parties

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) the Target Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor, the Target Company, and their ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration

The Consideration for the Proposed Acquisition shall be HK\$185,000,000 (equivalent to approximately RMB162,280,702) and shall be payable by the Purchaser to the Vendor (or as the Vendor may direct) upon Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms, without limitation, with reference to the valuation on Shenzhen Dong Tai International Logistics Co., Ltd.* (深圳市東泰國際物流有限公司) of approximately HK\$190,000,000 (equivalent to approximately RMB166,666,667) as at 31 December 2018 (the "**Valuation**"). The Consideration represents a slight discount to the Valuation. The Directors (including the independent non-executive Directors) consider the Consideration of the Proposed Acquisition to be fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

The Valuation was carried out by a valuer (the "**Valuer**") independent to the Purchaser and the Vendor and the Target Company. The Valuer has adopted market approach in arriving at the Valuation.

The Consideration shall be settled by the allotment and issue of the Consideration Shares and the issue of the Promissory Note by the Company to the Vendor or its nominee(s) on Completion in the following manner:

- (i) HK\$125,000,000 (equivalent to RMB109,649,123) shall be settled by the allotment and issue of the Consideration Shares; and
- (ii) HK\$60,000,000 (equivalent to RMB52,631,579) shall be settled by the issue of the Promissory Note.

The Consideration Shares

The Issue Price of the Consideration Shares represents:

- (a) a premium of approximately 6.67% to the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on 17 January 2019, being the date of the Acquisition Agreement; and
- (b) a discount of approximately 1.23% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive full trading days prior to the date of the Acquisition Agreement on 17 January 2019, being HK\$0.081 per Share.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the average closing price per Share for the last five consecutive full trading days immediately prior to the date of the Acquisition Agreement. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and in the best interests of the Shareholders as a whole. Based on the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the date of this announcement, the market value of the Consideration Shares on the date of this announcement represents approximately HK\$117,187,500.

The Consideration Shares represent:

- (i) approximately 11.73% of the existing issued share capital of the Company; and
- (ii) approximately 10.49% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

According to the Acquisition Agreement, there is no restriction on the ability of the Vendor to sell or dispose of any Consideration Shares after their allotment and issue.

The Promissory Note

The principal terms of the Promissory Note are set out as follows:

Issuer:	The Company
Principal amount:	HK\$60,000,000
Maturity:	The second anniversary date of the date of issue of the Promissory Note (the "Maturity Date")
Interest:	2% per annum on the outstanding principal amount of the Promissory Note, payable on the Maturity Date
Transferability:	The Promissory Note is freely transferable to any Independent Third Party. Save with the prior written consent of the Company, the Promissory Note may not be transferred to any connected person of the Company
Status of the Promissory Note:	The Promissory Note will constitute direct, unsubordinated and unsecured contractual obligations of the Company which will at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company
Listing:	No application will be made for the listing of, or permission to deal in, the Promissory Note on the Stock Exchange or any other stock exchange

Conditions precedent

Completion of the Acquisition Agreement is conditional upon the satisfaction (or waiver, if applicable) of the following Conditions, inter alia:

- (a) the Purchaser, at its absolute discretion, being satisfied with the results of the due diligence conducted on the Target Group;
- (b) the Purchaser having received and satisfied in its absolute discretion a legal opinion issued by a firm of lawyers qualified to practise in the PRC;
- (c) the warranties set out in the Acquisition Agreement remain true and accurate and not misleading in all material respects as if repeated at Completion and at all times between the date of the Acquisition Agreement and the Completion Date;
- (d) the Vendor having obtained all necessary and appropriate consents from the directors and shareholders of the member company (ies) of the Target Group in relation to the entering into and execution of the Acquisition Agreement, and all confirmations to be made to the relevant government or supervisory authorities or third parties according to the legal opinion from a PRC practising lawyer engaged by the Purchaser; all the waiting periods under the laws of any relevant jurisdictions having expired or been terminated; all the applicable legal obligations having been complied with;
- (e) there being no events since the date of this Acquisition Agreement until the Completion Date that have caused or will result in material adverse impact on the financial position, business or properties, operations or business prospects of the Target Group;
- (f) (if applicable) all other approvals, consents, waivers or permissions required by all third parties or regulatory authorities for the Proposed Acquisition and transaction contemplated hereunder having been obtained; and
- (g) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consideration Shares.

The Purchaser is entitled to waive any of the above Conditions (save for item (g) above). If any of the Conditions has not been fulfilled or waived on or before the Long Stop Date, the Acquisition Agreement shall lapse and thereafter neither Party shall be bound to proceed with the Proposed Acquisition.

Completion

Subject to the fulfilment (or waiver, as the case may be) of the Conditions stated in the Acquisition Agreement on or before the Long Stop Date, the Completion shall take place on the Completion Date.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company. The results and assets and liabilities of the Target Group will be consolidated with and accounted for as subsidiaries in the Group's financial statements.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) manufacturing and sale of packaging materials; (ii) tourism and travel business; (iii) securities trading and other investing activities; (iv) money lending business; and (v) warehousing and logistic service business.

INFORMATION OF THE TARGET GROUP

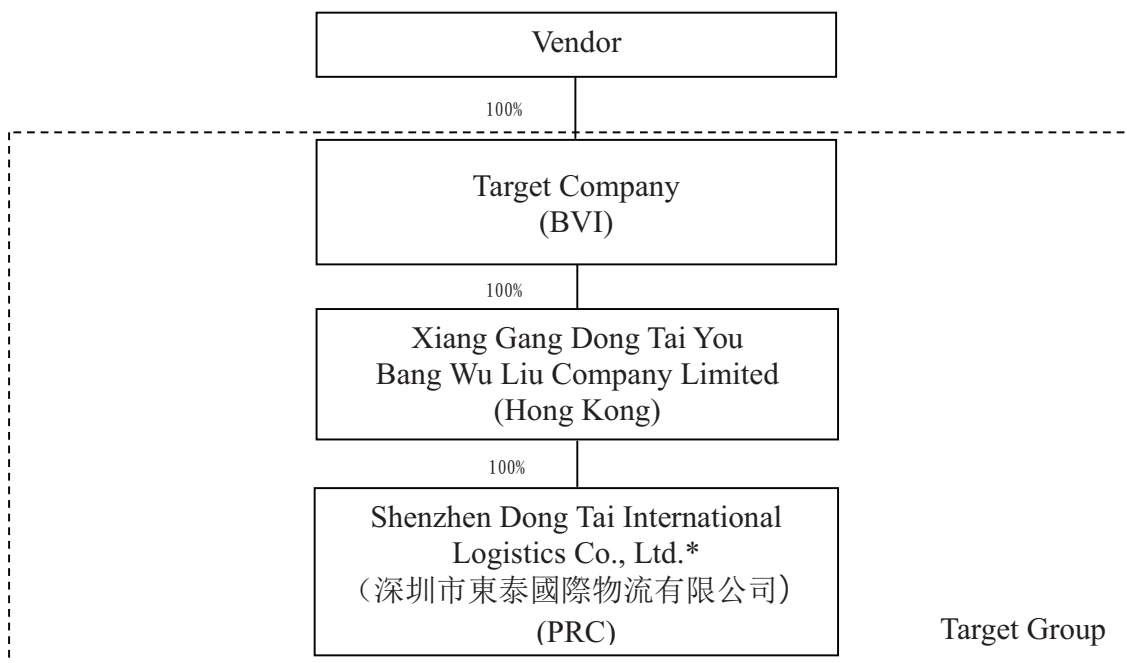
The Target Company is incorporated in the BVI with limited liability and is wholly owned by the Vendor as at the date of this announcement.

The Target Group is principally engaged in the provision of warehousing and logistic service in the PRC.

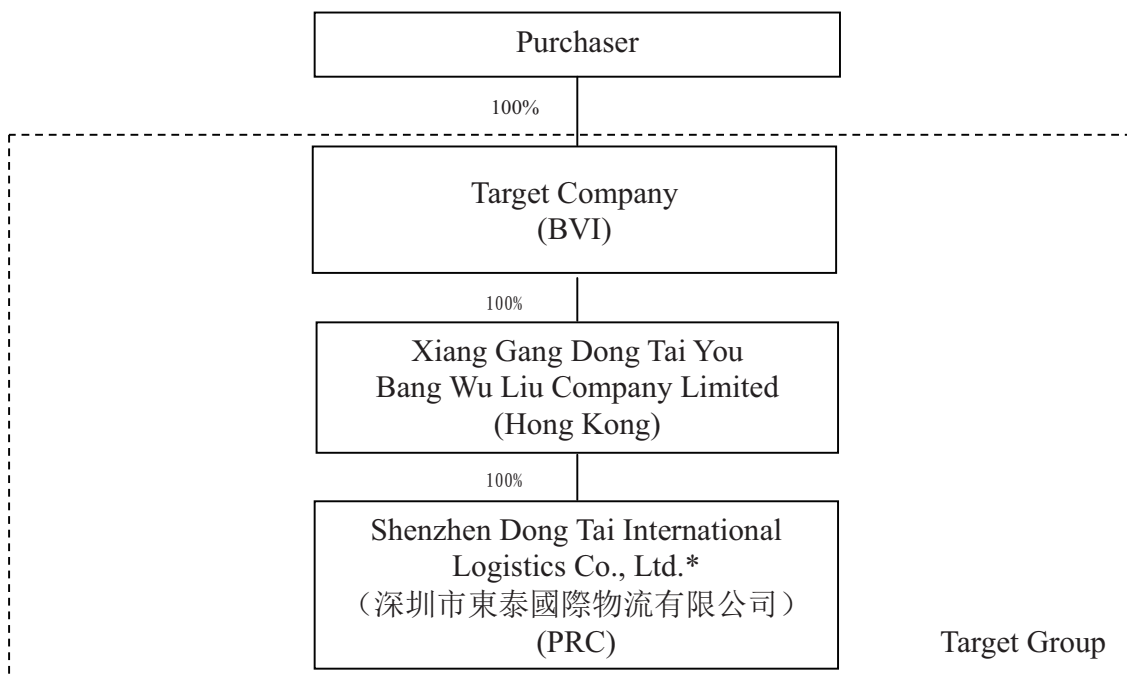
Upon Completion, the Target Company, Xiang Gang Dong Tai You Bang Wu Liu Company Limited, and Shenzhen Dong Tai International Logistics Co., Ltd.* (深圳市東泰國際物流有限公司) will become indirect wholly-owned subsidiaries of the Company.

The following diagram illustrates the corporate structure of the Target Group (a) as at the date of this announcement; and (b) immediately upon Completion:

(a)



(b)



FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the consolidated financial information of the Target Group prepared in accordance with the Accounting Standards for Business Enterprises of the PRC (the “CAS”) issued by the China Ministry of Finance for each of the two financial years ended 31 December 2017 and 2018:

	For the year ended 31 December	
	2017 audited	2018 unaudited
Profit before taxation	HK\$656,925 (equivalent to approximately RMB576,250)	HK\$22,753,013 (equivalent to approximately RMB19,958,783)
Profit after taxation	HK\$558,387 (equivalent to approximately RMB489,813)	HK\$19,402,647 (equivalent to approximately RMB17,019,866)

Note:

the significant increase in profit before and after tax for the year ended 31 December 2018 was primarily attributable to, amongst other factors,

- (i) investments made by the Target Group during the year ended 31 December 2017 to optimise the business structure and resulted in an increase in income for the year ended 31 December 2018, generated from value-added services such as inspection, maintenance, sorting, labelling, coding and re-packaging services;*
- (ii) investments made by the Target Group since the second half of 2017 on service capability by increasing the working areas of warehouse from approximately 6,000 square meters to approximately 13,000 square meters and the establishment of 2 additional maintenance work shops;*
- (iii) investments made by the Target Group at the beginning of 2018 in transforming the business marketing model by building an e-commerce platform. Once the commencement of its operation in June 2018, the Target Group has introduced more than 30 new customers within six months; and*
- (iv) the increased demand for the services of the Target Group from customers that seek to mitigate the risks of increasing tariffs being imposed on goods imported to PRC for further processing prior to re-export from PRC that can benefit from remaining in a PRC bonded zone that is free of such tariffs. Such increased demand was demonstrated by the 46 new customers introduced during the year ended 31 December 2018.*

Based on the management accounts of the Target Group, the unaudited total asset value and net asset value of the Target Company as at 31 December 2018 were approximately HK\$79,404,130 (equivalent to approximately RMB69,652,746) and approximately HK\$51,103,072 (equivalent to approximately RMB44,827,256), respectively. The Company has confirmed with the Valuer that the Consideration represents an implied price-to-earning ratio of approximately 9 times and an implied price-to-book ratio of approximately 3 times respectively, which are comparable to those of other market players in the same industry.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as at the date of this announcement and immediately after the Completion are set out as below:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Substantial Shareholders				
Lu Hongying (<i>Note 1</i>)	2,667,460,000	20.02	2,667,460,000	17.92
Central Huijin Investment Ltd	1,397,000,000	10.48	1,397,000,000	9.38
Liang Yanzhi (<i>Note 2</i>)	697,000,000	5.23	697,000,000	4.68
The Vendor	–	–	1,562,500,000	10.49
Other Public Shareholders	<u>8,564,538,183</u>	<u>64.27</u>	<u>8,564,538,183</u>	<u>57.53</u>
Total	<u>13,325,998,183</u>	<u>100.00</u>	<u>14,888,498,183</u>	<u>100</u>

Notes:

- (1) Lu Hongying is directly interested in 410,320,000 Shares and is indirectly interested in 1,464,160,000 Shares and 792,980,000 Shares through Summer Glitter Limited and Khmer Resources Investment Holding Group Company Limited, respectively.
- (2) Liang Yanzhi is indirectly interested in 697,000,000 Shares through Majestic Wealth International Limited.
- (3) Assuming there shall be no change to the shareholding structure of the Company immediately following the Completion.
- (4) The percentages are subject to rounding difference, if any.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in (i) manufacturing and sale of packaging materials; (ii) tourism and travel business; (iii) securities trading and other investing activities; (iv) money lending business; and (v) warehousing and logistic service business.

As discussed in the Company's annual report for the year ended 31 December 2017, the Group has been exploring for appropriate opportunities for different investment projects to expand and diversify its business.

On 18 September 2018, the Group completed the acquisition of the entire issued share capital of Manufacture Element Prefabricate Pte Limited ("MEP"). As discussed in the announcement dated 3 September 2018 in relation to the said acquisition, MEP is principally engaged in the provision of warehousing and logistic service, and its only significant asset was a property which is expected to be developed into an integrated logistics and transportation hub.

To become well-positioned in the warehousing and logistic service industry to cover international trade and to adhere to a global layout as well as to keep pace with the international Belt and Road Initiative, the Group has long desired to establish a presence in the warehousing and logistic service industry in the PRC.

Headquartered in Shenzhen Ping Shan New District and seizing on the high import and export activities of the nearby Yantian Port, the Target Group has been actively providing warehousing and logistic service in the bonded zone in PRC. Leveraged on the prime geographic location of the Target Group's headquarters, the Directors are of view that the Proposed Acquisition will provide the Company with a valuable opportunity for rapidly developing its warehousing and logistics service business and has an active synergistic effect with the Group's existing warehousing and logistics service business in terms of management experience, clientele and social resources.

In light of the above, the Directors are of the view that the terms of the Acquisition Agreement (including the Consideration) are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

THE GENERAL MANDATE

The Consideration Shares will be issued pursuant to the General Mandate. The Directors were authorised to allot and issue up to 2,484,672,050 new Shares pursuant to the General Mandate. Up to the date of this announcement, the Company has issued 901,637,931 Shares under the General Mandate, leaving the balance of the General Mandate of 1,583,034,119 Shares. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to any approval by the Shareholders.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the Listing of, and the permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued upon Completion, will rank pari passu in all respects with the existing Shares in issue.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition Agreement”	the conditional sale and purchase agreement entered into between the Purchaser, the Vendor and the Target Company on 17 January 2019 in relation to the Proposed Acquisition
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday or public holidays or days on which a tropical cyclone warning signal number 8 or above or black rainstorm warning is hoisted in Hong Kong at any time from 10:00 a.m.) on which commercial banks in Hong Kong are open to the public for general banking business in general
“BVI”	British Virgin Islands
“Company”	Sino Haijing Holdings Limited (Stock Code: 1106), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“Completion”	the completion of the Proposed Acquisition in accordance with the terms and conditions of the Acquisition Agreement

“Completion Date”	the date falling on the third (3) Business Days after the fulfillment or waiver (as the case may be) of the last Conditions precedent of the Acquisition Agreement or such other date as agreed by the respective Parties to the Acquisition Agreement
“Conditions”	the conditions precedent to the Completion set out in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	HK\$185,000,000, being the consideration payable by the Purchaser under the Acquisition Agreement
“Consideration Shares”	1,562,500,000 new Shares that will be allotted and issued by the Company to the Vendor or its nominee(s), credited as fully paid, as part payment of the Consideration
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company on 22 June 2018 to allot, issue, deal with up to 2,484,672,050 new Shares, being approximately 20% of the then issued capital of the Company as at the date of the said annual general meeting
“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 Third Party (ies)”	party (ies) who is/are not connected with the Company and any Director, chief executive or substantial Shareholder of the Company and its subsidiaries or any of their respective associates
“Issue Price”	the issue price of HK\$0.08 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	11 February 2019 or such other date as the Parties may agree in writing
“Parties”	the Purchaser, the Vendor and the Target Company, being the parties to the Acquisition Agreement
“PRC” or China	the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note in the aggregate principal amount of HK\$60,000,000 to be issued by the Company in favour of the Vendor (or as it may direct) in partial satisfaction of the Consideration
“Proposed Acquisition”	the proposed acquisition of the Sale Share by the Company from the Vendor or its nominee(s) pursuant to the Acquisition Agreement
“Purchaser”	Noble Elite Global Limited, a company incorporated in the BVI on 29 April 2015 with limited liability and is a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	10,000 shares in the capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shenzhen Dong Tai International Logistics Co., Ltd.*”	being 深圳市東泰國際物流有限公司, a company incorporated in PRC on 18 May 2011 with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dong Tai You Bang Wu Liu (Hai Wai) Company Limited, a company incorporated in the BVI on 15 January 2016 with limited liability and being wholly-owned by the Vendor
“Target Group”	Target Company and its subsidiaries

“Vendor”	Dong Tai You Bang Wu Liu Group Company Limited, a company incorporated in the BVI on 15 January 2016 with limited liability
“Xiang Gang Dong Tai You Bang Wu Liu Company Limited”	a company incorporated in Hong Kong on 12 October 2015 with limited liability
“%”	Per cent.

By Order of the Board
Sino Haijing Holdings Limited
LI Zhenzhen
Chairman

Hong Kong, 17 January 2019

** In this announcement, the English names of certain PRC entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

For the purpose of illustration only, amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1.00=HK\$1.14, being the prevailing intermediate exchange rate as of 31 December 2018 published by The Hong Kong Association of Banks.

As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin and Mr. Wei Liyi as the executive Directors; Mr. Lee Tao Wai, Mr. Lam Hoi Lun as the independent non-executive Directors.

This announcement is published on the HKEx new website at www.hkexnews.hk and on the website of the Company at www.1106hk.com.