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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 MANUFACTURE ELEMENT PREFABRICATE PTE LIMITED

THE ACQUISITION

The Board is pleased to announce that on 3 September 2018 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendors entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of S\$36,000,000 (equivalent to approximately HK\$206,280,000) which shall be satisfied by the allotment and issue of the 889,137,931 Consideration Shares at the Issue Price by the Company to the Vendors under the General Mandate.

Upon Completion, the Target Group will become indirect subsidiaries of the Company.

LISTING RULES IMPLICATION

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the 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 3 September 2018 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendors entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of S\$36,000,000 (equivalent to approximately HK\$206,280,000) which shall be satisfied by the allotment and issue of 889,137,931 Consideration Shares at the Issue Price by the Company to the Vendors under the General Mandate. Upon Completion, the Target Group will become indirect subsidiaries of the Company.

The principal terms of the Acquisition Agreement are set out below:

THE ACQUISITION AGREEMENT

Date

3 September 2018 (after trading hours of the Stock Exchange)

Parties

- (i) the Purchaser; and
- (ii) the Vendors.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendors, the Target Company, 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 Vendors have conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

The only significant asset of the Target Company is the Property.

Consideration

The Consideration for the Acquisition shall be S\$36,000,000 (equivalent to approximately HK\$206,280,000) and shall be payable by the Purchaser to the Vendors upon Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms, without limitation, with reference to (i) the valuation on the Property of S\$91 million (equivalent to approximately to HK\$521,430,000) as at 31 July 2018 (the "**Valuation**"); and (ii) the outstanding bank loan of the Target Company upon Completion shall not exceed approximately S\$54 million (equivalent to approximately HK\$309,420,000). The Directors (including the independent non-executive Directors) consider the consideration of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The valuation of the Property was carried out by an independent valuer (the "Valuer") to the Company and the Vendors. The Valuer has adopted the depreciated replacement cost approach in arriving at the Valuation.

The Consideration shall be settled by the Purchaser at Completion by way of the Company allotting and issuing 889,137,931 Consideration Shares to at the Issue Price per Consideration Share to the Vendors or their respective nominees all credited as fully paid and shall rank pari passu of all Shares in issue on the Completion Date. In the event that the Company could not settle the Consideration in full by allotting and issuing 889,137,931 Consideration Shares as aforesaid, the Purchaser and the Vendors shall negotiate in good faith on an alternative means to settle the shortfall of the Consideration payable by the Purchaser to the Vendors that is mutually agreeable to them.

The Consideration Shares

The Issue Price of the Consideration Shares represents:

- (a) a discount of approximately 14.07% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on 3 September 2018, being the date of the Acquisition Agreement; and
- (b) a discount of approximately 15.02% to the average closing price per Share as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the date of the Acquisition Agreement on 3 September 2018, being HK\$0.273 per Share.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendors 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 interests of the Shareholders as a whole. Based on the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the date of this announcement, the market value of the Consideration Shares as at date of announcement represents approximately HK\$240,067,241.

The Consideration Shares represent:

- (i) approximately 7.15% of the existing issued share capital of the Company; and
- (ii) approximately 6.67% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

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

Conditions precedent

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

- (a) the representations and warranties of each of the Vendors being true and accurate in all material respects and not misleading in any material respect;
- (b) the Purchaser being satisfied with the results of the due diligence conducted on Target Group;
- (c) the Purchaser obtaining approval from its board and shareholder (where applicable) to enter into the Acquisition Agreement and performing the Purchaser's obligations herein;

- (d) there being no compulsory acquisition on any part of or the whole of the Property;
- (e) there being no amendment to any title document that may adversely affect the Target Company's rights in relation to the Property;
- (f) the Purchaser being satisfied with the legal requisition replies on the Property;
- (g) all other approvals, consents and permissions required by the Company (if any, whether under the Listing Rules or otherwise) for the Acquisition and the transaction contemplated hereunder having been obtained; and
- (h) 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 precedent (save for items (g) and (h) above). If any of the conditions has not been fulfilled or waived in writing by the Purchaser on or before the Long Stop Date, the Acquisition Agreement shall lapse and thereafter neither party shall be bound to proceed with the Acquisition. No party shall be liable to the terms of the Acquisition Agreement, save for any antecedent breaches of the terms of the Acquisition Agreement.

Completion

Subject to the fulfilment (or waiver, as the case maybe) of the conditions precedent stated in the Acquisition Agreement on or before the Long Stop Date, the Completion shall take place within 10 Business Days after the fulfilment (or waiver, as the case maybe) of the last conditions precedent stated in the Acquisition Agreement.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Group. 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 ON THE TARGET GROUP

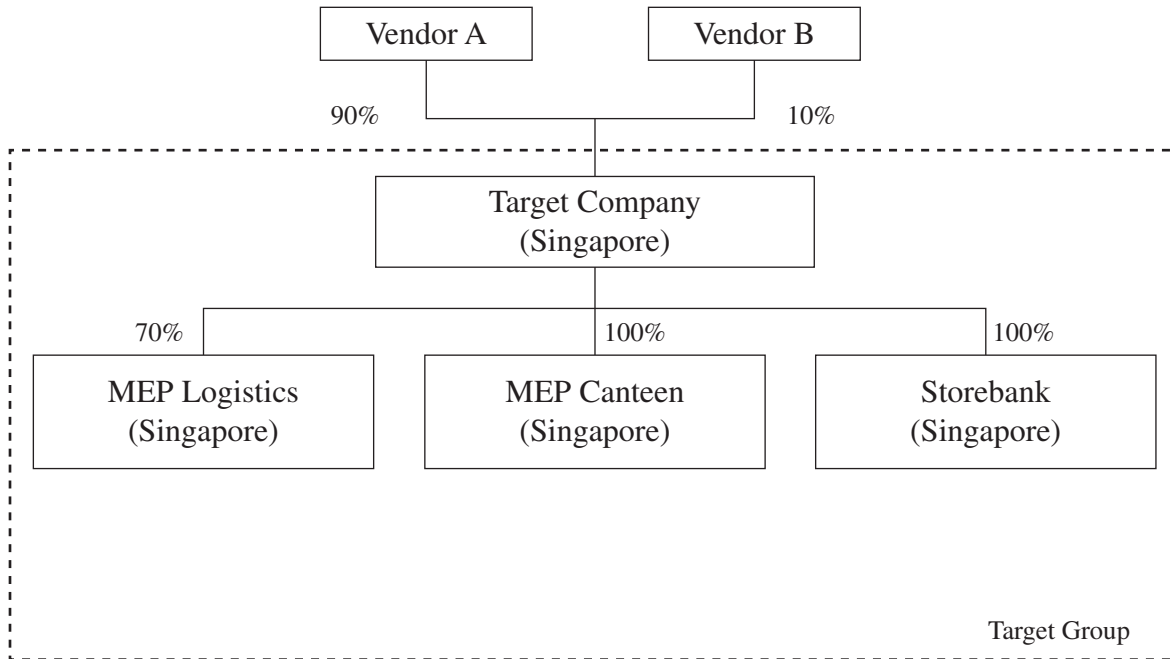
The Target Company is incorporated in the Republic of Singapore with limited liability on 27 August 1976 and is wholly owned by the Vendors as at the date of this announcement.

The Target Group is engaged in warehousing and logistic services.

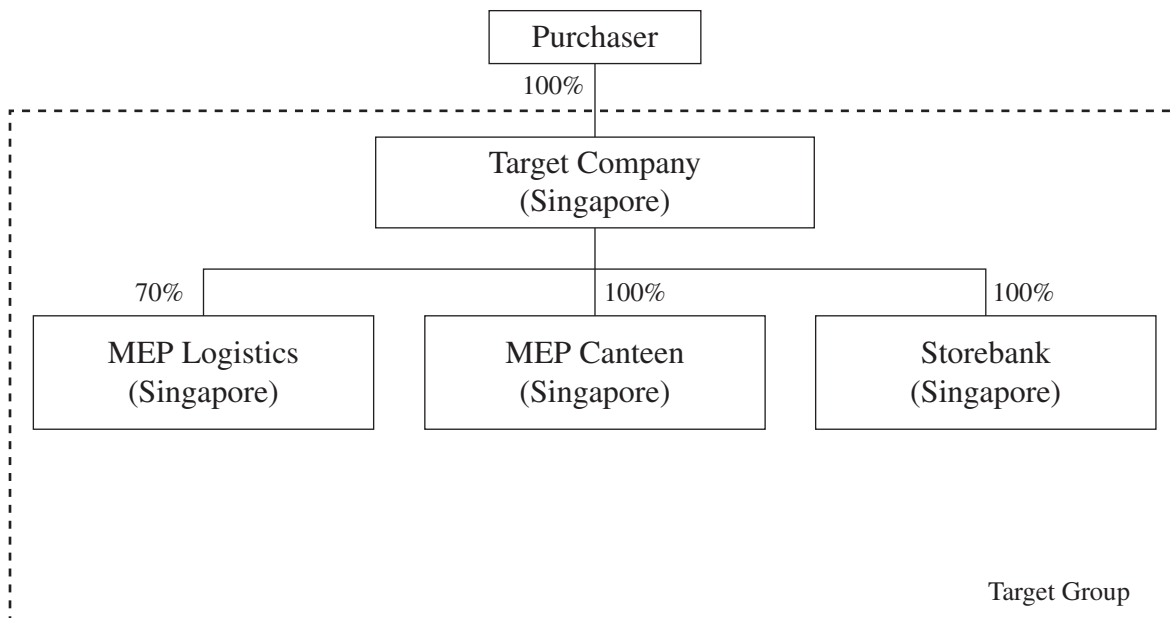
Upon Completion, the Target Company, MEP Logistics, MEP Canteen and Storebank will be indirect subsidiaries of the Company.

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

As at the date of this announcement



Immediately upon Completion



Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group provided by the Vendors for the two financial years immediately preceding the date of the Acquisition Agreement.

	For the year ended 31 March	
	2018	2017
	unaudited S\$'000	unaudited S\$'000
Revenue	10,354	10,149
Profit before taxation	913	585
Profit after taxation	333	30

Based on the management account of the Target Group provided by the Vendors, the unaudited net asset value of the Target Group as at 31 August 2018 was approximately S\$35,489,632 (equivalent to approximately HK\$203,355,591), which is comparable to the Consideration of S\$36,000,000 (equivalent to approximately HK\$206,280,000).

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 issue and allotment of the Consideration Shares	
	Number of Shares	%	Number of Shares	%
<i>Substantial Shareholders</i>				
Ms. Lu Hongying (Note 1)	2,447,240,000	19.68	2,447,240,000	18.37
The Vendors	–	–	889,137,931	6.67
<i>Other public Shareholders</i>				
Ms. Dai Qingfeng (Note 2)	927,000,000	7.45	927,000,000	6.96
Full House Asset Management Company Limited	793,060,000	6.38	793,060,000	5.95
Other public Shareholders	<u>8,268,560,252</u>	<u>66.49</u>	<u>8,268,560,252</u>	<u>62.05</u>
Total	<u>12,435,860,252</u>	<u>100.00</u>	<u>13,324,998,183</u>	<u>100.00</u>

Notes:

- (1) Ms. Lu Hongying is directly interested in 205,200,000 Shares and is indirectly interested in 1,449,060,000 Shares and 792,980,000 Shares through Summer Glitter Limited and Khmer Resources Investment Holding Group Company Limited, respectively.
- (2) Ms. Dai Qingfeng is directly interested in 230,000,000 Shares and 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 a rounding difference, if any.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Group is principally engaged in the manufacturing and sale of packaging materials, tourism and travel business, securities trading and other investing activities, and money lending business.

With reference to the Company's annual report for the year ended 31 December 2017, the Group continues to explore appropriate opportunities for different investment projects, to expand and diversify its business and activities, with a view to maximize the return to the Company and its shareholders in the long run.

Given that the Target Group is engaged in warehousing and logistic service and its only asset, the Property, with a total gross floor area of approximately 905,936 square foot, has close proximity to the Malaysia–Singapore Second Link, a bridge connecting Singapore and Malaysia, the Group expects that, after the Acquisition, the Property will be developed as an integrated logistics and transportation hub to enhance the development of the existing business of the Group in the future.

Accordingly, the Board considers the Acquisition beneficial to and in the interests of the Group and its shareholders.

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 12,500,000 Shares under the General Mandate, leaving the balance of the General Mandate of 2,472,172,050 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 permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued upon the 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 Acquisition are more than 5% but less than 25%, the 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”	the proposed acquisition of the Sale Share by the Company from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement entered into between the Company and the Vendors on 3 September 2018 in relation to the Acquisition
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (excluding a Saturday, Sunday and public holiday) on which licensed banks in Singapore are open for general business during their normal business hours

“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 Completion in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date falling within 10 Business Days after the fulfillment or waiver (as the case may be) of the conditions precedent of the Acquisition Agreement or such other date as agreed by the respective parties to the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Company under the Acquisition Agreement
“Consideration Shares”	maximum 889,137,931 new Shares that will be allotted and issued by the Company to the Vendors or their respective nominee(s) at the Issue Price to satisfy 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third part(ies) independent of and not connected to the Company and any of its connected persons (as defined in the Listing Rules) or their respective associates
“Issue Price”	the issue price of HK\$0.232 (equivalent to approximate S\$0.040) per Consideration Share

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	one calendar month from the date of the Acquisition Agreement, being 3 October 2018 or such other date as the parties to the Acquisition Agreement may agree
“MEP Canteen”	23 MEP Canteen Pte. Ltd, a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of the Target Company.
“MEP Logistics”	MEP Logistics Pte. Ltd, a company incorporated in Singapore with limited liability and is a non wholly-owned subsidiary of the Target Company.
“Property”	the property located at 23 Neythal Road Singapore 628588
“Purchaser”	Best Favour Global Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	1,000,000 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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storebank”	Storebank Pte. Ltd, a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of the Target Company.
“Target Company”	Manufacture Element Prefabricate Pte Limited, a company incorporated in the Republic of Singapore with limited liability
“Target Group”	Target Company and its subsidiaries
“Vendor A”	Ng Kok Teck
“Vendor B”	See Mei Li

“Vendors”	Vendor A and Vendor B
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“S\$”	Singapore dollar, the lawful currency of the Republic of Singapore
“%”	Per cent.

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

Hong Kong, 3 September 2018

For the purpose of this announcement, unless otherwise indicated, the exchange rate of S\$1 = HK\$5.73 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

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 and Mr. Li Yang as the independent non-executive Directors.

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