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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 ACQUISITION OF 95% SHAREHOLDING INTERESTS IN THE TARGET COMPANY**

#### **THE ACQUISITION**

On 14 December 2016 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor, an Independent Third Party, entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed conditionally to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares (representing 95% of the issued share capital of the Target Company) at the Consideration of HK\$4,403,771.

The Target Company is wholly-owned by the Vendor as at the date of this announcement. Immediately upon Completion, the Target Group will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

#### **LISTING RULES IMPLICATIONS ON THE ACQUISITION**

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 14 December 2016 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor, an Independent Third Party, entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares (representing 95% of the issued share capital of the Target Company) at the Consideration of HK\$4,403,771.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 14 December 2016 (after trading hours)

Parties: Vendor: Poon Keng Tat, Ronnie

Purchaser: Golden Comfort Investment Limited, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets to be acquired**

The Sale Shares, being 38,000 shares of HK\$100 each in the share capital of the Target Company, representing 95% of the issued share capital of the Target Company.

### **Consideration**

The Consideration payable to the Vendor for the Sale Shares shall be HK\$4,403,771.

The total consideration will be paid by the Purchaser in cash within five (5) Business Days upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company after taking into account, among others, (i) the net asset value of the Target Group; and (ii) the appraised value of the Sale Shares of HK\$4.5 million as at 31 October 2016 adopting market approach prepared by APAC Asset Valuation and Consulting Limited, an independent professional valuer.

## Conditions Precedent

Completion of the Acquisition is conditional upon the fulfillment of the following conditions on or before the Long Stop Date:

- (a) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the Listing Rules and granting of all approvals, if necessary, by shareholders of the Company in respect of all transactions contemplated by the Sale and Purchase Agreement;
- (b) the Purchaser being in its sole and absolute discretion satisfied with the result of due diligence investigation in respect of the Target Group, the business and contracts including but not limited to the financial affairs, business, assets, liabilities, legal, results, legal and financing structure of the Target Group ;
- (c) no event having occurred since the date of the Sale and Purchase Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group and such material adverse effect shall not have been caused;
- (d) the warranties remaining true and accurate and not misleading at Completion as if repeated at Completion Date and at all times between the date of the Sale and Purchase Agreement and Completion Date;
- (e) all approvals, consents, licences and/or permits of the Stock Exchange and any other regulatory authority (where required) in relation to the transaction contemplated hereunder, having been obtained;
- (f) all approvals, consents, licences and/or permits of the Travel Agents Registry, under the Tourism Commission, having been obtained by the Target Company; and
- (g) the Purchaser being satisfied there has not been any material adverse change in respect of the Target Company since the date of the Sale and Purchase Agreement.

The Purchaser may in its absolute discretion at any time waive any of the Conditions from (b) to (e).

If any of the Conditions have not been fulfilled or waived (as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall be terminated and neither party to the Sale and Purchase Agreement shall have any liability thereunder, save and except any antecedent breaches.

## **Completion**

Subject to the fulfilment or waiver (as the case maybe) of the Conditions (a) to (g) set out above, Completion shall take place on the Completion Date.

Upon Completion, the Company will own 95% shareholding interests in the Target Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability and is held as to 99.9% by the Vendor. The Target Company is a travel related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services, are principally engaged in the business of travel agency.

The financial information of the Target Company as extracted from its audited financial statements prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities is summarised as follows:

	<b>For the year end 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>HK\$</i>	<i>HK\$</i>
Revenue	43,252,710	39,618,763
Net profit before tax	40,276	269,926
Net profit after tax	40,276	269,926

The unaudited net asset value of the Target Company as at 31 July 2016 was approximately HK\$2,459,829.

The financial information of Incola Air Services as extracted from its audited financial statements prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities is summarised as follows:

	<b>For the year end 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>HK\$</i>	<i>HK\$</i>
Revenue	6,869,448	9,164,445
Net profit (loss) before tax	(71,252)	(109,845)
Net profit (loss) after tax	(71,252)	(109,845)

The unaudited net liabilities of Incola Air Services as at 31 July 2016 was approximately HK\$824,281.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group mainly focuses on the production and sale of expanded polystyrene packaging products for household electrical appliances in the PRC.

To better manage the business risks and to diversify the business of the Company, the Board has been considering to explore appropriate opportunities for different investment projects. The Board believes that the potential for developing high yield travel services and products, such as special interest tours, are the next profitable step to take in light of greater interest among the population in the PRC for overseas exposure.

In view of the terms of the Sale and Purchase Agreement, the future development prospects of the Target Group's travel businesses and the goodwill, the reputation and the client base possessed by the Target Group, the Board is of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Board believes that the Acquisition will enable the Company to broaden the income source and strengthen its asset base.

In consideration of the above, the Board considers that the terms of the Sale and Purchase Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“Company”	Sino Haijing Holdings Limited (stock code: 01106), a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion shall take place and such day shall fall within 5 Business Days after all the Conditions shall have been fulfilled or waived (or such other date as may be agreed between the Purchaser and the Vendor)
“Conditions”	conditions precedent to the Completion pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	HK\$4,403,771, being the aggregate consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Incola Air Services”	Incola Air Services Limited, a company incorporated in Hong Kong with limited liability
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2017
“PRC”	the People’s Republic of China, and for the purpose of this announcement, which shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Golden Comfort Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the agreement dated 14 December 2016 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	38,000 shares of the Target Company, representing 95% of the total issued share capital of the Target Company as at the date of this announcement and at Completion
“Share(s)”	ordinary shares of HK\$0.0125 each in the issued and unissued share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Incola Travel Limited, a company incorporated in Hong Kong on 1 March 1977 with limited liability and is held as to 99.9% by the Vendor
“Target Group”	the Target Company and its wholly-owned subsidiary, Incola Air Services
“Vendor”	Poon Keng Tat, Ronnie, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percent

By order of the Board  
**Sino Haijing Holdings Limited**  
**Li Zhenzhen**  
*Chairman*

Hong Kong, 14 December 2016

*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 executive Directors; Ms. Hu Jianping as non-executive Director; Mr. Pang Hong, Mr. Lee Tao Wai and Mr. Lam Hoi Lun as the independent non-executive Directors.*

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