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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: 1106)

## **CONTINUING CONNECTED TRANSACTION**

On 27 August 2012, Qingdao Haijing entered into a Product Sales Agreement with Huizhou Jinghua in respect of Product Sales Transaction for a period up to 31 December 2014. The Product Sales Transaction constitutes a continuing connected transaction for the Company and the Company set the annual caps for the Products Sales Transaction for each of the three years ending 31 December 2014. Optimising its production resources, the Group has been consolidating its operation and manufacturing facilities. The Company considers that certain production resources may be applied more efficiently and effectively by utilising them to carry out product sales to Huizhou Jinghua at prices agreeable to the Group, generating additional income for the Group.

Based on the annual caps for the Product Sales Transaction, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Product Sales Transaction and the annual caps are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The Product Sales Transaction is subject to the annual review requirement under Rules 14A.37 to 14A.38 of the Listing Rules.

## **PRINCIPAL TERMS OF THE PRODUCT SALES AGREEMENT**

**Date** 27 August 2012

### **Parties**

The Purchaser: 惠州景華包裝制品有限公司 (Huizhou Jinghua Packing Materials Company Limited) is a wholly foreign-owned enterprise established in the PRC and is wholly owned by Mr. Chao Pang Fei, the ultimately controlling shareholder of the Company. Huizhou Jinghua is principally engaged in the production and sales of EPS packaging products.

The Vendor: 青島海景模具制品有限公司 (Qingdao Haijing Mould Products Company Limited), an indirect wholly-owned subsidiary of the Company. Qingdao Haijing is principally engaged in the production and sales of mould products.

### **Product Sales Transaction**

Qingdao Haijing entered into a Product Sales Agreement with Huizhou Jinghua pursuant to which Qingdao Haijing has agreed to sell the mould products to Huizhou Jinghua for a term up to 31 December 2014 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between Qingdao Haijing and Huizhou Jinghua upon the basis of the principle of “cost plus”; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Qingdao Haijing and Huizhou Jinghua based on reasonable commercial principles.

Payment for the Product Sales Transaction is usually received by Qingdao Haijing within 90 days after the date of the relevant invoice.

### **REASON FOR THE TRANSACTION**

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the production and sales of EPS packaging products. The production of mould products is an ancillary business of the Group.

The Company considers it in its best interests to generate more income by carrying out the Product Sales Transaction in response to the Huizhou Jinghua’s needs from time to time, provided that Huizhou Jinghua purchase from Qingdao Haijing at prices comparable to market prices and/or which are considered to be fair and reasonable to the Group.

### **ANNUAL CAPS**

The Company set annual caps for the Product Sales Transaction for each of the three years ending 31 December 2014. Optimising its production resources, the Group has been consolidating its operation and manufacturing facilities. The Company considers that certain production resources may be applied more efficiently and effectively by utilising them to carry out product sales to Huizhou Jinghua at prices agreeable to the Group, generating additional income for the Group.

The Company will keep monitoring the production consolidation process and will further consider whether it needs to revise the annual caps for the transaction for 2013 and 2014 in the future, subject to the applicable requirements of the Listing Rules.

The table below sets out the annual caps of the Product Sales Transaction for each of the three years ending 31 December 2014

	<b>Annual Caps for the year ending 31 December</b>		
	<b>2012 RMB</b>	<b>2013 RMB</b>	<b>2014 RMB</b>
Product Sales Transaction	1,500,000 (equivalent to approximately HK\$1,830,000)	3,500,000 (equivalent to approximately HK\$4,270,000)	4,000,000 (equivalent to approximately HK\$4,880,000)

The annual caps are determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- (1) internal target turnover of the Group for purpose of estimating the annual caps with reference to the negotiation with Huizhou Jinghua; and
- (2) a buffer of 5%.

The Directors, including the independent non-executive Directors, consider that the annual caps are fair and reasonable and the terms of the Product Sales Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. In view of his relationship with Huizhou Jinghua, Mr. Chao Pang Fei has abstained from voting on Board's resolution in relation to the Product Sales Transaction and the annual caps.

## **LISTING RULES REQUIREMENTS**

The Product Sales Transaction constitutes a continuing connected transaction for the Company. Based on the annual caps for the Product Sales Transaction, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Product Sales Transaction and the Annual Caps are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The Product Sales Transaction is subject to the annual review requirement under Rules 14A.37 to 14A.38 of the Listing Rules.

## 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 Listing Rules
“Board”	the board of Directors of the Company
“Company”	Sino Haijing Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EPS”	expandable polystyrene, a commonly used cushion packaging materials for electrical products
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Huizhou Jinghua”	惠州景華包裝制品有限公司 (Huizhou Jinghua Packing Materials Company Limited) is a wholly foreign-owned enterprise established in the PRC and is wholly owned by Mr. Chao Pang Fei, the ultimately controlling shareholder of the Company.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qingdao Haijing”	青島海景模具製品有限公司 (Qingdao Haijing Mould Products Company Limited), an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Product Sales Agreement”	the framework product sales agreement entered between Qingdao Haijing and Huizhou Jinghua on 27 August 2012
“Product Sales Transaction”	Sale of mould products manufactured or owned by Qingdao Haijing to Huizhou Jinghua contemplated under the Product Sales Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.025 in the share capital of the Company
“Shareholder(s)”	: holder(s) of the Share(s)
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong

“%” : per cent.

Note: For illustration purpose of this announcement, exchange rate of RMB1.00=HK\$1.22 has been used for conversion.

By order of the Board of  
**Sino Haijing Holdings Limited**  
**Hui Hongyan**  
*Executive Director*

Hong Kong, 27 August 2012

*As at the date of this announcement, the Board comprises of Mr. Chao Pang Fei (executive Director), Mr. Wang Yi (executive Director), Ms. Hui Hongyan (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).*

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