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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 AND CONNECTED TRANSACTION ACQUISITION OF REMAINING 35% EQUITY INTEREST IN HEFEI RONGFENG PACKING MATERIALS CO., LTD.**

Independent financial advisor to  
The Independent Board Committee and the Independent Shareholders



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

#### **THE ACQUISITION**

On 30 December 2013, the Purchaser and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 35% equity interest in Hefei Rongfeng at the consideration of RMB10,425,900 (equivalent to approximately HK\$13,345,152).

The Company holds 65% equity interest in Hefei Rongfeng indirectly, upon completion of the Acquisition, Hefei Rongfeng will become an indirect wholly-owned subsidiary of the Company. Hefei Rongfeng is mainly engaged in the production and sales of EPS packaging products. Further details of Hefei Rongfeng are set out in the section headed “Information on Hefei Rongfeng”

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

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As the Vendor holds 35% equity interest in Hefei Rongfeng, the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the entering into the Acquisition Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the approval by the Independent Shareholders.

#### **RECOMMENDATION**

The Directors consider that the terms and conditions of the Acquisition and the transactions contemplated thereunder are fair and reasonable and in the best interest of the Shareholders as a whole. Accordingly, the Board recommends Shareholders to approve the Acquisition.

The Independent Board Committee has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of Messis Capital, considers that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole and recommends that the Independent Shareholders to approve the Acquisition Agreement and the transactions contemplated thereunder.

#### **SHAREHOLDERS' MEETING WAIVER**

No Shareholder has any material interest in the Acquisition, no Shareholder would be required to abstain from voting at extraordinary general meeting of the Company (if one was convened) convened to approve the Acquisition. Pursuant to the Rule 14A.43 of the Listing Rules, the Company has obtained a written approval (in lieu of holding a general meeting of the Company) regarding the Acquisition from Haijing Holdings, being the holder of 690,396,020 Shares, representing approximately 55.39% of the issued share capital of the Company as at the date of this announcement. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of considering and approving the Acquisition.

The Company expects that a circular containing, among other things, (i) details of the Acquisition Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible.

On 30 December 2013, the Purchaser and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 35% equity interest in Hefei Rongfeng at the consideration of RMB10,425,900 (equivalent to approximately HK\$13,345,152). Details of the Acquisition Agreement are set out below.

#### **THE ACQUISITION AGREEMENT**

**Date** 30 December 2013

#### **Parties**

The Purchaser: 合肥海景包裝制品有限公司 (Hefei Haijing Packing Materials Co., Ltd.), an indirect wholly-owned subsidiary of the Company;

The Vendor: 合肥興泰資產管理有限公司 (Hefei Xing Tai Asset Management Co., Ltd.), a company controlled by 合肥市人民政府國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government)

The Vendor holds 35% equity interest in Hefei Rongfeng, the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Save as disclosed above and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is independent of the Company and not connected with the Company, any Director(s), chief executive(s) or substantial Shareholder(s) of the Company or any of its subsidiaries or their respective associates.

### **Assets involved**

The Vendor's 35% equity interest in Hefei Rongfeng which is the state-owned equity interest. The Vendor must obtain approval from 合肥市人民政府國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government) for the transfer of 35% equity interest in Hefei Rongfeng. As at the date of this announcement, a written approval has been obtained from 合肥市人民政府國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government) in respect of the transfer of 35% equity interest in Hefei Rongfeng.

### **Consideration**

The consideration is RMB10,425,900 (equivalent to approximately HK\$13,345,152). The consideration will be funded by internal resources of the Group and/or bank borrowings.

The Vendor has engaged 安徽安聯信達資產評估事務所 (Anhui Allianz Cinda Asset Appraisal Company), which had won the bid in the tendering process organized by the 合肥市人民政府國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government) in respect of the Valuation of the net assets value of Hefei Rongfeng, to conduct the Valuation to assess the market value of the net assets value of Hefei Rongfeng as at 31 March 2013 for the sole purpose of the transfer of the state-owned assets in relation to the Vendor's 35% equity interest in Hefei Rongfeng. The Valued Amount is RMB29,788,200. The consideration of RMB 10,425,900 represents approximately 35% of the Valued Amount.

The consideration was determined after arm's length negotiations between the parties after having taken into account, among other things, (i) the Valued Amount of Hefei Rongfeng; and (ii) client base and business prospects of Hefei Rongfeng. Taking the above factors into account, the Directors are of the view that the terms of the Acquisition Agreement and consideration are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Completion**

Completion of the Acquisition shall take place within 1 month from the date of Acquisition Agreement, or such later date as may be agreed in writing between the Vendor and the Purchaser. Upon completion of the Acquisition, Hefei Rongfeng will become an indirect wholly-owned subsidiary of the Company.

### **INFORMATION ON HEFEI RONGFENG**

Hefei Rongfeng is a sino-foreign equity joint venture company, of which 65% equity interest is owned by Yearfull International and 35% equity interest is owned by the Vendor. The paid-up capital of Hefei Rongfeng is RMB30,000,000 of which RMB19,500,000 was contributed by the Yearfull International and RMB10,500,000 was contributed by the Vendor respectively. Hefei Rongfeng is mainly engaged in the production and sales of EPS packaging products.

Set out below is the financial information of Hefei Rongfeng based on its respective unaudited management accounts prepared in accordance with accounting principles generally accepted in Hong Kong for the two years ended 31 December 2012.

	<b>For the year ended 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>RMB('000)</b>	<b>RMB('000)</b>
Turnover	88,480	69,493
Profit before taxation	1,799	263
Profit after taxation	1,324	34
	<b>As at 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>RMB('000)</b>	<b>RMB('000)</b>
Net assets value	32,122	32,156

### **REASONS FOR THE ACQUISITION OF 35% EQUITY INTEREST IN HEFEI RONGFENG**

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 mainly engaged in the production and sales of EPS packaging products.

Since the Vendor holds 35% equity interest in Hefei Rongfeng, the Group has to acknowledge the Vendor in relation to how to allocate the purchase orders among the three subsidiaries in Hefei. In addition, Hefei Rongfeng is required to obtain prior written approval from the Vendor in relation to the application of any banking facilities.

Upon completion of the Acquisition, Hefei Rongfeng will become an indirect wholly-owned subsidiary of the Company, and therefore, the Group will have greater flexibility for the allocation of purchase orders and resources among the three wholly-owned subsidiaries located in Hefei, thereby increasing synergies and will further enhance the service to the customers located in Hefei.

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

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As the Vendor holds 35% equity interest in Hefei Rongfeng, the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the entering into the Acquisition Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the approval by the Independent Shareholders.

### **RECOMMENDATION**

The Directors consider that the terms and conditions of the Acquisition and the transactions contemplated thereunder are fair and reasonable and in the best interest of the Shareholders as a whole. Accordingly, the Board recommends Shareholders to approve the Acquisition.

The Independent Board Committee has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of Messis Capital, considers that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole and recommends that the Independent Shareholders to approve the Acquisition Agreement and the transactions contemplated thereunder.

## **SHAREHOLDERS' MEETING WAIVER**

No Shareholder has any material interest in the Acquisition, no Shareholder would be required to abstain from voting at extraordinary general meeting of the Company (if one was convened) convened to approve the Acquisition. Pursuant to the Rule 14A.43 of the Listing Rules, the Company has obtained a written approval (in lieu of holding a general meeting of the Company) regarding the Acquisition from Haijing Holdings, being the holder of 690,396,020 Shares, representing approximately 55.39% of the issued share capital of the Company as at the date of this announcement. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of considering and approving the Acquisition.

The Company expects that a circular containing, among other things, (i) details of the Acquisition Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible.

## **DEFINITIONS**

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

“Acquisition”	acquisition of 35% equity interest in Hefei Rongfeng
“Acquisition Agreement”	the equity transfer agreement dated 30 December 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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

“Haijing Holdings”	Haijing Holdings Limited 海景控股有限公司, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Chao Pang Fei, the chairman and an executive Director of the Company, holding approximately 55.39% of the entire issued share capital of the Company within the meaning of Part XV of the SFO as at the date of this announcement
“Hefei Rongfeng”	合肥榮豐包裝制品有限公司 (Hefei Rongfeng Packing Materials Co., Ltd.), a sino-foreign equity joint venture company established in the PRC on 17 May 2007
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the three independent non-executive Directors, namely, Mr. Ho Ka Wing, Mr. Sin Ka Man and Ms. Chen Hongfang has been established for the purpose of giving recommendation to the Independent Shareholders regarding the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than the Vendor and its associates and those who have no material interest in the Acquisition Agreement
“Messis Capital”	Messis Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	合肥海景包裝制品有限公司 (Hefei Haijing Packing Materials Co., Ltd.), a wholly foreign-owned enterprise established in the PRC on 3 January 2001, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

“Valuation”	the valuation of the market value of the net assets value of Hefei Rongfeng as at 31 March 2013 for the sole purpose of the transfer of the state-owned equity interest by 安徽安聯信達資產評估事務所 (Anhui Allianz Cinda Asset Appraisal Company)
“Valued Amount”	the market value of the net assets value of Hefei Rongfeng as at 31 March 2013 assessed by 安徽安聯信達資產評估事務所 (Anhui Allianz Cinda Asset Appraisal Company)
“Vendor”	合肥興泰資產管理有限公司 (Hefei Xing Tai Asset Management Co., Ltd.), a company controlled by 合肥市人民政府國有資產監督管理委員會 (Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government)
“Yearfull International”	Yearfull International Limited, a limited company incorporated in Hong Kong on 2 October 2007, which is an indirect wholly-owned subsidiary of the Company. Yearfull International holds 65% of equity interest in Hefei Rongfeng directly
“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\$1.28 has been used for conversion.*

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

Hong Kong, 30 December 2013

*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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