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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)

FURTHER INFORMATION ON THE DISCLOSEABLE TRANSACTION

Reference is made to the announcement (the “**Announcement**”) of Sino Haijing Holdings Limited (the “**Company**”) dated 5 August 2016 in relation to the Acquisition and issue of Consideration Shares and Remuneration Shares under General Mandate. Terms defined in the Announcement shall have the same meanings when used herein unless the context requires otherwise.

Save for the information provided in the Announcement, the Company would like to disclose further information regarding the business model of the Target Group, the management team of the Target Group, the conditions precedent status, the valuation, the reason and benefits of the Acquisition to the Company and settlement of professional fee by means of issue of remuneration shares.

BUSINESS MODEL OF THE TARGET GROUP

Under the Management Agreement, Jiafu Fuqiao has agreed to grant the use of operational resources such as its brand and business model to certain physical therapy and healthcare massage shops operating in the PRC. Those physical therapy and healthcare massage shops will operate their business activities under the unified operation system of Jiafu Fuqiao and pay entrustment fees and management fees to Jiafu Fuqiao. The entrustment fee and management fee for each newly recruited massage shop will be a lump sum of RMB1.0 million and RMB35 per square meter multiplied by the total area of the massage shop, respectively.

Upon the incorporation of Aniuge, Jiafu Fuqiao and the physical therapy and healthcare massage shops have mutually agreed to respectively enter into a new management agreement with Aniuge to replace the Management Agreement, with the terms remain unchanged.

The Company has no further capital commitment on the development of the Target Group’s business other than the Consideration.

The Management Agreement

Parties: Jiafu Fuqiao and certain physical therapy and healthcare massage shops

Term: 5 years

The major terms of the Management Agreement is as follow:

Upon the incorporation of Aniuge, Jiafu Fuqiao and the physical therapy and healthcare massage shops have mutually agreed to respectively enter into a new management agreement with Aniuge to replace the Management Agreement, with the terms remain unchanged.

Rights and obligations of Jiafu Fuqiao

Jiafu Fuqiao shall:

1. manage the daily operation and management of the physical therapy and healthcare massage shop solely;
2. receive entrustment fee from physical therapy and healthcare massage shops pursuant to the stipulation of the Management Agreement and the agreed management fee payable after the commencement of the physical therapy and healthcare massage shop;
3. understand the daily operation data of the physical therapy and healthcare massage shop;
4. organize and implement preparation works for the commencement of the physical therapy and healthcare massage shop, such as the improvement and decoration work;
5. assist physical therapy and healthcare massage shops to apply for business licence of the physical therapy and healthcare massage shop;
6. take up the commission of physical therapy and healthcare massage shops to manage the physical therapy and healthcare massage shop, including daily operations and financial management;
7. provide and train skilled operation staff required for the operation of the physical therapy and healthcare massage shop; and
8. send technical personnel to the physical therapy and healthcare massage shop periodically to provide technical guidances, train and improve management staffs of the physical therapy and healthcare massage shop continuously and provide 5-year technical and management warranty for the massage shop.

Rights and Obligations of Physical Therapy and Healthcare Massage Shops

Each physical therapy and healthcare massage shop shall:

1. admit and recognise the operation concept and management method of Jiafu Fuqiao's cooperate with Jiafu Fuqiao to prepare for the smooth commencement, as well as the operation and management of the massage shop; and comply with management systems established by Jiafu Fuqiao;
2. pay entrustment fee and management fees to Jiafu Fuqiao in time;
3. send daily short reports to headquarter in respect of turnover and revenue to enable headquarter to understand the operating massage shop;
4. acquire or take on lease the operation venues required for the physical therapy and healthcare massage shop and bear the site acquisition fees or rents;
5. bear all costs required for the operation of the physical therapy and healthcare massage shop, including but not limited to rents, improvement and decoration fees, equipment acquisition fees, start-up costs, staff recruitment costs, subsequent training fees, staff salaries, utilities, property management fees, installment, update and maintenance fees of equipment and facilities, taxation and periodic travelling fees of management personnel of Jiafu Fuqiao sent to the physical therapy and healthcare massage shop for guidance;
6. dispatch authorised representatives to the physical therapy and healthcare massage shop as general managers to supervise the operation of the physical therapy and healthcare massage shop, review and confirm related financial expenses and attend material meetings and trainings of Jiafu Fuqiao. In the event of change of authorized representatives by physical therapy and healthcare massage shops, Jiafu Fuqiao shall be given one week notice in advance;
7. be entitled to and responsible for the operation results of the physical therapy and healthcare massage shop;
8. be responsible for the procedures required for the operation of the physical therapy and healthcare massage shop, including but not limited to procedures for business licences, fire fighting and hygiene, and bear the costs incurred; and
9. coordinate and maintain external relationships of the physical therapy and healthcare massage shop.

Staff Training

1. Staff are trained by Jiafu Fuqiao or Anuige and referred by Jiafu Fuqiao to physical therapy and healthcare massage shops to ensure normal business operation of physical therapy and healthcare massage shops with suitable management and skilled staff;
2. Jiafu Fuqiao manage the staff hired by physical therapy and healthcare massage shops in accordance with relevant management system. Jiafu Fuqiao will recommend a shop manager and several managers to physical therapy and healthcare massage shops to manage physical therapy and healthcare massage shop based on actual situation;
3. Costs such as staff wages, labour and social insurance shall be assumed by Jiafu Fuqiao.

MANAGEMENT TEAM OF THE TARGET GROUP

Having considered that the Board and the Company's management does not possess any experience in the Target Group's business, the Purchaser will, upon or after Completion, nominate the Vendor or a representative of the Vendor to be one of the director(s) of Aniuge, and the Vendor irrevocably and unconditionally undertakes to the Purchaser that the Vendor or a representative of the Vendor shall accept such nomination from the Purchaser and shall be responsible for the daily operation and management of the business of Aniuge within the period of time as determined by the Purchaser pursuant to the Sale and Purchase Agreement.

The management team of Aniuge will be as follows:

Ms. Liang Yanzhi (梁豔芝) will be appointed as chief executive officer of Aniuge. She graduated in master of business administration. She has been re-elected as chief executive officer of headquarter in Jiafu Fuqiao JHealth Club* (重慶家富富僑健康產業股份有限公司) for six years. She has granted the licences of 119 large health clubs, and manage approximately 600 retail health clubs and franchise health clubs.

Mr. Zhang Liang (張亮) will be appointed as chief operation officer of Aniuge. He has more than 8 years of experience in foot health care enterprises. He was the deputy manager of headquarter in Jiafu Fuqiao JHealth Club*. He is experienced and specialized in marketing, management training, operation, single-store operations analysis, franchising system construction.

Ms. Zeng Ren (張芳) will be appointed as head of the human resource department of Aniuge. She has the experience in preparation of more than 50 franchise store of Jiafu Fuqiao JHealth Club* with extensive industry resources and proficient human resource management.

Mr. Lu Jincheng (盧金誠) will be appointed as technical director of Aniuge. He joined Jiafu Fuqiao JHealth Club* and named the store as “Neijiang City Fuqiao Leisure Health Center” (內江市富僑保健休閒中心) in January 2001. He was appointed as general manager in Qingdao Jiafu Fuqiao JHealth Club (青島家富富僑健康產業有限公司) and appointed as deputy general manager in Jiafu Fuqiao JHealth Club*. He has more than sixteen years of experience in foot health care industry.

Ms. Wang Yihong (王一紅) will be appointed as marketing director of Aniuge. She has more than 11 years experience in health care industry. She had been appointed as central district enterprise-establishing (中區招商) deputy general manager. He has established dozens of successful franchise agent company.

CONDITIONS PRECEDENT STATUS

As at the date of this announcement, the Company do not intend to waive any Conditions Precedent, the status of fulfillment of the Conditions Precedent is as follow:

Conditions Precedent	Status
(a) the listing committee of the Stock Exchange having granted or agreed to grant the listing of, and permission to deal in, the Consideration Shares;	Pending
(b) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Group in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder have been obtained and remain in full force and effect;	Pending
(c) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder have been obtained and remain in full force and effect;	Pending
(d) the Purchaser being satisfied with the results of its financial, legal and business due diligence conducted on the Target Group;	Pending
(e) the representations, warranties and undertakings given by the Vendor have remained true and accurate in all respects and not misleading;	Pending

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| (f) | the Purchaser having obtained a legal opinion (in the form and substance to the reasonable satisfaction of the Purchaser) from the PRC legal adviser appointed by the Purchaser in respect of the transactions contemplated under the Sale and Purchase Agreement, including but not limited to the due incorporation and subsistence of, and the ownership of equity interest in, Aniuge, and the legality of the business conducted by Aniuge; | Pending |
| (g) | the Purchaser having obtained the valuation report (in the form and substance satisfactory to the Purchaser) from an independent professional valuer appointed by the Purchaser with the valuation of the Target Group of not less than HK\$90 million; | Fulfilled |
| (h) | the Purchaser being reasonably satisfied that there has not been any material adverse change in the Target Group since the date of the Sale and Purchase Agreement; | Pending |
| (i) | Jiafu Fuqiao having respectively entered into the Management Agreement with not less than 8 physical therapy and healthcare massage shops which are acceptable to the Purchaser, pursuant to which Aniuge will be granted the management rights of the relevant physical therapy and healthcare massage shops; and | Fulfilled |
| (j) | Jiafu Fuqiao shall incorporate Aniuge as the wholly-owned subsidiary of Jiafu Fuqiao. | Pending |

VALUATION

Further Assumptions of Valuation

Other than the principal assumptions, including commercial assumptions, upon which the valuation is based as disclosed in the announcement dated 5 August 2016, analysis on the fair and reasonableness of management fees and entrustment fees has been conducted with the following factors considered:

- the existing management agreements signed between Jiafu Fuqiao and the massage shop owners

- the experience and track records of the management team of Jiafu Fuqiao
- the size of massage shops
- target at premium service market
- the complexity and varieties of services, particularly the staff training support, provided for the popular operations of the massage shops

In addition, analysis on the fair and reasonableness of discount rate applied in the valuation has been conducted with the following factors and assumptions considered:

- the discount rate based on comparable companies in the healthcare industries
- the expected rate of return on the equity is approximately 8.3%
- the additional risk premiums including 6.01% as size premium for small size company
- 5% for specific risk premium that reflects the uncertainty for new startup business

REASONS AND BENEFITS OF THE ACQUISITION

Given that the Target Group does not have any previous business activities nor track record and Aniuge is yet to be incorporated, having considered that (i) the business development opportunity and prospect of the Target Group; (ii) the appraised value of the Target Group of HK\$91.8 million as at 30 June 2016 adopting income approach using discounted cash flow method with the assumptions set out under the section headed “Assumptions of Valuation” as disclosed in the announcement of the Company dated 5 August 2016 and the section headed “Further Assumptions of Valuation” as disclosed in this announcement prepared by Witz International Consultants Group Limited, an independent professional valuer; (iii) Jiafu Fuqiao has respectively entered into eight Management Agreements with physical therapy and healthcare massage shops which are acceptable to the Purchaser pursuant to which Aniuge will be granted the management rights of the relevant physical therapy and healthcare massage shops; (iv) Jiafu Fuqiao has respectively entered into memorandum of understanding with five parties which are acceptable to the Purchaser pursuant to which the parties intended to further enter the Management Service Agreement prior the entering of the Sale and Purchase Agreement; and (v) the experience of the management of Aniuge in operating the management company in regarding the physical therapy and healthcare massage shops business, the Board is of the view that the Acquisition is in the interest of the Company.

SETTLEMENT OF PROFESSIONAL FEE BY MEANS OF ISSUE OF REMUNERATION SHARES

Chanceton Capital has been the financial adviser to the Company in respect of the provision of continuing financial advisory service to the Company. For the continuing financial advisory service provided to the Company by Chanceton Capital for the period started since 18 January 2016, part of the financial advisory fee will be satisfied by the issue of 10,000,000 remuneration Shares payable to Chanceton Capital at an issue price of HK\$0.12 per Remuneration Share A which is not subject to the completion of the Acquisition.

Mr. Han Ning has been the PRC legal adviser to the Company in respect of the provision of the PRC legal advisory service to the Company for the period started since 1 May 2015. For the PRC legal advisory service provided to the Company by Mr. Han Ning, the PRC legal advisory fee will be fully satisfied by the issue of 10,000,000 remuneration Shares to Mr. Han Ning at an issue price of HK\$0.12 per Remuneration Share B which is not subject to the completion of the Acquisition.

CLARIFICATION

The Company noted inadvertent errors in the Announcement and wishes to make the following clarifications:

On page 7 of the Announcement, the context should read as follows with the change duly underlined:

To establish a global leading health-management institution, the existing elite executives of Jiafu Fuqiao JHealth Club* which is a leading healthcare brand and a large chain institution in China, have been engaged to take full responsibilities of the operation and management of Aniuge.

The ultimate beneficial owner of the Vendor, Ms. Liang Yanzhi was the former chief executive officer of headquarter in Jiafu Fuqiao JHealth Club*.

By order of the Board
Sino Haijing Holdings Limited
Li Zhenzhen
Executive Director

Hong Kong, 11 August 2016

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

* *For identification purposes only*