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## **China Jinhai International Group Limited**

**中國金海國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 139)**

**(Stock Code of Warrants: 1436)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF KING PLACE INVESTMENTS LIMITED**

#### **THE DISPOSAL AND THE CONDITIONAL AGREEMENT**

On 12 May 2015 (after trading hours), Sino Green as Vendor and Future Master as Purchaser entered into the Conditional Agreement pursuant to which Sino Green has agreed to sell and Future Master has agreed to purchase or procure to purchase the Sale Shares together with assignment of the Loan for a Consideration of HK\$94 million. Details of the Conditional Agreement are set out under the paragraph headed “The Conditional Agreement” below.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

#### **THE DISPOSAL**

On 12 May 2015 (after trading hours), Sino Green as Vendor and Future Master as Purchaser entered into the Conditional Agreement pursuant to which Sino Green has agreed to sell and Future Master has agreed to purchase or procure to purchase the Sales Shares together with assignment of the Loan for a Consideration of HK\$94 million.

\* *for identification purposes only*

## **THE CONDITIONAL AGREEMENT**

Set out below are the principal terms of the Conditional Agreement:

### **Parties**

(1) Vendor: Sino Green, an indirect wholly owned subsidiary of the Company

(2) Purchaser: Future Master Investments Limited

The principal activity of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined under the Listing Rules).

### **Sale and purchase of the Sale Shares and assignment of the Loan**

The Sale Shares represents the entire issued share capital of King Place as at the date of this announcement. King Place is the sole legal and beneficial owner of the Property. The principal activity of King Place is the holding of the Property. The Property is known as 15th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong. The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively. The market value of the Property as at 31 March 2015 in accordance with valuation conducted by an independent valuer appointed by the Vendor was HK\$92 million.

The Loan amounted to approximately HK\$31,396,000 as at 30 April 2015.

### **Consideration**

The aggregate consideration payable for the sale of the Sale Shares together with the assignment of the benefit of and interest in the Loan shall be HK\$94 million.

HK\$9.4 million has been paid as the Deposit by the Purchaser upon the execution of the Conditional Agreement and the balance in the sum of HK\$84.6 million shall be payable in full on the Completion Date.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the market value of the Property of HK\$92 million as at 31 March 2015 as per valuation conducted by an independent professional valuer; (ii) the amount of net assets of King Place of approximately HK\$60,001,000 as per its unaudited statement of financial position as at 30 April 2015 (after taking into account of the Loan); and (iii) the Loan amounted to approximately HK\$31,396,000 as at 30 April 2015.

## **Conditions precedent**

Completion shall be subject to and conditional upon (i) the approval of the Conditional Agreement and transactions contemplated thereunder by the Shareholders in accordance with the Listing Rules, if required; (ii) the due diligence review to be carried out having been completed to the satisfaction of the Purchaser in its sole discretion; and (iii) if applicable, the obtaining of all consents or waiver from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Conditional Agreement and any of the transactions contemplated thereunder.

## **Termination**

If the above-mentioned conditions precedent are not fulfilled (or waived by the Purchaser for the above-mentioned conditions precedent (ii)) on or before 5:00 p.m. on 30 June 2015 (or such later date as may be agreed between the Vendor and the Purchaser in writing), (i) the Conditional Agreement shall terminate and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Conditional Agreement for costs, damages, compensation or otherwise; and (ii) the Vendor shall within three Business Days refund the Deposit so paid by the Purchaser to the Vendor pursuant to the Conditional Agreement to the Purchaser in full without any interest.

## **Completion**

Completion of the sale and purchase of the Sale Shares shall take place the second (2nd) Business Day after the date on which the Conditions shall have been satisfied or, if appropriate, waived (or on such other date as the parties hereto may agree in writing).

If for any cause (other than the default of the Vendor) the Purchaser fails to complete the purchase of the Sale Shares and assignment of the Loan in accordance with the terms of the Conditional Agreement after the conditions precedent have been satisfied, the Deposit paid by the Purchaser to the Vendor shall be absolutely forfeited to the Vendor as damages without further notice and the Vendor may rescind the sale and resell the Sale Shares and the Loan at such terms which it may think fit.

If for any cause (other than the default of the Purchaser) the Vendor fails to complete the sale of the Sale Shares in accordance with the terms of the Conditional Agreement after the conditions precedent have been satisfied, the Deposit paid by the Purchaser to the Vendor shall be returned to the Purchaser forthwith together with a payment of an additional sum equals to the amount of the Deposit by the Vendor to the Purchaser as damages and the Purchaser shall then have no further claims including specific performance against the Vendor.

## INFORMATION ON KING PLACE AND THE PROPERTY

King Place is a company incorporated in the British Virgin Islands with limited liability and the investment vehicle of Sino Green for the holding of the Property. The Property is known as 15th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong. The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively. Part of the Property with a saleable area of approximately 2,876 square feet has been rented out under a licence agreement for a term of 3 years commencing from 12 July 2012 to 11 July 2015 at a monthly rental of \$80,000.

Based on the audited consolidated accounts of King Place, as at 31 December 2014, the amount of net assets of King Place was approximately HK\$351,000 (after taking into account of the Loan of approximately HK\$31,828,000 at 31 December 2014) and the carrying value of the Property was approximately HK\$29,481,000. The market value of the Property as at 31 March 2015 in accordance with valuation conducted by an independent professional valuer appointed by the Vendor were HK\$92 million.

According to its audited accounts, the net profit before and after taxation and extraordinary items of King Place are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before taxation and extraordinary items	463	685
Net profit after taxation and extraordinary items	342	614

King Place will cease to be subsidiary of the Group after Completion.

## INFORMATION ON THE GROUP

The Group is principally engaged in (i) trading and distribution of electronic products and other merchandise; (ii) securities investment and trading; (iii) the research and development of integrated circuit technology; and (iv) money lending business.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

Originally, the Board intended to use the Property as the head office for the Group since the rental agreement of the existing head office in Wanchai would be expired shortly. It is also expected that the Group can capture the capital gains on the Property in the rising Hong Kong property market. However, over the last few months, the Group has been reviewing the investment in Hong Kong property market, the Group believes that the upside potential of property values may be limited in terms of prices and rental rate. In addition, the Group has renewed the rental agreement for a period of three years at a very bargain rental rate. As such, the Group decided to dispose the property at the current market price.

Therefore, the Board considers that the Disposal including the terms of the Conditional Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL**

Based on the preliminary assessment of the management accounts of King Place as at 30 April 2015, the Group is expected to recognise a net profit of approximately HK\$2.52 million (subject to audit) upon the Disposal, which represents the Consideration of HK\$94 million less the amount of net investment in King Place of approximately HK\$91.3 million as at 30 April 2015 and taking into consideration of the estimated transaction cost of approximately HK\$0.18 million for the Disposal.

The net proceeds from the Disposal of approximately HK\$93.82 million will be used by the Group for general working capital purposes.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders' approval requirement, under Rule 14.33 of the Listing Rules.

## **DEFINITIONS**

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

- “Board”** means the board of Directors;
- “Business Day”** means a day on which banks in Hong Kong are open for business, other than:-  
(i) a Saturday;  
(ii) a Sunday; and  
(iii) public holiday;
- “Company”** means China Jinhai International Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 139);
- “Completion”** means the completion of the sale and purchase of the Sale Shares and the assignment of the Loan pursuant to the Conditional Agreement;

<b>“Completion Date”</b>	means the second Business Day after the date on which all of the conditions precedent of the Conditional Agreement shall have been satisfied or waived (or such other date and/or time as the parties thereto may agree from time to time) and where Completion shall take place;
<b>“Conditional Agreement”</b>	means the Conditional agreement (including its schedules and exhibits) dated 12 May 2015 entered into between Sino Green and Future Master in relation to, amongst other things, the sale and purchase of the entire issued share capital in King Place and the assignment of the Loan;
<b>“Deposit”</b>	means deposit and part payment of HK\$9.4 million payable by the Purchaser pursuant to the Conditional Agreement;
<b>“Director(s)”</b>	means the director(s) of the Company;
<b>“Disposal”</b>	means the disposal of the Sale Shares and the Loan pursuant to the Conditional Agreement;
<b>“Future Master” or “Purchaser”</b>	means Future Master Investments Limited, a company incorporated in the British Virgin Islands with limited liability;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	means Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“King Place”</b>	means King Place Investments Limited (京軒投資有限公司), a company incorporated in the British Virgin Islands with limited liability and is the sole registered and beneficial owner of the Property;
<b>“Loan”</b>	means the outstanding unsecured and non-interest bearing shareholder loan advanced by Sino Green to King Place which is repayable on demand;
<b>“Property”</b>	means the commercial property known as 15th Floor, China United Centre, “No. 28 Marble Road” No. 28 Marble Road, North Point, Hong Kong;
<b>“Sale Shares”</b>	means one hundred shares of US\$1.00 each in the issued share capital of King Place, representing the entire issued share capital of King Place as at the date of this announcement;

“Sino Green” or “Vendor”	means Sino Green Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company;
“Share(s)”	means ordinary share(s) of the Company;
“Shareholder(s)”	means shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“US\$”	means United States dollar, the lawful currency of the United States of America.

By Order of the Board  
**China Jinhai International Group Limited**  
**Wong Haixiong**  
*Chairman*

Hong Kong, 12 May 2015

*As at the date of this announcement, the Board of the Company comprises:*

***Executive Directors***

Mr. Wang Haixiong (*Chairman*)  
Mr. Wong Howard  
Mr. Wong Yat Fai  
Ms. Davis Angela Hendricks  
Ms. Chen Wei  
Mr. Zhan Jianzhou

***Independent non-executive Directors***

Mr. Li Chi Ming  
Mr. Kwok Chi Kwong  
Mr. Chen Youchun  
Mr. Frank H. Miu  
Mr. Tsang Wing Ki