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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
SUPPLEMENTAL AGREEMENT TO THE ACQUISITION OF 100% SHAREHOLDING INTERESTS IN THE TARGET COMPANY

Reference is made to the announcement (the "**Previous Announcement**") of Sino Haijing Holdings Limited (the "**Company**") dated 26 January 2017 in relation to the Sale and Purchase Agreement on the Acquisition. Terms defined in the Previous Announcement shall have the same meanings when used herein unless the context requires otherwise.

SUPPLEMENTAL AGREEMENT

The Board announces that on 21 March 2017 (after trading hours), after arm's length negotiations, the Purchaser, the Vendors and the Vendors' Guarantors entered into the Supplemental Agreement to amend certain terms and conditions of the Sale and Purchase Agreement.

The principal terms of the Supplemental Agreement are summarised as follows:

Settlement of the Consideration

Pursuant to the original terms of the Sale and Purchase Agreement, the Consideration of RMB160,000,000 (HK$179,200,000) comprised: (a) the Earnest Money of RMB10,000,000 which was already paid by the Company within three business days after the signing of the MOU; (b) HK$56,000,000 (RMB50,000,000) which shall be settled by the issue of 280,000,000 First Tranche Consideration Shares by the Company at the issue price of HK$0.20 per Share on Completion; and (c) HK$112,000,000 (RMB100,000,000) which shall be settled by the issue of 560,000,000 Second Tranche Consideration Shares by the Company at the issue price of HK$0.20 per Share on Completion and deposited with the Escrow Agent pending the determination on satisfaction of the Profit Guarantee.

Pursuant to the Supplemental Agreement, the total amount of the Consideration and the manner of payment of the Earnest Money and the First Tranche Consideration Shares remain unchanged, but the Second Tranche Consideration Shares are replaced by the issue by the Company on Completion of zero coupon Convertible Bonds with a principal amount of HK$112,000,000 putting on escrow with the Purchaser (instead of the Escrow Agent) pending the determination on satisfaction of the Profit Guarantee on the Settlement Date, which shall take place before the Determination Date of the Profit Guarantee (i.e. before 31 March 2018).

Conditions Precedent

Pursuant to the original terms of the Sale and Purchase Agreement, Completion is subject to, inter alia, (viii) the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Consideration Shares (which originally refer to the First Tranche Consideration Shares plus the Second Tranche Consideration Shares).

Pursuant to the Supplemental Agreement, condition precedent (viii) is amended to the effect that Completion is subject to, inter alia, the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the First Tranche Consideration Shares and the Conversion Shares (which are issuable upon the exercise of the Convertible Bonds).

Profit Guarantee

Pursuant to the Supplemental Agreement, in the event that the Actual Profit is less than the Guaranteed Profit, the Vendors and the Vendors' Guarantors shall compensate the difference by surrendering the proportionate principal amount of the Convertible Bonds (the "**Surrendered Bonds**") back to the Purchaser for cancellation by the Company, based on the formula below:

Surrendered Bonds = (Guaranteed Profit – Actual Profit)/Guaranteed Profit × Principal amount of the Convertible Bonds

The balance (if any) of the Convertible Bonds after deducting the Surrendered Bonds (the "**Released Bonds**") will be released by the Purchaser to the Vendors on the Settlement Date based on the formula below:

Released Bonds = Actual Profit/Guaranteed Profit × Principal amount of the Convertible Bonds

For the avoidance of doubt, if the Target Group recorded loss before tax for the financial year ended 31 December 2017, the Actual Profit shall be treated as zero when calculating the Surrendered Bonds using the above formula.

The Company is satisfied that the economic consequence of the revised mechanism of the profit guarantee undertaken by the Vendors and the Vendors' Guarantors under the Supplemental Agreement is largely the same as the original profit guarantee mechanism set out in the Sale and Purchase Agreement, save and except the fact that Convertible Bonds (instead of the Second Tranche Consideration Shares) are issued by the Company on Completion pending the determination on satisfaction of the Profit Guarantee. In particular, the amount of the Guaranteed Profit of the Target Group for the year ending 31 December 2017 remains at RMB15,000,000 and the Determination Date of the Profit Guarantee (i.e. the deadline for the Settlement Date) remains on 31 March 2018.

THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK$112,000,000
Maturity date	:	31 March 2018 (i.e. the Determination Date of the Profit Guarantee)
Interest rate	:	The Convertible Bonds do not carry any interest.
Repayment obligations	:	Save and except upon the occurrence of an Event of Default, the Convertible Bonds shall in no event be repayable. Depending on the outcome of the determination on satisfaction of the Profit Guarantee, the Released Bonds will be automatically converted into Shares at 4:00 p.m. of the Maturity Date, and the Surrendered Bonds will forthwith be surrendered to the Purchaser for the Company's cancellation by way of compensation upon the determination of the Profit Guarantee on the Settlement Date. In other words, save and unless there has been any Event of Default prior to the Maturity Date, no part of the Convertible Bonds is repayable by the Company at any time and in any event.
Conversion Price	:	HK$0.20 per Conversion Share, subject to adjustments on the occurrence of the Adjustment Events.

The Conversion Price represents:

(a) a premium of approximately 15.6% to the closing price of HK$0.173 per Share as quoted on the Stock Exchange on the date of signing of the Supplemental Agreement;

(b) a premium of approximately 16.3% to the average closing price of HK$0.172 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Supplemental Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Vendors, having taken into account the average closing price of the Shares for the five consecutive trading days immediately prior to the date of the Supplemental Agreement. The Conversion Price is the same as the issue price of the Second Tranche Consideration Shares as originally contemplated in the Sale and Purchase Agreement.

Conversion Shares : Based on the initial Conversion Price of HK$0.20, 560,000,000 Conversion Shares will be allotted and issued upon exercise in full of the Conversion Rights attaching to the Convertible Bonds.

The Conversion Shares will represent: (i) approximately 5.4% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares assuming the conversion rights attaching to the Convertible Bonds are exercised in full.

Conversion Period	: The Convertible Bonds are not convertible until the Maturity Date. Depending on the outcome of the determination on satisfaction of the Profit Guarantee, only the Released Bonds will be automatically converted into Shares at 4:00 p.m. of the Maturity Date. For the avoidance of doubt, the Surrendered Bonds will forthwith be surrendered to the Purchaser for the Company's cancellation by way of compensation upon the determination of the Profit Guarantee on the Settlement Date, and is not convertible into Shares at any time and in any event.
Conversion restrictions	: Conversion right of the Convertible Bonds shall not be exercised by the Bondholder if such exercise will cause: (i) the Bondholder and parties acting in concert with it to control or be interested in, will directly or indirectly. more than 29.9% of the Company's total issued shares (or such percentage of voting rights of the Company which the Bondholder would be obliged to make a general offer under the Takeovers Code); and (ii) the Company to be unable to meet the public float requirements under the Listing Rules.
Redemption	: The Convertible Bonds are not redeemable by the Bondholders, but may be redeemed by the Company at any time prior to the Maturity Date in whole or in part (in integral multiples of HK$100,000) of the outstanding principal amount of the Convertible Bonds.
Adjustment events	: Provided that the adjustment will not result in the Conversion Price falling below the nominal value of the Shares, the Conversion Price shall from time to time be adjusted upon the occurrence of the following events (the "Adjustment Events"): (i) an alteration of the nominal amount of the Shares by reason of any consolidation or sub-division;

(ii) an issue of Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), other than in lieu of a cash dividend; or

(iii) a capital distribution.

Events of default	:	The Convertible Bonds shall be repayable within 10 days upon the occurrence of the following events (each, an "Event of Default"): (a) an order is made or an effective resolution passed for winding-up or dissolution of the Company, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, or merger; or (b) an encumbrancer takes possession or a receiver is appointed of the whole of the assets; or (c) the Company, under any applicable bankruptcy or insolvency law, proposes or agrees to proceed with such proceedings, or makes an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts.
Transferability	:	The Convertible Bonds or any part(s) thereof may not be assigned or transferred or pledged as security prior to the Maturity Date.
Voting	:	Bondholders will not be entitled to attend or vote at any Shareholders' meetings of the Company.
Listing	:	No application will be made by the Company for the listing or permission to deal in the Convertible Bonds on the Stock Exchange. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Ranking of the Conversion Shares	: Shares issued upon conversion will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

The Directors are of the view that the terms of the Convertible Bonds are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL MANDATE

The 280,000,000 First Tranche Consideration Shares represent approximately 2.7% of the issued share capital of the Company of 10,352,800,252 Shares as at the date of this announcement, and approximately 2.6% of the issued share capital of the Company as enlarged by the allotment and issue of the First Tranche Consideration Shares (assuming there is no other change in the issued share capital of the Company other than the issue of the First Tranche Consideration Shares since the date of this announcement up to the date of the Completion).

As disclosed in the Previous Announcement, the 280,000,000 First Tranche Consideration Shares will be issued by the Company pursuant to the Refreshed General Mandate granted to the Directors at the Company's extraordinary general meeting held on 21 November 2016. Under the Refreshed General Mandate, the Company was authorised to issue up to 2,070,560,050 Shares. As at the date of the Previous Announcement, the Company has not issued any Shares under the Refreshed General Mandate and so the issue of the 280,000,000 First Tranche Consideration Shares is under the authority of the Refreshed General Mandate.

No Shares were issued by the Company under the Refreshed General Mandate since the date of the Previous Announcement up to the date of this announcement. Accordingly, the 560,000,000 Conversion Shares falling to be issued upon conversion of the Convertible Bonds will also be issued by the Company under the Refreshed General Mandate. Assuming that the Acquisition proceeds to Completion, the 280,000,000 First Tranche Consideration Shares and the 560,000,000 Conversion Shares falling to be issued upon conversion of the Convertible Bonds will utilise approximately 40.57% of the Refreshed General Mandate. After the First Tranche Consideration Shares and the Convertible Bonds are issued, the Directors will still have the power to issue up to 1,230,560,050 Shares under the Refreshed General Mandate (assuming that the Company has not allotted and issued any other new Shares). Accordingly, the issue of the First Tranche Consideration Shares and the Convertible Bonds is not subject to the Shareholders' approval.

The Conversion Price (and hence the number of Conversion Shares falling to be issued on exercise of the Convertible Bonds) is subject to adjustment upon the occurrence of the Adjustment Events. To ensure that the adjustment mechanisms applicable to the Conversion Price will not result in the number of the Conversion Shares exceeding the unused Refreshed General Mandate, the Company will, before deciding on any corporate actions prior to the Determination Date of the Profit Guarantee (i.e. on or before 31 March 2018), take into account the adjustment implications on the Conversion Price of the Convertible Bonds. The Company has no present intention to propose any corporate actions that would result in the number of the Conversion Shares exceeding the currently unused general mandate limit. In formulating any corporate actions between Completion and the Maturity Date, the Company will ensure that either (a) the corporate action will not trigger any adjustment mechanisms of the Convertible Bonds; or (b) the Company has sufficient headroom in the unused general mandate limit to permit the consequential adjustment, taking into account the Company's right to early redeem the Convertible Bonds in full or in part subject to availability of funding. As it is entirely within the Company's power not to trigger any adjustment mechanisms, to ensure the sufficiency of the unused general mandate limit or to redeem the Convertible Bonds, the Company considers that the existing unused Refreshed General Mandate is sufficient to cover all the Conversion Shares falling to be issued upon conversion of the Convertible Bonds, and that there is no need for the Company to obtain specific mandate for the issue of the Convertible Bonds.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after completion of the allotment and issuance of the First Tranche Consideration Shares and upon full conversion of the Conversion Shares (assuming full satisfaction of the Profit Guarantee) are as follow:

	As at the day of this announcement		**Immediately after completion of the allotment and issuance of the First Tranche Consideration Shares**		**Immediately after completion of the allotment and issuance of the First Tranche Consideration Shares and (assuming full satisfaction of the Profit Guarantee) upon the full conversion of the Convertible Bonds at the initial Conversion Price**	
	Number of Shares	*Approximate % of the enlarge issued share capital*	*Number of Shares*	*Approximate % of the enlarge issued share capital*	*Number of Shares*	*Approximate % of the enlarge issued share capital*
Shareholder						
A Plus Capital Management Limited *(note 1)*	1,371,780,000	13.25%	1,371,780,000	12.90%	1,371,780,000	12.26%
Majestic Wealth International *(note 2)*	697,000,000	6.73%	697,000,000	6.56%	697,000,000	6.23%
Vendor A	–	–	70,000,000	0.66%	210,000,000	1.88%
Vendor B	–	–	135,240,000	1.27%	405,720,000	3.62%
Vendor C	–	–	57,960,000	0.55%	173,880,000	1.55%
Vendor D	–	–	16,800,000	0.16%	50,400,000	0.45%
Public Shareholders Other Shareholders	8,284,020,252	80.02%	8,284,020,252	77.91%	8,284,020,252	74.01%
	10,352,800,252	100%	10,632,800,252	100.00%	11,192,800,252	100.00%

Note(s):

1. As at the date of this announcement, A Plus Capital Management Limited indirectly holds 1,347,780,000 Shares through Tiger Capital Fund SPC – Tiger Global SP and another 24,000,000 Shares indirectly; and

2. As at the date of this announcement, Majestic Wealth International Limited is a private company which is wholly-owned by Ms. Liang Yanzhi

FURTHER INFORMATION ON THE BUSINESS MODEL OF THE TARGET GROUP

Referring to the 'Information On The Target Group' of the Previous Announcement, Yalu International has entered into three cooperation contracts, namely Charter Contract, Hospitality Contract and Consultancy Contract with Mega International Travel on 1 January 2017, Mega International Travel has commissioned Yalu International to carry out aircraft travel, specific organization, hospitality for outbound travel tours and all-rounded travel business consultation service. The three cooperation contracts come into effect from the date of signing, for the term of 15 years. Unless Yalu International submits a written objection, the three cooperation contracts may be renewed by both parties one month before its expiry. Considering the three long-term cooperation contracts and the Target Group has guaranteed that it possesses the better resources and ability in organizing the tourism hospitality in the relevant traveling destinations, the aircraft charter business and to engage in travel business consultation service, the profit and cash flows forecast was projected according to the historical operating record of such business segments in Mega International Travel, management expectation and the business development of the Target Group.

The Company is of the view that there are fundamental differences between the business of Mega International Travel and Yalu International as described as follows:

1. The compositions of the management of Mega International Travel and Yalu International are different

2. The suppliers of Yalu International is contributed by the network of the management of Yalu International, and not referred or transmitted from Mega International Travel

3. The sole customer of Yalu International is Mega International Travel as of the day of this announcement. Given that Yalu International is newly established company, the cooperation with Mega International Travel could provide an income guarantee and stable growth for the business of Yalu International at that initial stage, yet the management of Yalu International is also looking for more cooperation opportunities with other travel agencies to expand their client networks, in contrast, the customer of Mega International Travel was a majority of individuals or a group of individual.

4. Yalu International is in negotiation with Mega International Travel such that Mega International will guarantee a specific amount to underwrite the Services provided by Yalu International under the Charter Contract, Hospitality Contract and Consultancy Contract

5. Yalu International is eager to allocate more resources and mainly focus on the supply side of the Services such as hospitality and airline charter, while Mega International was originally focusing on the whole traveling segment including frontline sales.

Although the profit and cash flows forecast was projected with reference to the historical operating record of such business segments in Mega International Travel, but it also takes into account the management expectation and the business development of the Target Group.

Considering the abovementioned differences in the business, the Company is of the view that the financials of Mega International Travel is irrelevant in the acquisition of the Target Company.

FURTHER INFORMATION ON THE VALUATION OF THE TARGET GROUP

Revenue growth rate

The future revenue growth rate from 2016 to 2021 and thereafter ranging from 3% to 40% is projected with reference to:

1) the business development plan of the Target Group;

2) historical operating record of such business segments in Mega International Travel from 2014 up to October 2016 (2015 revenue growth rate: 67%; 2016 Jan-Oct revenue growth rate: 23%);

3) the new growth engine on airline charter service launching in 2016, which represents 25% of total revenue in 2016;

4) historical outbound travel group tour growth rate from Mainland China to other countries up to 40-45% in 2015 (source: 中國產業信息網); and

5) expected recovery of travel tours in Southeast Asia from political instability and terrorist attacks in the mid of 2016 (Now: yellow outbound travel alert in Philippines and Thailand). The related revenue regarding the travel tours in Southeast Asia was decreased by 55% in 2016.

In view of new airline charter service and recovery of the travel tours in Southeast Asia, the management of the Target Group and the Company expected that the future growth rate ranging from 3% to 40% is reasonable and achievable.

Gross profit margin:

The historical gross profit margins of such business segments of Mega International Travel in 2014, 2015 and ten months ended October 2016 were 10%, 9.5% and 8% respectively. The drop in historical gross profit margin was due to lower gross profit margin from new airline charter service of approximately 8% in 2016. It is expected that the gross profit margin throughout 2016 to 2021 will be dropped from 9% to 6% in respect of higher competition and more matured market expected. The management of the Target Group and the Company considered that the estimated gross profit margin is fair and more prudent.

Administration expenses

Administration expenses mainly represented fixed operating costs such as back office staff. Per the operating information of such business segments of Mega International Travel, the administration expenses were dropped by 25% by staff cutting in 2016 in response to expected downturn in Southeast Asia tour business. In view of the expected recovery in Southeast Asia tour business, the administration expenses will be rebounded to previous level by recruiting more supporting staff and the growth rate of administration expenses is expected to be up to 32% in 2017. The management of the Target Group expected that the subsequent growth rate of administration expenses is in the range from 1% to 3% only, which is similar to the expected inflation rate.

Selling expenses

The selling expenses is projected according to 2016 historical selling expenses to revenue ratio of approximately 0.5% in such business segments of Mega International Travel.

Changes in working capital

The changes in working capital is projected according to the average working capital to revenue percentage of historical operating record of Mega International Travel in 2014 and 2015.

The Board has discussed with the Independent Valuer on the valuation methodology, the assumptions adopted, the discount rate applied in the valuation and their work done in the valuation, and the reasonableness of the principal assumptions as stated in the Previous Announcement. As the Target Company has not yet carried on any business, the Independent Valuer considered that income approach is the most appropriate valuation methodology that can be adopted in the valuation. The Board, have considered (i) the three long-term cooperation contracts dated on 1 January 2017; and (ii) the potential of the outbound travel business of the Target Company with the view of the high growth of the Chinese outbound travel industry.

In the view of the above assessments made by the Board, the valuation is considered fair and reasonable.

Prior to entering into the Sale and Purchase Agreement, the due diligence exercised on the Target Group was performed by the Company. The Directors have reviewed the business plan, the management accounts and all material contracts entered into by the Target Group. The Directors have also discussed with the Vendor and the management of the Target Group on the affairs and future prospects of the Target Group. In addition, the Company has engaged an Independent Valuer to prepare draft valuation report on the Target Group. Chanceton Capital has confirmed with the Board that the exercises mentioned above have been duly performed such that Chanceton Capital is satisfied that the valuation is made by the Directors after due and careful enquiry.

Save as expressly modified in the Supplemental Agreement, all other terms and conditions of the Sales and Purchase Agreement remain unchanged and in full force and effect.

The Supplemental Agreement is entered into by the Company with the Vendors and the Vendors' Guarantors following arm's length negotiation with the view to eliminate the uncertainty as to the issue of the Second Tranche Consideration Shares prematurely, before the Company is in the position to ascertain as whether and to what extent the Guaranteed Profit will be satisfied. The Board considers that the terms of the Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Bondholders"	the holders of the Convertible Bonds
"Conversion Price"	the initial conversion price of HK$0.20 per Conversion Share (subject to adjustments on the occurrence of the Adjustment Events) of the Convertible Bonds
"Conversion Share(s)"	new Share(s) to be allotted and issued to the holder(s) of the Convertible Bonds upon exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	zero coupon convertible bonds in the principal amount of HK$112,000,000 carrying the right to convert into Shares at HK$0.20 per Conversion Share

"Supplemental Agreement"	the supplemental sale and purchase agreement dated 21 March 2017 entered into between the Vendors, the Vendors' Guarantors and the Purchaser to amend certain terms and to amend conditions of the Sale and Purchase Agreement

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

Hong Kong, 21 March 2017

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